THIS INFORMATION MEMORANDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to immediately seek advice from your own appropriately authorised independent financial adviser.

INFORMATION MEMORANDUM

Prepared for the information of the holders of certain financial indebtedness of JSC Alliance Bank and its subsidiaries in connection with the Restructuring Plan referred to herein.

ALLIANCE BANK

JSC Alliance Bank

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

Terms used herein and not otherwise defined have the meaning ascribed to them in "*Key Terms and Definitions*".

Application will be made to have the New Notes that are denominated in U.S. Dollars listed on the regulated market of the Luxembourg Stock Exchange on or about the Restructuring Date and to have the New Notes that are denominated in Tenge listed on the KASE as soon as reasonably practicable thereafter. The Bank will apply to have the Common Shares and the Preference Shares listed on the KASE as soon as reasonably practicable and in any event within 12 months of the Restructuring Date. In addition, the Bank will consider in good faith a secondary listing of its Common Shares and Preference Shares (or depositary interests in them) on a major recognised stock exchange (such as the Luxembourg Stock Exchange) within three years of the Restructuring Date.

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

A meeting of the holders of each series of Euronotes will be held on 27 November 2009 starting at or about 10:00 a.m. (London time) at the offices of White & Case LLP at 5 Old Broad Street, London EC2N 1DW to consider and if thought fit to pass an Extraordinary Resolution approving, among other things, the Restructuring Plan and an instruction to the Trustee, (i) upon the request of the Bank, to accelerate the notes and demand payment under the Guarantee and (ii) to vote at the Claimants' Meeting in accordance with the votes of the relevant Euronoteholders. The Extraordinary Resolution provides that the Bank can request acceleration of the Euronotes to facilitate set off under Kazakhstan law and to otherwise facilitate the implementation of the Restructuring Plan. The Notices of the Euronoteholders' Meetings are set out in Schedule 5 (*Notices of Euronoteholders' Meetings*). Whether or not relevant Euronoteholders intend to attend the applicable Euronoteholders' Meeting, they are requested to submit Electronic Instruction Forms so that they are received no later than 10:00 a.m. (London time) on 25 November 2009.

A meeting of the Creditors to consider the Restructuring Plan will be held on 15 December 2009 at 10:00 a.m. (Almaty time) at 98 Panfilov Street, 050000, Almaty, Kazakhstan. The Notice of the Claimants' Meeting is set out in Schedule 3 (*Notice of Claimants' Meeting*). Whether or not relevant Creditors intend to attend the Claimants' Meeting they are requested to complete, execute and return the Form of Proxy and Claim Form sent with this Information Memorandum in accordance with the instructions set out herein as soon as possible but, in any event, to be received no later than 5:00 p.m. (Almaty time) on 10 December 2009.

Creditors will be asked to certify on their Claim Form whether they are a Trade Finance Creditor having Claims which fall within the definition of Trade Finance Debt. The Trade Finance Adjudicator will consider every Claim which purports to be Trade Finance Debt. The relevant Creditor and the Bank will provide all necessary documentation to the Trade Finance Adjudicator. Only Creditors who have been determined by the Trade Finance Adjudicator to hold Trade Finance Debt will be treated as Trade Finance Creditors. See "*Information for Claimants — Trade Finance Creditors*".

If Claimants approve the Restructuring Plan, a hearing before the Court is necessary in order to approve the Restructuring Plan. All Claimants are entitled to attend the court hearing in person or through counsel to support or oppose the final approval of the Restructuring Plan. It is expected that the hearing before the Court to approve the Restructuring Plan will be held on or about 20 January 2010. The Bank will announce the exact date and location of such hearing by making an announcement of the date via a Regulatory Information Service and on the Bank's websites at www.albinvestorrelations.com and www.alb.kz at least 14 days in advance of such hearing.

Creditors with Claims must submit a duly completed Claim Form so that it is received no later than 10 December 2009. Each participant in a syndicated loan facility must submit its own Claim Form. Creditors wishing to have their Claims considered by the Trade Finance Adjudicator must submit their Claim Forms and all documentation regarding such Claim so that they are received no later than 21 days after the date of this Information Memorandum. If Creditors do not notify the Bank on or prior to the Claims Submission Date, their Claims will be cancelled and automatically allocated to Option 5 and will be subject to the Allocation and Reallocation of Claims Mechanism set out in Schedule 1 (*The Restructuring Plan*). Euronoteholders are not required to submit a Claim Form in respect of their Euronotes. The Trustee will instead submit on their behalf a Claim Form in respect of the amount outstanding under each series of Euronotes in accordance with the instructions of the relevant Euronoteholders.

The New Notes and Shares have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"). As a result, Claimants who are in the United States or who are U.S. persons within the meaning of Regulation S of the Securities Act ("U.S. Person") will be eligible to participate in the Restructuring Plan only if they are either "qualified institutional buyers" ("QIBs") as defined in Rule 144A or "accredited investors" ("Accredited Investors") as defined in Rule 501(a) of Regulation D unless the Bank in any instance otherwise agrees. Offers and issuances of New Notes and Shares to persons outside the United States who are not U.S. Persons will be made in reliance on Regulation S.

No person has been authorised by the Bank to give any information or make any representation other than those contained in this Information Memorandum and the accompanying documents and, if given or made, such information or representation must not be relied upon as having been so authorised.

This Information Memorandum is, subject to certain restrictions, available on the Bank's websites at www.albinvestorrelations.com and www.alb.kz

5 November 2009

IMPORTANT NOTICE

You must read the following before continuing. The following applies to the Information Memorandum, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Information Memorandum. In accessing the Information Memorandum, 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.

THIS INFORMATION MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE NEW NOTES AND SHARES ARE BEING OFFERED, AND WILL BE ISSUED ONLY TO, CLAIMANTS (I) OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS OR (II) WITHIN THE UNITED STATES IN A PRIVATE TRANSACTION PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT TO PERSONS (AN "ELIGIBLE INVESTOR") WHO ARE EITHER ACCREDITED INVESTORS OR QIBs UNLESS THE BANK IN ANY INSTANCE OTHERWISE AGREES. ONLY ELIGIBLE INVESTORS AND CLAIMANTS WHO ARE OUTSIDE THE UNITED STATES, ARE NOT U.S. PERSONS AND ARE OTHERWISE ELIGIBLE, AS PROVIDED HEREIN ARE AUTHORISED TO ACCESS OR RECEIVE THIS INFORMATION MEMORANDUM.

THIS INFORMATION MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY. NONE OF THE SECURITIES REFERRED TO IN THIS INFORMATION MEMORANDUM SHALL BE SOLD, ISSUED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

The New Notes and Shares are subject to restrictions on transferability and resale and may not be transferred or resold except in accordance with the Securities Act and other applicable securities laws, pursuant to registration or an exemption therefrom. See "*Issuance and Transfer Restrictions*".

CONFIRMATION OF YOUR REPRESENTATION: By accessing this Information Memorandum you shall be deemed to represent that you are either (i) a person other than a U.S. Person and have received this Information Memorandum outside the United States or (ii) an Eligible Investor that is acquiring the New Notes and Shares for its own account or the account of another person that is an Eligible Investor.

If you wish to participate in the Restructuring Plan, and you are a Claimant who is a U.S. Person and are not an Eligible Investor, please contact the Bank on +7 727 258 4040 extension 52432 or investorrelations@alb.kz.

Lazard Frères is acting as the Bank's financial adviser and no one else in connection with the Restructuring, and will not be responsible to anyone other than the Bank for providing the protections afforded to clients of Lazard Frères nor for giving advice in relation to the Restructuring.

You should not construe the contents of this Information Memorandum as legal, tax or financial advice. You are recommended to consult your own professional advisers as to legal, tax, financial or other matters relevant to the action you should take in connection with the Restructuring Plan. This Information Memorandum has been prepared to assist Claimants to decide whether and how to vote on the Restructuring Plan. Under Clause 2.3 of the Restructuring Plan various provisions of the Information Memorandum form an integral part of the Restructuring Plan.

The summary of the principal provisions of the Restructuring Plan contained in this Information Memorandum is qualified in its entirety by reference to the Restructuring Plan itself, the full text of which is set out in Schedule 1 (*The Restructuring Plan*). Each Claimant is advised to read and consider carefully the full text of the Restructuring Plan.

The distribution of this Information Memorandum and the distribution of New Notes and Shares may be restricted by law in certain jurisdictions. The Bank makes no representation that this Information Memorandum or the New Notes and Shares may be lawfully distributed in any jurisdiction or assumes any responsibility for facilitating any such distribution. Accordingly, neither this Information Memorandum nor any other offering

material may be distributed or published, and none of the New Notes and Shares may be distributed, in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this Information Memorandum may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the distribution of the New Notes and Shares.

Claimants entitled to the distribution of New Notes and Shares under the Restructuring Plan must comply with all laws and regulations applicable to them in force in any jurisdiction and must obtain any consent, approval or permission required to be obtained by them under the laws and regulations applicable to them in force in any jurisdiction to which they are subject and the Bank shall not have any responsibility therefor.

Nothing in this Information Memorandum or any other document issued with or appended to it should be relied on for any purpose other than to make a decision on the Restructuring Plan. In particular and without limitation, nothing in this Information Memorandum or any other document issued with or appended to it should be relied on in connection with the purchase of any shares, or assets of the Bank. This Information Memorandum has been prepared in connection with the proposal in relation to the Restructuring Plan of the Bank under the Restructuring Law.

The information contained in this Information Memorandum has been prepared based upon information available to the Bank. To the best of the Bank's knowledge, information and belief, the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The financial statements commencing at page F-1 have been prepared in accordance with IFRS. The Bank has taken all reasonable steps to ensure that this Information Memorandum contains the information reasonably necessary to enable Claimants to make an informed decision about the Restructuring Plan. None of the Bank's legal, financial or tax advisers, the members of the Steering Committee, the Steering Committee's legal, financial or tax advisers, the Trustee or the Trustee's legal advisors have authorised the contents of this Information Memorandum or any part of it, nor do they accept any responsibility for the accuracy, completeness or reasonableness of the statements contained within it.

None of the Bank's legal, financial or tax advisers, the members of the Steering Committee, the Steering Committee's legal, financial or tax advisers, the Trustee or the Trustee's legal advisors have verified that the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information and each of those persons expressly disclaims any responsibility for such information.

Nothing contained in this Information Memorandum shall be deemed to be a forecast, projection or estimate of the Bank's future financial performance except where otherwise specifically stated. This Information Memorandum contains certain statements, statistics and projections that are, or may be, forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the Bank's future financial position, strategy, plans and objectives for the management of future operations, is not warranted or guaranteed. These statements typically contain words such as "intends", "expects", "anticipates", "estimates" and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Although the Bank believes that the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove to be correct. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, future revenues being lower than expected; increasing competitive pressures in the industry; general economic conditions or conditions affecting demand for the products offered by the Bank in the markets in which it operates being less favourable than expected.

Claimants should inform themselves about and observe any legal requirements applicable in their own jurisdictions to the participation in the Restructuring Plan and the receipt of any New Notes and Shares and should consult his or her professional advisers and satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in all applicable jurisdictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

Claimants should consult their own financial, legal and tax advisers with respect to the financial, legal and tax consequences of the Restructuring Plan in light of their particular circumstances. No member of the Steering Committee expresses any opinion as to the merits of the Restructuring Plan.

The Bank has been required by the members of the Steering Committee to make public in this document all inside information, material non-public information or information that is price sensitive which has been supplied to the members of the Steering Committee by the Bank. The Bank believes that it has performed this obligation and that the members of the Steering Committee have no wider information, material, non-public information or information that is price sensitive which has been supplied to them by the Bank.

The management board of the Bank has approved the contents of this Information Memorandum.

NO ADMISSION OF LIABILITY

All the statements in this Information Memorandum are made solely in connection with the Restructuring Plan. Accordingly, they do not constitute, and should not be deemed to be, admissions of liability on the part of the Bank or any other party. Nothing herein shall prejudice any right of the Bank in any pending or future legal or other proceedings to dispute the claim of any person in respect of or in connection with any indebtedness or the amounts of such indebtedness and nothing shall imply that any person described herein as a Claimant or having the benefit of a claim has a valid claim against the Bank or any other party.

NOTICE TO CLAIMANTS IN THE UNITED STATES

THE NEW NOTES AND SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE NEW NOTES AND SHARES NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE NEW NOTES OR SHARES OR THE ACCURACY OR ADEQUACY OF THIS INFORMATION MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO CLAIMANTS IN THE EUROPEAN ECONOMIC AREA

This Information Memorandum is only addressed to and directed at persons in member states of the European Economic Area (the "EEA") who are "Qualified Investors" within the meaning of Article 2(1)(e) of the Prospectus Directive. The New Notes and Shares are only available to Qualified Investors, unless in any instance the Bank otherwise agrees. This Information Memorandum and its contents should not be acted upon or relied upon in any member state of the EEA by persons who are not Qualified Investors. The expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

NOTICE TO CLAIMANTS IN THE REPUBLIC OF KAZAKHSTAN

The New Notes and Shares referred to herein may only be distributed in the Republic of Kazakhstan to institutions or individuals in the Republic of Kazakhstan, including banks, brokers, dealer participants, pension funds and collective investments institutions, as well as central government, large international and supranational organisations, other institutional investors and other parties, including treasury departments of commercial enterprises, which as an ancillary activity regularly invest in securities.

LOAN LOSS PROVISIONS AND MINIMUM CAPITAL ADEQUACY RATIO

THE BANK'S LOAN LOSS PROVISIONS HAVE INCREASED SIGNIFICANTLY SINCE 30 JUNE 2009 AND WHILST MEASURES ARE BEING TAKEN TO DECREASE PROVISIONING LEVELS, IF THE BANK'S LEVEL OF LOAN LOSS PROVISIONS DOES NOT RETURN TO THE LEVEL AS AT 30 JUNE 2009, THE BANK WILL BE UNABLE TO CERTIFY, AS A CONDITION PRECEDENT TO THE RESTRUCTURING BECOMING EFFECTIVE, THAT IT HAS THE CAPACITY TO SUSTAIN DEBT IN AN

AMOUNT EQUAL TO AT LEAST U.S.$800 MILLION OF SENIOR DEBT (EXCLUDING TRADE FINANCE DEBT AND NOTES ISSUED BY ALLIANCE DPR COMPANY) AND APPROXIMATELY U.S.$120 MILLION OF SUBORDINATED DEBT AND WILL NOT MEET THE APPLICABLE REGULATORY RATIOS OF THE FMSA. IN THE EVENT SUCH A CERTIFICATION CANNOT BE MADE THE BANK'S RESTRUCTURING MAY NOT BE COMPLETED. SEE "RISK FACTORS — RISKS RELATING TO THE BANK — LOAN LOSS PROVISIONS HAVE INCREASED SIGNIFICANTLY SINCE 30 JUNE 2009 AND WHILST MEASURES ARE BEING TAKEN TO DECREASE PROVISIONING LEVELS, IF THESE MEASURES ARE NOT SUCCESSFUL, THE BANK'S RESTRUCTURING MAY NOT BE COMPLETED.

FURTHERMORE, EVEN IF THE BANK IS ABLE TO PROVIDE THIS CERTIFICATION, IT WILL BE BASED ON MANAGEMENT ACCOUNTS PREPARED AT THE RELEVANT TIME. IN ADDITION, PURSUANT TO THE IMPLEMENTATION OF THE ALLOCATION AND REALLOCATION OF CLAIMS MECHANISM, THE BANK MUST COMPLY WITH REGULATORY CAPITAL REQUIREMENTS BUT MUST NOT EXCEED THE MINIMUM CAPITAL ADEQUACY RATIO REQUIRED BY THE REGULATIONS APPLICABLE TO THE BANK. AS A RESULT, IN THE EVENT THE BANK'S REGULATORY CAPITAL DECREASES AFTER THE RESTRUCTURING DATE, THE BANK MAY AGAIN BE IN BREACH OF THE CAPITAL ADEQUACY RATIOS APPLICABLE TO IT, WHICH IN TURN COULD THREATEN THE BANK'S ABILITY TO OPERATE AND TRIGGER EVENTS OF DEFAULT UNDER THE TERMS OF THE NEW NOTES.

RECOMMENDATION OF THE BANK

THE RESTRUCTURING IS NECESSARY TO ENSURE THE SURVIVAL OF THE BANK. IF THE RESTRUCTURING IS NOT IMPLEMENTED, THE ULTIMATE RETURN TO CLAIMANTS WILL BE SEVERELY DIMINISHED AS THE BANK IS EXPECTED TO GO INTO CONSERVATION OR BANKRUPTCY OR MAY BE SUBJECT TO OTHER PROCEDURES UNDER APPLICABLE LAW (SEE "RISK FACTORS — RISKS RELATING TO THE RESTRUCTURING — IF THE RESTRUCTURING DOES NOT OCCUR, THE FMSA MAY INSTITUTE PROCEEDINGS FOR CONSERVATION OR AN INSOLVENT LIQUIDATION OF THE BANK"). THE BANK'S MANAGEMENT BELIEVES THAT THE RESTRUCTURING IS IN THE BEST INTERESTS OF THE BANK AND ITS STAKEHOLDERS TAKEN AS A WHOLE AND REPRESENTS THE BEST AVAILABLE COMPROMISE AMONG THE BANK, ITS CREDITORS, SAMRUK-KAZYNA AND THE FINANCIAL AUTHORITIES IN KAZAKHSTAN AND THEREFORE URGES CLAIMANTS TO ATTEND THE CLAIMANTS' MEETINGS AND THE EURONOTEHOLDERS' MEETINGS AND TO VOTE IN FAVOUR OF THE RESTRUCTURING PLAN.

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IDENTITY OF CLAIMANTS

The Restructuring Plan will involve all Claimants in respect of any Liability of the Bank or its Subsidiaries arising directly or indirectly in relation to or arising out of the Designated Financial Indebtedness. Designated Financial Indebtedness consists of all financial indebtedness of the Bank and its Subsidiaries including any Liability arising under a Guarantee or any surety provided by the Bank in respect of the Rouble Notes but does not include Excluded Debt. The following persons should take action in respect of the Restructuring Plan:

- Euronoteholders and the Trustee on their behalf;
- holders of notes issued by Alliance Finance ("Rouble Noteholders") which are guaranteed by the Bank;
- holders of notes issued by the Bank ("Domestic Noteholders");
- persons who have entered into derivatives contracts with the Bank;
- Trade Finance Creditors;
- syndicated and bilateral creditors; and
- other financial creditors who have Claims on the Bank.

Rouble Noteholders, Domestic Noteholders, derivative counterparties of the Bank, Trade Finance Creditors, syndicated and bilateral creditors and all other financial creditors of the Bank (other than Euronoteholders) are together referred to in this Information Memorandum as "Creditors". See "*Key Terms and Definitions*".

Any liability of the Bank to a Related Party (which does not include ALB Finance or Alliance Finance) will be cancelled on the Restructuring Date. Related Parties are entitled to submit Claim Forms and to vote at the Claimants' Meeting but are not eligible to receive Distributions.

EXPECTED SEQUENCE OF PRINCIPAL EVENTS

Claimants should observe the deadlines set by any institution or settlement system through which they hold any Claim to ensure that their Electronic Instruction Form or Form of Proxy is returned on time for the purposes of voting at the applicable Euronoteholders' Meeting or Claimants' Meeting as the case may be.

Dates in this Information Memorandum are indicative only and are subject to change. The date of the final approval of the Restructuring Plan by the Court and of the Euronoteholders' and Claimants' meetings have not been settled, although they are expected to occur on or about the dates indicated, accordingly, the Bank reserves the right to revise this timetable and will give appropriate notice thereof to Claimants.

Voting Instructions Deadline for Euronotes	25 November 2009
Last day for submission of Claims Forms for Claims purporting to be Trade Finance Debt	26 November 2009
Record Date (last day for any transfer of a Claim (including Euronotes))	26 November 2009
Euronoteholders' Meetings	27 November 2009
Notice to Creditors of results of decision of Trade Finance Adjudicator	7 December 2009
Voting Deadline for adjourned Euronoteholders' Meetings	9 December 2009
Claims Submission Date (deadline for submission of Claim Forms)	10 December 2009
Voting Deadline for submission of Forms of Proxy for Claimants' Meeting	10 December 2009
Adjourned Euronoteholders' Meetings (if necessary)	11 December 2009
Register of Claims for voting purposes established by the Bank	13 December 2009
Registration for Claimants' Meeting	10:00 a.m. (Almaty time) 14 December 2009 until 10:00 a.m. (Almaty time) 15 December 2009
Claimants' Meeting	15 December 2009
Minutes of the Claimants' Meeting published by the Bank	21 December 2009
Payment of Payable Interest	21 December 2009
Submission to the FMSA of the Restructuring Plan approved by the Claimants to ensure conformity with the Restructuring Plan originally submitted to the FMSA	21 December 2009
Adjudication Reference Date	5 January 2010
Submission of the Restructuring Plan to the Court for final approval	5 January 2010
Option Election Date (deadline for submission of Option Election Forms)	15 January 2010
Distribution of notice of the Court's final hearing regarding the Restructuring Plan to Claimants	At least 14 days in advance of the final hearing
Final hearing of the Court and the final approval of the Restructuring Plan by the Court	20 January 2010
The Bank publishes details of the Court's decision	1 February 2010
Collation of Option Election Forms and announcement of consolidated results	5 February 2010
Application of Allocation and Reallocation Mechanism and announcement of consolidated results	8 February 2010
Restructuring Date (distribution of cash, New Notes and Shares)	1 March 2010
Listing of the New Notes on the Luxembourg Stock Exchange and the KASE as applicable	Approximately three Business Days after the Restructuring Date
The Court's order confirming that the Restructuring Plan has been carried out and the Restructuring is complete	15 March 2010

If any of the above times and/or dates change, the revised times and/or dates will be notified to Claimants by announcement via a Regulatory Information Service and on the Bank's websites at www.albinvestorrelations.com and www.alb.kz.

Please note that the identity and claims of Euronoteholders (or the Trustee on their behalf) and Creditors are assessed for voting and distribution purposes as at the Record Date. Forms of Proxy and Electronic Instruction Forms may only be completed by or on behalf of Claimants with Claims as at the Record Date who have not subsequently disposed of their Claims or any interest in them. Details of the actions to be taken by Euronoteholders and Creditors are set out in "*Information for Claimants*".

LETTER FROM THE CHAIRMAN OF THE MANAGEMENT BOARD OF THE BANK

5 November 2009

Dear Claimants,

Introduction

We are writing to give you notice of the meeting of the Creditors of the Bank to be held on 15 December 2009, at 98 Panfilov Street, Almaty 050000, Kazakhstan. We want to set out the reasons for, and the background to, this meeting and to urge you to attend the Creditors' and Euronoteholders' meetings and to vote in favour of the Restructuring Plan. This letter and the recommendation from the Management Board of the Bank is part of the Information Memorandum distributed to you for the reasons set out below and is qualified in its entirety by the more detailed information contained in the Information Memorandum.

The Bank and its advisers believe that a restructuring of the Bank's balance sheet is in the best interest of all of the Bank's stakeholders. The Restructuring will be effected either through (i) the delivery of cash, New Notes and/or Shares to Claimants in exchange for their agreement to cancel or restructure the debts represented by the Designated Financial Indebtedness or (ii) as otherwise set out in the Restructuring Plan.

The Bank's management believes that, if a financial restructuring is not completed, the Bank will likely enter into conservation and/or bankruptcy under Kazakhstan law. If the Bank enters into conservation and/or bankruptcy, given its financial position and the fact that statutory claimants in Kazakhstan would have first claim on substantially all of the Bank's assets, the proceeds available to Claimants could be reduced to a level considerably less than the value of the cash, New Notes and Shares they would receive under the Restructuring Plan.

The terms of the Restructuring Plan are complex and we have summarised the key points in this letter. We urge you, however, to read the entire Information Memorandum with care, since it contains a great deal of important information. In particular, please see "*Risk Factors*" for a discussion of the risks associated with the Bank, the Restructuring and the New Notes and Shares.

In this letter and in the Information Memorandum we use many defined terms, which have initial capital letters. A list of these terms and their definitions can be found in "*Key Terms and Definitions*" in the Information Memorandum.

Background to, and reasons for, the Restructuring

Since February 2009, developments at the Bank have proceeded as follows:

- On 2 February 2009, Samruk-Kazyna and the Bank (i) as well as SAFC and Mr. Margulan Seisembayev, entered into an Implementation Agreement pursuant to which SAFC agreed to sell its 76 per cent. stake in the Bank to Samruk-Kazyna for a purchase price of KZT 100 and (ii) signed a Deposit Agreement for the placement of a KZT 24,000 million deposit with the Bank to support its financial stability and potential further capitalisation which the Bank has deposited with the NBK in an account controlled by Samruk-Kazyna.
- The Bank's obligations under the Deposit Agreement referred to above are secured by a pledge of 76 per cent. of the Bank's voting shares pursuant to a Pledge Agreement between Samruk Kazyna and SAFC and by guarantees from SAFC and Mr. Margulan Seisembayev. Pursuant to the terms of the Pledge Agreement, Samruk Kazyna has obtained the right to exercise the voting rights attached to 76 per cent. of the Bank's shares as well as other rights, including the right to receive dividends paid on the shares for the entire term of the Pledge Agreement.
- The Bank hired Lazard Frères as its financial adviser in March 2009.
- Given its tight liquidity position, and to avoid disruption to its operations, the Bank was not in a position to repay the outstanding balance due under a facility agreement which matured on 19 March 2009.
- On 1 April 2009 the Bank announced that it planned to reflect on its books a provision for guarantees in the amount of approximately U.S.$1,100 million in the Annual Financial Statements. These guarantees were related to transactions entered into by the Bank between 2006 and 2008 that were not disclosed in the Bank's financial statements for the previous periods. The guarantees were issued by the Bank in respect of loans of approximately U.S.$1,100 million made by third parties to certain off-shore entities and were secured by a pledge of the T Bills. In February and March 2009, the T Bills were used to settle the Bank's liability under the guarantees.

- On 13 April 2009 the Bank requested a three-month standstill from its creditors in order to devise a restructuring plan.
- In April 2009 Samruk-Kazyna suspended its plan to acquire 76 per cent. of the shares of the Bank pending the negotiation and agreement with its creditors of a restructuring of the Bank.
- On 17 April 2009, the Bank announced it was proposing to enter into discussions relating to a possible restructuring of its liabilities with the Steering Committee. The Creditors' Steering Committee consists of nine members: Asian Development Bank, Calyon, Commerzbank Aktiengesellschaft, DEG Deutsche Investitions- und Entwicklungsgesellschaft mbH, ING Asia Private Bank Limited, HSBC Bank plc, JPMorgan Chase Bank, N.A., Sumitomo Mitsui Banking Corporation Europe Limited and Wachovia Bank N.A.
- On 28 April 2009, the Bank entered into an agreement with the FMSA, pursuant to which the FMSA instructed the Bank to prepare a restructuring and recapitalisation plan to be submitted by 15 July 2009. The Bank was required to post additional provisions of KZT 30,000 million by 5 July 2009 and was also prohibited from carrying out any advertising campaigns to attract individual depositors or from accepting deposits from individual depositors in excess of KZT 5 million.
- On 15 May 2009, the Bank retained the services of a "Big Four" audit firm to conduct financial due diligence on the Bank.
- On 29 May 2009, the Bank announced to its creditors the indicative time line and framework envisaged for its debt restructuring plan.
- On 6 July 2009, the Bank signed a Memorandum of Understanding with the Steering Committee in London which outlined the general principles of the restructuring and the options to be offered to creditors.
- On 14 July 2009, the Bank signed a letter of intent with Samruk-Kazyna regarding its intention to obtain a controlling stake in the Bank and to recapitalise the Bank upon approval of the Restructuring Plan by certain of its creditors.
- On 14 July 2009, the Bank submitted an indicative restructuring and recapitalisation plan to the FMSA.
- On 21 July 2009, the Bank received approval of the indicative restructuring and recapitalisation plan from the FMSA.
- On 11 September 2009, the Bank submitted an application to initiate a financial restructuring to the Court.
- On 18 September 2009, the Bank's application was approved by the Court.
- On 5 October 2009, the Bank signed the Term Sheet outlining the Restructuring with the Steering Committee.

In common with other banks in Kazakhstan, the Bank borrowed large amounts of money to finance the growth of its business. The Bank's asset quality deteriorated significantly in 2008 and 2009 due to the downturn in the Kazakhstan economy. The Bank's interim balance sheet as at 30 June 2009 shows that its total liabilities exceeds its total assets resulting in negative capital of KZT 380,913 million (IFRS), rendering it in breach of the FMSA's capital adequacy requirements. It is the clear view of the Bank's management that the Bank's current level of debt is not manageable. Therefore the Bank is presently unable to repay its existing debt as it falls due and has declared a moratorium on the payment of all principal and interest.

In order to reduce the Bank's liabilities to a sustainable level and restore capital of the Bank to the levels required by the FMSA, the Bank must undertake a restructuring of its liabilities and take measures to recapitalise itself.

The Bank intends to do this by implementing the Restructuring Plan and the receipt of a capital injection of KZT 129,000 million from Samruk-Kazyna. As part of its investment, Samruk-Kazyna will take control of the Bank. The Bank believes that the Restructuring coupled with Samruk-Kazyna's investment will result in a capital increase of approximately U.S.$3,400 million which will result in positive capital of U.S.$334 million and will be in compliance with the FMSA's regulatory capital requirements. The Bank's debt will decrease from approximately U.S.$4,000 million to U.S.$920 million (excluding trade finance debt and the obligations of the Bank under the DPRs).

The Bank's management believes that the Restructuring Plan is the best available compromise among the Bank, its creditors, Samruk-Kazyna and the financial authorities in Kazakhstan.

Samruk-Kazyna has already provided significant amounts of liquidity to enable the Bank to maintain operations since February 2009 (as described in "*The Bank — The Role of Samruk-Kazyna — Liquidity Support*") and cannot commit to make any further investment in the Bank in addition to that described above due to its limited financial resources. Furthermore, Samruk-Kazyna will acquire control of the Bank only in the event that the Restructuring Plan is approved.

Due to the Bank's current financial situation, it must restructure its liabilities and restore capital within a very limited timeframe or it will be unable to continue operations. As the Bank has been in breach of regulatory capital requirements since February 2009, the FMSA will not allow the Bank to continue to operate in its current state beyond the end of this year due to the considerable risks faced by the Bank's customers. The Bank has suffered significant deposit outflow due to the uncertainty surrounding its future and the Bank is currently prevented from advertising for deposits. The FMSA will only consider lifting this restriction once Samruk-Kazyna gains control. Furthermore, if Samruk-Kazyna has not become the majority shareholder before the end of 2009 the Bank risks losing its licence for accepting household deposits and opening and maintaining retail accounts.

As a result of the outflow of deposits (and the corresponding decrease in the number of the Bank's customers) as well as the significant deterioration of its loan portfolio, the Bank is no longer considered by the financial authorities to be a systemic financial institution in Kazakhstan. If the Bank cannot improve its current situation through the measures described above, there is a significant risk the financial authorities in Kazakhstan will allow the Bank to fail.

However, management believes that if the Restructuring Plan is approved the Bank will be able to regain its position as one of Kazakhstan's most respected financial institutions. The Bank would be a financially sound institution with adequate levels of capital, sustainable levels of debt and properly provisioned assets. The Bank enjoys competitive advantages in the retail sector and with Samruk-Kazyna as a major shareholder confidence in the Bank would increase significantly. Please see "*The Bank — Strengths*" for a more detailed discussion of the Bank's ability to improve its business if the Restructuring Plan is approved.

Loan Loss Provisions

From 30 June 2009 to 30 September 2009, the amount of loan loss provisions of the Bank (calculated in accordance with the FMSA's requirements) increased by approximately KZT 61,000 million (from 31 May 2009 to 30 October 2009 the increase was approximately KZT 95,600 million). The increase in loan loss provisions is largely due to the significant number of non-performing loans in the Bank's portfolio being moved from the 30 to 60 days overdue category to the 60 to 90 days overdue category. Management is currently working on a strategy to reduce the level of provisions on its loans to the level in place as at 30 June 2009. Management intends to achieve this by implementing the following measures:

- increasing efforts to increase repayments of non-performing corporate and SME loans;
- restructuring corporate and SME loans by implementing new payment schedules based on analyses of the financial positions of the relevant borrowers;
- initiating programmes, such as the three-month "Repay a loan with no fine" campaign which commenced on 1 September 2009, with the aim of improving the quality of the Bank's retail loan portfolio;
- appointing more effective collection agencies and terminating contracts with less effective collection agencies; and
- seeking investors to purchase some of the Bank's non-performing loan portfolios.

As at 1 October 2009, the Bank's head office had identified 58 corporate borrowers whose loans are eligible for restructuring, which could result in recoveries worth KZT 52,000 million by 1 January 2010. The Bank's branches expect to identify other corporate borrowers whose loans are eligible for restructuring by which recoveries amounting to between KZT 20,000 million and KZT 30,000 million could be achieved.

The Bank can give no assurances that any of these measures will be successful. If these measures are not successful, the recapitalisation of the Bank envisaged by the Restructuring Plan will be insufficient for the Bank to meet the applicable capital adequacy requirements of the FMSA and the Bank will be unable to certify that it has the capacity to sustain debt in an amount equal to at least U.S.$800 million of senior debt (excluding Trade Finance Debt and notes issued by Alliance DPR Company) and approximately U.S.$120 million of subordinated debt. In the event such a certification cannot be provided, the Restructuring may not be completed.

Furthermore, even if the Bank is able to provide this certification, it will be based on management accounts prepared at the relevant time. In addition, pursuant to the implementation of the Allocation and Reallocation of Claims Mechanism, the Bank must comply with regulatory capital requirements but must not exceed the minimum capital adequacy ratio required by the regulations applicable to the Bank be restored. As a result, in the event the Bank's regulatory capital decreases after the Restructuring Date, the Bank may again be in breach of the applicable capital adequacy ratios applicable to it, which in turn could threaten the Bank's ability to operate and trigger events of default under the terms of the New Notes.

Principal Elements of the Restructuring

The Bank's proposed Restructuring will be effected through the allocation of the New Notes and Shares and/or the payment of cash to Claimants (other than Trade Finance Creditors in respect of Trade Finance Debt) in exchange for their agreement to cancel or restructure (as otherwise set out in the Information Memorandum) the debts represented by the Designated Financial Indebtedness.

Depending on the nature of their Claim, Claimants other than Trade Finance Creditors (except in the event the aggregate amount of Claims comprising Trade Finance Debt exceeds U.S.$100 million — see "*Information for Claimants — Trade Finance Creditors*"), holders of Perpetual Securities and Samruk-Kazyna may elect an Option in respect of each Claim. Each Claim of U.S.$5 million or more is divisible and can be split between one or more Guaranteed Allocations and/or one or more Preferred Options in amounts of not less than $1 million each. Trade Finance Creditors will have their Claims restructured as set out in "*Information for Claimants — Trade Finance Creditors*". Holders of Perpetual Securities will have their Claims automatically allocated to Option 5.

Under the Restructuring Plan, Creditors with Claims under Tenge denominated debt instruments governed by Kazakhstan law are only eligible to receive Entitlements denominated in Tenge and Recovery Notes. All other Claimants are eligible to receive Entitlements denominated in Tenge or U.S. Dollars and shall receive Entitlements in such elected currency save that Recovery Notes shall only be denominated in U.S. Dollars. Only Islamic Finance Institutions holding Islamic Finance Instruments are eligible for Option 1A. Unsubordinated Claims are eligible for all Options. Subordinated Claims are eligible for Option 4, 4A or 5. Holders of the Bank's Perpetual Securities will automatically be allocated to Option 5 and are not eligible to submit Option Election Forms.

Please see "*Terms of the Options*" and "*Information for Claimants — Allocation and Reallocation of Claims*" for a more detailed discussion of the different Options and the allocation and reallocation process. In particular, after the implementation of the Allocation and Reallocation of Claims Mechanism, the Bank must restructure its regulatory capital in order to comply with regulatory capital requirements and certain restrictions shall apply to the allocation and reallocation of Claims among the Options. Claims (other than those in respect of which a Guaranteed Allocation has been elected) may therefore be reallocated into a different Option notwithstanding the elections made by eligible Claimants on an Option Election Form. In particular, Claims allocated into Options 3 or 4 run a very high risk of reallocation.

The Options may be summarised as follows:

Option 1 — Cash Payment available to Claimants with Unsubordinated Claims

Claims allocated into Option 1 will be repaid on a discounted basis at a fixed price of U.S.$0.225 per U.S.$1.00 of debt (or equivalents in the relevant currency). U.S.$500 million of cash is available for Claims allocated into Options 1 and 1A at the relevant discount. Any residual cash (after the Guaranteed Allocations have been made and cash allocated under Options 1 and 1A has been deducted) will be used to reduce the outstanding principal amount of Discount Notes and Par Notes from Options 2 and 3 on a pro rata basis amongst Notes of the same series and on a pro rata basis between the series themselves based upon the amounts of Designated Financial Indebtedness converted into them.

Option 1A — Cash Payment available to Islamic Finance Institutions holding Islamic Finance Instruments

Claims allocated into Option 1A will be repaid on a discounted basis at a fixed price of U.S.$0.215 per U.S.$1.00 of debt (or the equivalents in the relevant currency). Funds required for Option 1A shall be allocated from the U.S.$500 million available for Designated Financial Indebtedness allocated into Options 1 and 1A. The maximum aggregate principal amount of Claims to be allocated into Option 1A is U.S.$22 million.

Option 2 — Discounted seven year Notes and Recovery Notes available to Claimants with Unsubordinated Claims

Claims allocated into Option 2 will be restructured in return for (i) Discount Notes with a principal amount equal to 50 per cent. of such Claims (the remaining 50 per cent. of such claims being cancelled) and (ii) Recovery Notes with a reference amount equal to the amount of the Claims so cancelled. Recovery Notes will be paid from recoveries of assets in the Bank's corporate and SME portfolios, litigation recoveries and certain tax assets.

Option 3 — 10 year notes with no discount available to Claimants with Unsubordinated Claims

Claims allocated into Option 3 will be restructured in return for Par Notes.

Option 4 — 13 year notes with no discount (subordinated) available to all Claimants

Subordinated Claims allocated into Option 4 will be subordinated to all senior debt and will be restructured in return for Subordinated Dollar Notes and Subordinated Tenge A Notes which will be qualified as Tier 2 capital.

Option 4A — 20 year notes with no discount (subordinated) available to Creditors with (i) Subordinated Claims or (ii) Unsubordinated Claims denominated in Tenge and governed by Kazakhstan law

Claims allocated into Option 4A will be subordinated to all senior debt and will be restructured in return for Subordinated Tenge B Notes which will be qualified as Tier 2 capital.

The aggregate amount of Claims allocated into Options 4 and 4A is U.S.$120 million which will be qualified as Tier 2 capital excluding Late Payment Donations.

Option 5 — Conversion into Preference Shares with a 75 – 80 per cent. reduction in the Claim available to all Claimants and allocated automatically to holders of Perpetual Securities

Claims allocated into Option 5 will be converted into Preference Shares (with the same rights as the Preferred Shares acquired by Samruk-Kazyna) at discounts of between 75 per cent. and 80 per cent. to the nominal value of the Claim.

Preference Shares and Common Shares

The remaining Preference Shares (after allocations to Option 5 are made) up to 33 per cent. of the total number outstanding will be allocated to Options 2, 3, 4, 4A and 5 in accordance with the share apportionment ratios applied to each Claim as set out in the Allocation and Reallocation of Claims Mechanism. Claimants who are allocated into Options 2, 3, 4, 4A and 5 will receive Common Shares in an amount of 33 per cent. of the total Common Shares of the Bank on the basis of share apportionment ratios applied to each Claim as set out in the Allocation and Reallocation of Claims Mechanism.

Preference Shares will bear a cumulative dividend equal to 4 per cent. per annum of the subscription value of the Preference Shares and upon the Restructuring becoming effective will be convertible at any time into Common Shares on a 1:1 basis.

Drag Along and Tag Along Rights

Shares allocated to Claimants under the Restructuring Plan will be subject to and benefit from drag along and tag along rights. Prior to any proposed sale of Shares by Samruk-Kazyna Samruk-Kazyna shall procure that the third party purchaser makes an offer to purchase the pro-rata amount of Common Shares and/or Preference Shares then held by Creditor Shareholders and/or Creditor Preference Shareholders (i.e. same percentage of the total issued Common Shares and/or Preference Shares as are proposed to be sold by Samruk-Kazyna) at the same price per share and on the same terms as were offered to Samruk-Kazyna, *provided, however*, if pursuant to the sale of such Shares, Samruk-Kazyna would legally and beneficially own less than 51 per cent. of either the Common Shares and/or the Preference Shares on a fully diluted basis. Samruk-Kazyna shall procure that the third party makes an offer to purchase all of the Common Shares and/or Preference Shares (as the case may be) then held by Creditor Shareholders and/or Creditor Preference Shareholders at the same price per share and on the same terms as was offered to Samruk-Kazyna.

Provided an offer has been made to all Creditor Shareholders and/or Creditor Preference Shareholders as required above and subject to those Creditor Shareholders and/or Creditor Preference Shareholders who have elected to do so exercising the right to sell their Shares, Samruk-Kazyna shall be free to sell its Shares to any

third party; *provided, however,* (i) the consideration at which such Shares are being purchased by such third party shall be at the same price per share as was offered to the Creditor Shareholders and/or Creditor Preference Shareholders; and (ii) the other terms and conditions pursuant to which such third party purchases such Shares are substantially equivalent to (and in any event no more favourable than) the terms previously disclosed to Creditor Shareholders and/or Creditor Preference Shareholders.

If Samruk-Kazyna wishes to sell 67 per cent. or more of any class of the then issued Shares to any third party, Samruk-Kazyna may require all of the Creditor Shareholders and/or Creditor Preference Shareholders to sell all of the applicable class of Shares held by them to the third party. Completion of the sale of such Shares shall be conditional upon Creditor Shareholders and/or Creditor Preference Shareholders receiving the same price per share as Samruk-Kazyna and an independent auditor, consulting firm or investment bank certifying that the proposed sale of such Shares is on arm's length terms; and at a fair market price.

In addition, Shareholders may enjoy various minority protection rights as set out in the Bank's Charter. See "*Description of Share Capital and Certain Matters of Kazakhstan Law — New Charter*".

Interest

Payable Interest shall be paid in full on or before the Business Day immediately following the Approval Date. Restructured Interest will be included in the relevant Claim.

What Claimants will receive under the Restructuring

In the event that the Restructuring Plan becomes effective it is anticipated that Claimants (other than Trade Finance Creditors in respect of Trade Finance Debt and Samruk-Kazyna) or their Nominated Recipients will receive one or more of the following forms of consideration for their Claims in accordance with the Allocation and Reallocation of Claims Mechanism:

- Cash under Option 1 and Option 1A;
- Discount Notes and Recovery Notes pursuant to Option 2;
- Par Notes pursuant to Option 3;
- Subordinated Notes pursuant to Option 4 and Option 4A;
- Preference Shares pursuant to Option 5 and in accordance with the Allocation and Reallocation of Claims Mechanism; and
- Common Shares in accordance with the Allocation and Reallocation of Claims Mechanism.

The amounts due under the Designated Financial Indebtedness are determined by reference to the Outstanding Amount due under the terms of the Designated Financial Indebtedness as at the Record Date.

Legal restrictions in certain jurisdictions may prevent distribution of the New Notes and Shares or make that distribution unduly onerous. Claimants in those jurisdictions will receive the net proceeds of the sale of the New Notes and Shares to which they would otherwise be entitled. Further details are set out in *"Information for Claimants — Entitlement to and Distribution of Cash, New Notes and/or Shares"*.

Samruk-Kazyna

Samruk-Kazyna intends to acquire 100 per cent. of the existing Shares and recapitalise the Bank in the amount of KZT 129,000 million in the event the Restructuring Plan is approved.

Samruk-Kazyna has a Claim on the Bank in the amount of KZT 105,000 million in relation to the Bank Bonds (see "*The Bank — Business of the Bank — Capital Markets*"). Samruk-Kazyna will therefore vote at the Claimants' Meeting in respect of its Claim but will not elect an Option. Instead, Samruk-Kazyna's Claim in relation to the Bank Bonds will be cancelled in consideration for Preference Shares equal in value to KZT 105,000 million.

In addition, on or prior to the Restructuring Date, Samruk-Kazyna will subscribe for Common Shares for a purchase price of KZT 24,000 million and thereafter will allocate an appropriate number of Common Shares and Preference Shares to Claimants allocated into Options 2, 3, 4, 4A or 5 so that after such transfer Samruk-Kazyna will own 67 per cent. of both the outstanding Common Shares and the outstanding Preference Shares and Claimants allocated into Options 2, 3, 4, 4A or 5 will own the remaining 33 per cent. in each case.

The Bank and Samruk-Kazyna shall each use reasonable endeavours to achieve the level of shareholding of Samruk-Kazyna referred to above and to allocate to Claimants Shares in accordance with the relevant Options and the Allocation and Reallocation of Claims Mechanism.

Prior to the Restructuring Date, Samruk-Kazyna shall appoint a new Board, which will include the CS Director and the Creditor Director (and if applicable, other management bodies) and effect certain changes to the Charter and the Corporate Governance Code to improve the rights of minority shareholders. See "*Management and Corporate Governance — Management and Corporate Governance Following the Restructuring*".

Samruk-Kazyna shall procure that the Bank has sufficient authorised but unissued common share capital to ensure that Preference Shares represent less than 25 per cent. in number of the total number of authorised Shares and there are sufficient authorised but unissued Shares to enable the Preference Shares to be converted into Common Shares on a 1:1 basis at any time.

Samruk-Kazyna shall comply with the terms of the Samruk-Kazyna Undertaking and the SK Memorandum of Understanding.

Trade Finance Creditors

Creditors will be asked to certify on their Claim Form whether they hold Trade Finance Debt (as defined in "*Key Terms and Definitions*"). Creditors who wish to have their Claims considered by the Trade Finance Adjudicator must submit a Claim Form and all documentation regarding such Claim no later than 21 days after the date of this Information Memorandum. Claims purporting to be Trade Finance Debt not notified to the Bank by such time will not be considered by the Trade Finance Adjudicator and will be dealt with in the same manner as Claims which are not comprised of Trade Finance Debt. Each Creditor that submits a Claim Form for consideration by the Trade Finance Adjudicator will agree to grant a waiver and release in favour of the Trade Finance Adjudicator for Claims that may arise by reason of its acting as Trade Finance Adjudicator under the Restructuring Plan. Documentation in respect of purported Trade Finance Debt should be submitted to the Bank with a copy to the Trade Finance Adjudicator at albadjudication@wfw.com.

The Trade Finance Adjudicator will consider every Claim which purports to be Trade Finance Debt and will review all necessary documentation provided by the relevant Creditor and the Bank. Claims that have been determined by the Trade Finance Adjudicator as being Trade Finance Debt will be treated as set out below. The Trade Finance Adjudicator will notify the Bank and the relevant Creditors of its determinations on or before 7 December 2009. The Trade Finance Adjudicator will act as an expert and not as an arbitrator or legal advisor. Each determination by the Trade Finance Adjudicator is final and binding on the Bank and the relevant Creditor. In the event of a dispute between the Bank and a Trade Finance Creditor as to the Outstanding Amount of a Claim determined to be Trade Finance Debt, such dispute will be adjudicated in accordance with Clauses 4.10 to 4.12 of the Restructuring Plan.

In the event that the aggregate amount of Trade Finance Debt (as determined by the Trade Finance Adjudicator) exceeds U.S.$100 million each Claim deemed to be Trade Finance Debt shall be reduced pro rata so that the aggregate amount of Trade Finance Debt equals U.S.$100 million. In such case a Trade Finance Creditor shall have a subsequent Claim (and may submit an Option Election Form in respect of such Claim) equal to the amount by which its Trade Finance Debt was reduced but such subsequent Claim will not be treated as Trade Finance Debt for purposes of the Restructuring Plan.

In the event the Restructuring Plan is approved at the Claimants' Meeting, the following provisions shall apply to Trade Finance Debt:

(a) there shall be no increase in the interest rate or applicable fees relating to any Trade Finance Debt or any improvement of terms which applied to such debt pre-restructuring; and

(b) if the existing documentation setting out the terms of any indebtedness comprising the Trade Finance Debt contains events of default (or their equivalents), as of the Restructuring Date the Events of Default applicable to the Discount Notes and the Par Notes shall also apply to Trade Finance Debt in place of any events of default previously agreed in the documentation governing the terms of such Trade Finance Debt.

Claims determined to be Trade Finance Debt which would otherwise fall due on or prior to 31 December 2009 shall be extended by 12 months from the original payment schedules. Trade Finance Creditors with Claims determined to be Trade Finance Debt outstanding as at 31 October 2009 and falling due after 31 December 2009 shall be repaid in accordance with the original terms of such Trade Finance Debt.

Related Party Debt

On the Restructuring Date Related Party Debt shall be cancelled in full and no further payment of Related Party Debt shall be made by the Bank.

The New Notes and Shares and Listings

Application will be made to have the New Notes denominated in U.S. Dollars listed on the regulated market of the Luxembourg Stock Exchange on or about the Restructuring Date and to have the New Notes denominated in Tenge listed on the KASE as soon as reasonably practicable thereafter. The Bank will apply to have the Common Shares and the Preference Shares listed on the KASE as soon as reasonably practicable and in any event within 12 months of the Restructuring Date.

In addition, the Bank will consider in good faith a secondary listing of its Common Shares and Preference Shares (or depositary interests in them) on a major recognised stock exchange (such as the Luxembourg Stock Exchange) within three years of the Restructuring Date.

The Bank's Board of Directors

The Bank expects that a new Board of Directors will be appointed prior to the Restructuring Date. As agreed in the Term Sheet, the Board of Directors will consist of six members and will include one CS Director nominated by the Creditor Shareholders, one Creditor Director nominated by the Finance Creditors, and four members appointed by Samruk-Kazyna. See "*Management and Corporate Governance*".

The Restructuring Law and the Restructuring Plan

The Restructuring Plan will be effected by the Bank under the Restructuring Law. The Restructuring Plan is a formal process under which the Bank will be released from claims of certain creditors (i.e. holders of Designated Financial Indebtedness) in return for Claimants' entitlement to receive cash, New Notes and/or Shares under the Restructuring Plan (or, in the case of Trade Finance Creditors, as set out above under "*Information for Claimants — Trade Finance Creditors*").

If Claimants (and Related Parties) holding at least two-thirds of the Designated Financial Indebtedness vote in favour of the Restructuring Plan it will be binding on all Claimants and Related Parties. A meeting of the Creditors to consider and, if thought fit, to approve the Restructuring Plan is scheduled to take place on 15 December 2009. At the Claimants' Meeting, the Trustee will be entitled to vote the principal amount of Euronotes outstanding in favour of or against the Restructuring Plan in the same proportions as the relevant Euronoteholders vote in favour of or against the Restructuring Plan at the relevant Euronoteholders' Meeting. See "*Information for Claimants — Information for Euronoteholders — The Euronoteholders Meetings*". If the Restructuring Plan is approved at the Claimants' Meeting, the Restructuring Plan will take effect once it has received the final approval of the FMSA and the Court.

The Restructuring Plan will not become effective until certain conditions precedent set out in Schedule 9 (*Conditions Precedent to the Restructuring Plan Becoming Effective*) have been met.

In the event that the Bank determines that the Information Memorandum does not contain all material information reasonably necessary to enable Claimants to make an informed decision about the Restructuring Plan or that any of the procedures comprised in the Restructuring Plan need to be amended in advance of the Approval Date in order more efficiently or effectively to complete the Restructuring, the Bank will publish a revised Information Memorandum or a supplement thereto. In addition, the Bank reserves the right to change the date on which the Claimants' Meeting is held or on which other events are to occur so long as it provides adequate notice to Creditors via a Regulatory Information Service.

Kazakhstan Taxation Considerations

A number of Kazakhstan tax considerations for Claimants in relation to the Restructuring are set out in the Information Memorandum under "*Taxation*". The comments are of a general, non-exhaustive nature and are included for information purposes only and are not intended to be legal or tax advice. You should therefore consult your own advisers with respect to possible tax consequences of receiving cash, New Notes and/or Shares in the Restructuring.

Action to be taken by Euronoteholders

Euronoteholders' Meetings

The holders of each series of Euronotes will vote on whether to approve the Restructuring Plan at the Euronoteholders' Meetings to be held on 27 November 2009 in respect of each series of Euronotes. A Notice of Meeting in respect of each series of Euronotes is set out in Schedule 2 (*Form of Claim Form*). Information on the Euronoteholders' Meetings and instructions on how to vote at the applicable Euronoteholders' Meeting is set out in more detail under "*Information for Claimants — Information for Euronoteholders*". Euronoteholders must complete and submit an Electronic Instruction Form in accordance with the procedures described in "*Information for Claimants — Information for Euronoteholders — The Euronoteholders Meetings — Voting and Quorum*" by no later than 5:00p.m. (London time) on 25 November 2009.

Euronoteholders will vote at the applicable Euronoteholders' Meeting on an Extraordinary Resolution approving, among other things, the Restructuring Plan and an instruction to the Trustee, (i) upon the request of the Bank, to accelerate the Euronotes and demand payment under the relevant Guarantee and (ii) to vote at the Claimants' Meeting in accordance with the votes of the relevant Euronoteholders as set out in the notices to Euronoteholders in Schedule 5 (*Notices of Euronoteholders' Meetings*). The Extraordinary Resolution provides that the Bank can request acceleration of the Euronotes to facilitate set off under Kazakhstan law and to otherwise facilitate the implementation of the Restructuring Plan. The Trustee shall not be obliged to take any of the steps set out in the relevant Extraordinary Resolution until it has been indemnified or provided with security or pre-funded to its satisfaction. At the Claimants' Meeting, the Trustee will vote the principal amount of Euronotes of each series outstanding in favour of or against the Restructuring Plan in the same proportions as the relevant Euronoteholders vote in favour of or against the Restructuring Plan at the relevant Euronoteholders' Meeting. Euronoteholders will therefore not be permitted to vote at the Claimants' Meeting in respect of their Euronotes since their votes in favour of or against the Restructuring Plan will be submitted at the Claimants' Meeting by the Trustee on their behalf. The Trustee will submit a Claim Form in respect of the Outstanding Amount of each series of Euronotes.

In the event the Extraordinary Resolution is not passed at a Euronoteholders' Meeting in respect of a series of Euronotes, the Bank will deem those votes cast in favour of or against the Extraordinary Resolution to have been cast in favour of or against the Restructuring Plan at the Claimants' Meeting and will deem the relevant Euronoteholders to have submitted a Claim Form in respect of the principal amount of the relevant Euronotes specifying that it is submitted in respect of "notes issued by the Bank" designating the Distribution Agent as its contact.

In addition, if an Extraordinary Resolution is not passed ALB Finance may be subject to a scheme of composition under Dutch law or a Dutch bankruptcy procedure. See "*Information for Claimants — Information for Euronoteholders — Consequences of an Extraordinary Resolution not being approved*".

Action to be taken by Creditors

Creditors, as provided in the Information Memorandum, are invited, and are entitled, to attend and vote at the Claimants' Meeting to be held on 15 December 2009, either in person or by proxy. In order to do so, Creditors must complete and return the Form of Proxy and Claim Form accompanying the Information Memorandum to the Bank in accordance with the procedures described in "*Information for Claimants — Information for Creditors*" by no later than 10 December 2009.

To enable the Bank to be in a position to agree the amount of a Claim (if appropriate), Creditors must complete and return a Claim Form to the Bank in accordance with the procedures described in "*Information for Claimants — Information for Creditors — Submission of Claim Forms*". Questions in relation to the completion of a Claim Form should be addressed to the Bank at investorrelations@alb.kz; the Bank, can also be contacted on +7 727 258 4040 extension 52432. Information regarding Claim Forms is also available on the Bank's websites at www.albinvestorrelations.com and www.alb.kz

CREDITORS WITH CLAIMS MUST SUBMIT A DULY COMPLETED CLAIM FORM SO THAT IT IS RECEIVED NO LATER THAN 10 DECEMBER 2009. EACH PARTICIPANT IN A SYNDICATED LOAN FACILITY MUST SUBMIT ITS OWN CLAIM FORM. CREDITORS WISHING TO HAVE THEIR CLAIMS CONSIDERED BY THE TRADE FINANCE ADJUDICATOR MUST SUBMIT THEIR CLAIM FORMS AND ALL DOCUMENTATION REGARDING SUCH CLAIM SO THAT THEY ARE RECEIVED NO LATER THAN 21 DAYS AFTER THE DATE OF THIS INFORMATION MEMORANDUM. IN THE EVENT THAT CREDITORS DO NOT SUBMIT A CLAIM FORM PRIOR TO THE CLAIMS SUBMISSION DATE, THEIR CLAIMS WILL BE CANCELLED AND

AUTOMATICALLY ALLOCATED TO OPTION 5 SUBJECT TO THE ALLOCATION AND REALLOCATION OF CLAIMS MECHANISM SET OUT IN SCHEDULE 1 (*THE RESTRUCTURING PLAN*), ANNEX 1 (*ALLOCATION AND REALLOCATION OF CLAIMS MECHANISM*). EURONOTEHOLDERS ARE NOT REQUIRED TO SUBMIT A CLAIM FORM IN RESPECT OF THEIR EURONOTES. THE TRUSTEE WILL INSTEAD SUBMIT ON THEIR BEHALF A CLAIM FORM IN RESPECT OF THE OUTSTANDING AMOUNT UNDER EACH SERIES OF EURONOTES IN ACCORDANCE WITH THE INSTRUCTIONS OF THE RELEVANT EURONOTEHOLDERS.

Option Election Forms

If the Restructuring Plan is approved at the Claimants' Meeting, within five Business Days of the Approval Date the Bank will make Option Election Forms available. Claimants (other than those with Claims deemed to be Trade Finance Debt, holders of Perpetual Securities and Samruk-Kazyna) will elect to receive cash, New Notes and/or Shares by electing one or more Guaranteed Allocations and/or one or more Preferred Options in an Option Election Form to be submitted no later than the Option Election Date, expected to be 15 January 2010. Eligible Claimants should submit Option Election Forms regardless of whether they have an Agreed Claim (see "*Information for Claimants — Entitlement to and Distribution of Cash, New Notes and/or Shares — Procedure for the Admission and Rejection of Creditors' Claims*"). Information regarding the submission of Option Election Forms will be included in the form and available at www.albinvestorrelations.com and www.alb.kz within five Business Days of the Approval Date. As soon as practicable after the Option Election Date, cash, New Notes and/or Shares will be allocated in accordance with the Allocation and Reallocation of Claims Mechanism. Claimants may submit an Option Election Form in respect of each Claim they hold. Each Claim of U.S.$5 million or more is divisible and can be split between one or more Guaranteed Allocations and/or one or more Preferred Options in amounts of not less than $1 million each.

Trade Finance Creditors do not need to submit an Option Election Form in respect of Claims deemed to be Trade Finance Debt (except in the event the aggregate amount of Claims comprising Trade Finance Debt exceeds U.S.$100 million). See "*Information for Claimants — Trade Finance Creditors*".

Samruk-Kazyna and holders of Perpetual Securities are not eligible to submit Option Election Forms. Holders of Perpetual Securities will be automatically allocated to Option 5.

Advantages of the Restructuring

The Bank believes that the Restructuring will allow the Bank to continue as a going concern. It is expected that:

- the Restructuring will provide the Bank's business with a new, sustainable capital structure;
- the Bank will be recapitalised by approximately U.S.$3,400 million through (i) an injection of capital by way of the conversion of the Samruk-Kazyna Bonds into equity and Samruk-Kazyna's subscription for Common Shares for a purchase price of KZT 24,000 million and (ii) the cancellation of Claims in exchange for cash, New Notes and/or Shares;
- based on the Bank's pro-forma calculations (see "*Pro Forma Financial Information*"), and its current estimate of the obligations to be cancelled pursuant to the Restructuring, the financial debt of the Bank will be reduced from approximately U.S.$4,000 million as adjusted at 30 June 2009 to approximately U.S.$920 million (excluding trade finance and the Bank's obligations with respect to the DPRs);
- Samruk-Kazyna will be the majority shareholder in the Bank, which management of the Bank believes will restore confidence in its viability; and
- the strengthening of the Bank's financial position will also enable senior management to focus its efforts on further improving the operating performance of the Bank, and to provide additional stability to the Bank's customers, employees and other stakeholders.

Disadvantages of the Restructuring

As a result of the Restructuring, Claimants will have their Claims cancelled or restructured as set out in the Restructuring Plan. Depending on the Option(s) elected, Claimants (other than Trade Finance Creditors in respect of Trade Finance) will not receive the consideration otherwise due under their Claims but instead will receive cash, New Notes and/or Shares in consideration for the cancellation or restructuring of their Claims.

Consequences of the Restructuring not being implemented

The Restructuring is necessary to ensure the survival of the Bank. If the Restructuring is not implemented, the ultimate return to Claimants will be severely diminished as the Bank is expected to go into conservation or

bankruptcy or may be subject to other procedures under applicable law (see "*Risk Factors — Risks Relating to the Restructuring — If the Restructuring does not occur, the FMSA may institute proceedings for conservation or an insolvent liquidation of the Bank*".

The Management Board understands that those financial institutions based in Kazakhstan that have been placed into conservation or bankruptcy in the past have made only limited repayments to creditors. Under Kazakhstan law, certain creditors have priority of repayment upon the bankruptcy of a bank. These include, in order of priority, expenses related to the bankruptcy, payments for tort claims involving death or health, payments due to employees, payments to the KDIF and payments due to individual depositors. Unsecured claims of creditors and Subordinated Claims are the last to be paid out on bankruptcy. The Bank believes that no Kazakhstan bank placed into conservation or bankruptcy has had sufficient access to capital to make any payments to creditors ranking below the KDIF.

The Management Board therefore believes that if the Bank is placed into conservation or bankruptcy Claimants are likely to receive severely reduced returns on their Claims or no return at all.

Other Relief Sought

The Bank will seek recognition of the Restructuring Plan in the United States as a foreign proceeding under Chapter 15 of the U.S. Bankruptcy Code Court and in the United Kingdom under the Cross Border Insolvency Regulations 2006.

Other matters

You are urged to read the Information Memorandum of which this letter forms a part as it contains detailed information on the Bank, the risks to be considered concerning the Bank's business, financial information in relation to the Bank and details of the Restructuring Plan. In particular, please see "*Risk Factors*" for a description of certain of risks regarding the Bank and the Restructuring.

Recommendations of the Bank's Management

The terms of the Restructuring are complex and you are urged to read the Information Memorandum with care, since it contains a great deal of important information. If you are in any doubt as to the action you should take, you are recommended immediately to seek advice from your independent financial adviser.

The Bank's management believes that the Restructuring is in the best interests of the Bank and its stakeholders taken as a whole and represents the best available compromise among the Bank, its creditors, Samruk-Kazyna and the financial authorities in Kazakhstan and therefore urges Claimants to attend the Claimants' Meetings and the Euronoteholders' Meetings and to vote in favour of the Restructuring Plan. Because the Restructuring is being effected under new legislation, the Bank may without the consent of the Claimants and the Related Parties, make a modification to the Restructuring Plan or any procedures to complete the Restructuring, in each case which are of a minor or technical nature or to correct a manifest error and/or to postpone particular events or deadlines by which particular aspects of the Restructuring need to be completed so long as the postponement is not materially prejudicial to the interests of the Claimants or the Related Parties and if it does do so will give appropriate notice to Claimants and Related Parties.

Yours faithfully,

Maxat Kabashev
Chairman of the Management Board
JSC Alliance Bank

KEY TERMS AND DEFINITIONS

In this Information Memorandum:

"**Account Designation**" means the designation in an Option Election Form of an Existing Account, Designated Account or Local Account into which a Claimant with an Agreed Claim instructs its Entitlement to be credited;

"**Accredited Investor**" means an accredited investor as defined in Rule 501(a) of Regulation D under the Securities Act;

"**Adjudication Reference Date**" means 5 January 2010 or such other date as the Bank shall announce via a Regulatory Information Service;

"**Adjusted IFRS**" means International Financial Reporting Statements adjusted to reflect the FMSA's requirements for preparation of financial statements for regulatory purposes;

"**Advisers**" means Lazard Frères, Ernst & Young LLP, White & Case LLP, White & Case Kazakhstan, LLP, White & Case LLC (Moscow), Denton Wilde Sapte LLP, Denton Wilde Sapte Kazakhstan Limited, Field Fisher Waterhouse LLP, the Allocation Manager and their respective Affiliates and Subsidiaries and any other adviser to the Bank, its Subsidiaries, the government of Kazakhstan, the NBK, the FMSA, Samruk-Kazyna and the Steering Committee appointed in relation to the Restructuring;

"**Affiliate**" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified;

"**Agreed Claim**" means a Claim, the Outstanding Amount of which is liquidated in amount and has either (i) been agreed by the Bank; or (ii) otherwise been determined in accordance with the provisions of the Restructuring Plan;

"**Agreed Creditor**" means a Creditor (other than a Related Party) with an Agreed Claim. For the avoidance of doubt, if a Creditor has both an Agreed Claim and a Claim which has not yet been agreed, it shall be treated for the purposes of this Restructuring Plan as an Agreed Creditor only in respect of its Agreed Claim;

"**ALB Finance**" or "**Issuer**" means ALB Finance B.V., a wholly owned subsidiary of the Bank incorporated in the Netherlands;

"**ALCO**" means the Bank's Asset Liability Management Committee;

"**Alliance Finance**" means LLC "Alliance Finance", a wholly owned subsidiary of the Bank incorporated in Russia;

"**Alliance Policy**" means JSC Insurance Company "Alliance Policy";

"**Alliance Undertaking**" means the deed poll to be executed by the Bank prior to the Restructuring Date covering (without limitation) compliance with the New Charter;

"**Allocation Manager**" means an agent to be appointed by the Bank as soon as practicable after the Creditor Approval Date to manage the collation of Option Election Forms and the application of the Allocation and Reallocation of Claims Mechanism;

"**Allocation Manager Agreement**" means any agreement to be entered into between the Bank and the Allocation Manager pursuant to which the Allocation Manager will collate the Option Election Forms and determine the Entitlements;

"**Allocation and Reallocation of Claims Mechanism**" means the allocation and reallocation procedure for all Claims as set out in Schedule 1 (*The Restructuring Plan*), Annex 1 (*Allocation and Reallocation of Claims Mechanism*);

"**Annual Financial Statements**" means the audited consolidated financial statements of the Bank as at and for the year ended 31 December 2008 contained in this Information Memorandum;

"**Approval Date**" means the date of the Claimants' Meeting in the event the Restructuring Plan is approved at such meeting;

"**Asset Pool**" means the assets from which the Recoveries are to be derived;

"**Bad Bank**" means the non-performing loans of the Bank segregated notionally into a "bad bank";

"**Bank**" means JSC Alliance Bank or, where the context so requires, JSC Alliance Bank and its consolidated subsidiaries;

"**Bank Bonds**" means KZT 105,000 million of the Bank's bonds, each with a denomination of KZT 1,000, which the Bank sold to Samruk-Kazyna in exchange for all of the Samruk-Kazyna Bonds;

"**Banking Law**" means the law of the Republic of Kazakhstan on Banks and Banking Activity dated 31 August 1995, as amended;

"**Bankruptcy Law**" means the law of the Republic of Kazakhstan on Bankruptcy dated 21 January 1997, as amended;

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

"**Basel II**" means the report titled "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" of the Basel Committee on Banking Supervision;

"**Beneficial Owner**" means the owner of a particular principal amount of Euronotes, as shown in the records of Euroclear or Clearstream, Luxembourg or their Direct Participants;

"**Board of Directors**" or the "**Board**" means the board of directors of the Bank from time to time;

"**BIS**" means the Bank for International Settlements;

"**BIS Guidelines**" means the guidelines adopted by the Basel Committee on Banking Regulations and Supervision Practices of the Bank for International Settlements;

"**Block Voting Instruction**" means, in relation to any meeting, a document in the English language issued by a Registrar: (A) certifying: (i) that certain specified Euronotes (each a "**Blocked Note**") have been blocked in an account with a clearing system and will not be released until the conclusion of the relevant Euronoteholders' Meeting and that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the Registrar that the votes attributable to such Blocked Note are to be cast in a particular way on the relevant Extraordinary Resolution to be put to the relevant Euronoteholders' Meeting; or (ii) that each registered holder of certain specified Euronotes (each a "**Relevant Note**") or a duly authorised person on its behalf has instructed the Registrar that the votes attributable to each Relevant Note held by it are to be cast in a particular way on the relevant Extraordinary Resolution to be put to the relevant Euronoteholders' Meeting; and in each case that, during the period of 48 hours before the time fixed for relevant Euronoteholders' Meeting, such instructions may not be amended or revoked; (B) listing the total principal amount of the Blocked Notes and the Relevant Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the relevant Extraordinary Resolution; and (C) authorising a named individual or individuals to vote in respect of the Blocked Notes and the Relevant Notes in accordance with such instructions;

"**BTA Bank**" means JSC "BTA Bank";

"**Business Day**" means any day other than a Saturday, Sunday or any other day which is a public holiday in London, Almaty or New York;

"**BV Deposit**" means any deposit held by the Bank on account of ALB Finance in relation to a series of Euronotes;

"**Cause of Action**" means any and all statutory, legal or equitable cause or causes of action, whether to be made in the Republic of Kazakhstan, the United Kingdom or in any other jurisdiction, that are or may be vested in the Bank in relation to the T Bills;

"**Central Securities Depository**" means JSC Central Securities Depository, Kazakhstan's central securities depositary and clearing and settlement system;

"**Charter**" means the current charter of the Bank;

"**CIS**" means the Commonwealth of Independent States;

"**Claim**" means any claim on the Bank or its Subsidiaries arising out of any Designated Financial Indebtedness;

"**Claimant**" means any person with a Claim on the Bank, ALB Finance or Alliance Finance including, but not limited to, Euronoteholders (and the Trustee on their behalf) and the Creditors, namely Rouble Noteholders, Domestic Noteholders, Trade Finance Creditors, derivatives counterparties and syndicated and bilateral creditors of the Bank, but does not include Excluded Creditors or Related Parties;

"**Claimants' Meeting**" means the meeting of Claimants (including the Trustee) convened in accordance with the Order to consider and, if thought fit, approve the Restructuring Plan, including any adjournment thereof;

"**Claim Form**" means the form set out in Schedule 2 (*Form of Claim Form*) to this Information Memorandum;

"**Claims Submission Date**" means 5.00 p.m. (Almaty time) on 10 December 2009, or such other date as shall be notified to Creditors by announcement on a Regulatory Information Service or on the Bank's websites at www.albinvestorrelations.com and www.alb.kz;

"**Clearing System**" means each or all of DTC, Euroclear or Clearstream, as appropriate;

"**Clearstream**" means Clearstream Banking, société anonyme, Luxembourg;

"**Collection Account**" means the account established pursuant to the Recovery Notes;

"**Common Depositary**" means The Bank of New York Depository (Nominees) Limited in its capacity as book-entry depositary for the Euronotes and any successor thereto;

"**Common Shares**" means the common shares in the capital of the Bank;

"**Competition Agency**" means the Agency of the Republic of Kazakhstan for Protection of Competition;

"**Connected Person**" means a present or former director, officer, member of senior management of the Bank or the owner or former owner (directly or indirectly) of more than 10 per cent. of the Shares;

"**Conversion Rate**" has the meaning ascribed to it in Schedule 1 (*The Restructuring Plan*), Annex 3 (*Calculation of Entitlements*);

"**Corporate and SME Pool**" the pool of corporate and SME loans from which recoveries are to be derived for the purposes of the Recovery Notes;

"**Corporate and SME Pool Cash Recoveries**" means any and all cash amounts actually recovered by the Bank in respect of each loan in the Corporate and SME Pool over and above the Net Book Value of each such loan including, but not limited to, interest and principal payments, penalties, settlements and cash proceeds from assets, acquired by the Bank directly or indirectly through litigation, settlement, auction or compromise;

"**Corporate Governance Code**" means the current corporate governance code of the Bank;

"**Court**" means the Specialised Financial Court of the Regional Financial Centre of Almaty;

"**Creditor**" means a creditor of the Bank or Alliance Finance in respect of a Claim or Claims including Rouble Noteholders, Domestic Noteholders, derivative counterparties of the Bank, Trade Finance Creditors, syndicated and bilateral lenders and all other financial creditors of the Bank (other than Euronoteholders and the Trustee);

"**Creditor Director**" means the member of the Bank's Board of Directors nominated by the Finance Creditors;

"**Creditor Preference Shareholders**" means Claimants who receive Preference Shares in the Bank through allocation of Options 2, 3, 4, 4A or 5;

"**Creditor Shareholders**" means Claimants who receive Common Shares in the Bank through allocation of Options 2, 3, 4, 4A or 5 (or after the Restructuring Date, convert Preference Shares received by them pursuant to the Restructuring Plan into Common Shares);

"**CS Director**" means the member of the Bank's Board of Directors nominated by the Creditor Shareholders;

"**Damu Fund**" means JSC Fund for Development of Entrepreneurship Damu;

"**DBK**" means the Development Bank of Kazakhstan;

"**Debt Issuance Programme**" means the Bank's U.S.$1,500 million Debt Issuance Programme established in September 2006 and subsequently increased to U.S.$3,000 million in January 2007;

"**Deed of Release**" means the deed to be entered into by the Bank following the Restructuring Date on behalf of Claimants and Related Parties pursuant to the Restructuring Plan, substantially in the form set out in Schedule 1 (*The Restructuring Plan*), Annex 4 (*Form of Deed of Release*);

"**Default Interest**" means the interest payable on overdue amounts under any financial obligation which accrues from the due date of the overdue amount up to the date of the actual payment.

"**Definitive Holder**" means the registered holder of a Euronote in definitive registered form;

"**Deposit Agreement**" means the agreement dated 1 February 2009 between the Bank and Samruk-Kazyna regarding a KZT 24,000 million deposit placed with the Bank by Samruk-Kazyna to support the Bank's financial stability and liquidity;

"**Designated Account**" means the account specified by a Claimant in an Option Election Form into which such Claimant's Entitlement shall be deposited.

"**Designated Financial Indebtedness**" means all Indebtedness and Indebtedness Guarantees (as defined in Schedule 8 to this Information Memorandum) of the Bank and its Subsidiaries (including, without limitation that set out in Schedule 1 (*The Restructuring Plan*), Annex 2 (*Designated Financial Indebtedness*)) and any Claim arising from any Guarantee or any surety provided by the Bank in respect of the Rouble Notes (whether or not such indebtedness is due and payable as at the Restructuring Date and whether or not demand has been made under the relevant Guarantee or surety), but does not include Excluded Debt;

"**Direct Participant**" means an accountholder in DTC, Euroclear or Clearstream, Luxembourg;

"**Discount Dollar Notes**" means the notes denominated in U.S. Dollars issued by the Bank under Option 2 as set out in "*Terms of the Options*";

"**Discount Notes**" means Discount Dollar Notes and Discount Tenge Notes;

"**Discount Tenge Notes**" means the notes denominated in Tenge issued by the Bank under Option 2 as set out in "*Terms of the Options*";

"**Disputed Claim**" means a Claim which has not been agreed by the Bank on or before the Adjudication Reference Date and is referred (in whole or in part) to the Independent Adjudicator;

"**Distribution**" means in the Restructuring Plan, the distribution of any Entitlement or Net Proceeds of Sale after (i) Claims have become Agreed Claims or have been withdrawn and (ii) the Distribution Agent or the Bank, as the case may be, has made all the transfers (including cash payments) required pursuant to the Restructuring Plan to all such Claimants with Agreed Claims;

"**Distribution Agent**" means an agent to be appointed by the Bank as soon as practicable after the Approval Date to assist the Bank with the distribution of cash, New Notes and/or Shares in accordance with the Restructuring Plan;

"**Distribution Agent Agreement**" means the agreement to be entered into between the Bank and the Distribution Agent pursuant to which the Distribution Agent will assist the Bank in the distribution of cash, New Notes and Shares;

"**Distribution Date**" means the date on which the Distribution Agent or the Bank, as the case may be, distributes to any Claimant its Entitlement;

"**Domestic Noteholders**" means holders of notes issued by the Bank;

"**DPR**" means diversified payment right;

"**DTC**" means the Depository Trust Company of New York, a New York corporation;

"**EBRD**" means the European Bank for Reconstruction and Development;

"**EEA**" means the European Economic Area;

"**Electronic Instruction Form**" refers to the means by which Direct Participants and Beneficial Owners inform the Registered Holder to complete and sign a form of proxy to be used at the relevant Euronoteholder Meeting;

"**Entitlement**" means the entitlement to cash, New Notes and/or Shares of each Claimant (other than as regards Trade Finance Debt and Samruk-Kazyna) with an Agreed Claim pursuant to the terms of the Restructuring Plan;

"**EU**" means the European Union;

"**Euro**" or "**€**" means the lawful currency of the Member States of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on the European Union and as further amended by the Treaty of Amsterdam;

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear system;

"**Euronoteholder**" means a person with the ultimate economic interest in any of the Euronotes and holding such interest in such Euronotes through one of the Clearing Systems or as a Definitive Holder from time to time, unless specifically stated otherwise;

"**Euronoteholders' Meeting**" means a meeting of the Euronoteholders to consider and if thought fit, to approve the Extraordinary Resolution;

"**Euronotes**" means (i) each of the notes and each and every note in issue from time to time under any series of notes issued by ALB Finance pursuant to the terms of any of the Trust Deeds and (ii) the Perpetual Securities;

"**Excluded Creditor**" means any creditor of the Bank or its Subsidiaries to the extent that its claim(s) on either entity relates to Excluded Debt (other than Payable Interest).

"**Excluded Debt**" includes (i) Payable Interest and (ii) claims of private deposit holders, day to day trade creditors of the Bank (including providers of overnight funds on the money markets), commercial deposit holders; (iii) notes issued by Alliance DPR Company**;** (iv) deposits made by Samruk-Kazyna or the Damu Fund and any other Government Funding (as defined in Schedule 8 (*Covenants*); (v) claims of the Steering Committee and/or each of its advisers for outstanding fees, costs and expenses payable by the Bank under the relevant appointment letters; (vi) the Trustee's indemnity rights against the Bank and its Subsidiaries; and (vii) the Subordinated Loan unless and until holders of the Perpetual Securities vote against the relevant Extraordinary Resolution;

"**Existing Account**" means the account in any of the Clearing Systems through which a Euronoteholder holds Euronotes;

"**Extraordinary Resolution**" means the extraordinary resolution to be proposed at the relevant Euronoteholders' Meeting to approve the Restructuring Plan, requiring a majority of not less than 75 per cent. of the persons voting thereat upon a show of hands or, if a poll is duly demanded, then by a majority consisting of not less than 75 per cent. of the votes cast;

"**Finance Creditors**" means Claimants whose Claims are allocated to Options 2, 3, 4, 4A and/or 5;

"**Financial Adviser**" means Lazard Frères, financial adviser to the Bank in connection with the Restructuring;

"**Financial Statements**" means the Annual Financial Statements and the Unaudited Interim Financial Statements;

"**Fitch**" means Fitch Ratings Ltd.;

"**FMSA**" means the Agency of the Republic of Kazakhstan for Regulation and Supervision of Financial Markets and Financial Organisations;

"**FMSA Agreement**" means the agreement between the Bank and the FMSA dated 28 April 2009, as amended;

"**FMSA Asset Classification Rules**" means the rules of asset classification issued by FMSA, dated 21 December 2006;

"**Form of Proxy**" means the form of proxy for Claimants accompanying this Information Memorandum for use at the Claimants' Meeting set out in Schedule 4 (*Form of Proxy*);

"**GDP**" means the gross domestic product of Kazakhstan;

"**GDRs**" means global depositary receipts;

"**Global Certificate**" means a global note certificate in respect of the Euronotes;

"**Global Note**" means either a Restricted Global Note or an Unrestricted Global Note;

"**Good Bank**" means performing loans of the Bank segregated notionally into a "good bank";

"**Government**" means the government of the Republic of Kazakhstan;

"**Guarantee**" means any guarantee given by the Bank in favour of the Trustee in respect of a series of Euronotes;

"**Guaranteed Allocation**" has the meaning ascribed to it in the Allocation and Reallocation of Claims Mechanism;

"**IFRS**" means the International Financial Reporting Standards;

"**IMF**" means the International Monetary Fund;

"**IMF Charter**" means the charter of the International Monetary Fund;

"**Implementation Agreement**" means the agreement dated 2 February 2009 entered into between SAFC, Samruk-Kazyna, the Bank and Mr. Margulan Seisembayev, by which Samruk-Kazyna agreed to purchase 76.0 per cent. of the Bank's voting shares and measures were taken to stabilise the Bank and increase its capitalisation;

"**Independent Adjudicator**" means, in respect of a Disputed Claim, the individual nominated by the LCIA who is a fit and proper person duly qualified to adjudicate on the points at issue. The LCIA shall, subject to the exceptions below, nominate the same person in respect of all Disputed Claims. A different person will be nominated by the LCIA if:

(i) the Bank, the relevant Creditor or the proposed Independent Adjudicator notifies the LCIA that there is, or may be, a conflict of interest in relation to the proposed Independent Adjudicator being appointed to determine such Disputed Claims; or

(ii) the Independent Adjudicator considers and notifies the LCIA that, in his sole opinion due to the work he is undertaking in respect of other Disputed Claims, he will be unable to adjudicate the relevant Claim within the period of two months from the date on which the Disputed Claim is referred to him by the Bank;

"**Industrial Innovation Programme**" means the programme of the Kazakhstan Government proposed to be implemented over a five-year period beginning in 2010 aimed at developing new industries, industrial complexes and innovative products;

"**Information Memorandum**" means this Information Memorandum dated 5 November together with any supplement or amendment thereto;

"**Initial Allocation**" has the meaning ascribed to it in the Allocation and Reallocation of Claims Mechanism;

"**Initial Order**" means the order of the Court dated 18 September 2009 which initiated the Restructuring in accordance with the Restructuring Law;

"**Intermediary**" means any broker, dealer, bank, trust company or other nominee or custodian that holds Euronotes on behalf of Beneficial Owners;

"**Islamic Finance Institutions**" means Creditors whose Claims are governed by documentation using Sharia principles;

"**Islamic Finance Instruments**" means debt instruments governed by documentation using Sharia principles;

"**JSC Law**" means the Law of the Republic of Kazakhstan on Joint Stock Companies dated 13 May 2003, as amended;

"**KASE**" means the Kazakhstan Stock Exchange;

"**Kazakhstan**" means the Republic of Kazakhstan;

"**Kazakhstan Central Depositary**" means JSC Central Securities Depositary;

"**KDIF**" means the Kazakhstan Deposit Insurance Fund;

"**KMC**" means JSC Kazakhstan Mortgage Company;

"**KSBP III**" means the EBRD's Kazakhstan Small Business Programme;

"**Late Payment Donation**" means any sum payable by the Bank upon the default of the Bank under its payment obligations pursuant to any Islamic Finance Instrument, the proceeds of which, other than those sums required to compensate the lenders for any actual loss suffered, are donated to charity;

"**LCIA**" means the London Court of International Arbitration;

"**Liability**" **or** "**Liabilities**" means any debt, liability or obligation whatsoever whether it is present, future, prospective or contingent, whether or not its amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation and whether it arises at common law, in equity or by statute, or in any other manner whatsoever, but such expression does not include any liability which is barred by statute or is otherwise unenforceable or arises under a contract which is void or, being voidable, has been duly avoided;

"**LIBOR**" means the London Inter-Bank Offered Rate as determined by the British Bankers' Association;

"**Litigation Recoveries**" means any and all amounts (including all costs, interests and taxes) actually recovered by the Bank directly or indirectly as a result of any judgment, award, compromise or settlement relating to any Proceedings, insurance claim or otherwise in connection with or arising out of the Causes of Action, whether a cash sum or any other amount realised by the Bank as a result of a sale, auction, enforcement process or other disposal by or on behalf of the Bank of any asset, right, claim or security received by the Bank in connection with the Causes of Action;

"**Local Account**" means the account specified by a Creditor in an Option Election Form into which such Creditors' Entitlement shall be deposited provided that such account is eligible to hold Tenge, New Notes denominated in Tenge and/or Shares;

"**Management Board**" means the management board of the Bank from time to time;

"**Memorandum of Understanding**" means the memorandum of understanding between the Bank and the Steering Committee dated 6 July 2009 with respect to the Restructuring and the Options;

"**Model Insolvency Law**" means the 1997 UNCITRAL Model Law on Cross-Border Insolvency;

"**Moody's**" means Moody's Investors Service, Inc.;

"**Mortgage State Finance Programme**" means the KZT 120,000 million programme adopted by the Kazakhstan Government in February 2009 aimed at reducing the current interest rate on mortgage loans to between 9 and 11 per cent., converting foreign currency loans into Tenge and extending loan maturities up to 20 years;

"**NBK**" means the National Bank of Kazakhstan, which is the central bank;

"**NBK Regulations**" means the regulations published by the NBK;

"**Net Book Value**" means the outstanding amount of a loan minus the provisions, each calculated in accordance with the FMSA rules;

"**Net Proceeds of Sale**" means the proceeds of sale of the relevant New Notes and Shares net of all associated commissions, transfer taxes and other costs, including the expenses and compensation of the Distribution Agent or the Bank, as the case may be, in effecting such sale;

"**New Charter**" means the new charter of the Bank reflecting the principles set out in the Term Sheet;

"**New Corporate Governance Code**" means the new corporate governance code of the Bank to be adopted prior to the Restructuring Date reflecting the principles agreed by the Bank and the Steering Committee in the Term Sheet;

"**New Notes**" means the Discount Notes, the Par Notes, the Subordinated Notes and the Recovery Notes;

"**New Notes Trust Deed**" means the trust deeds constituting the New Notes;

"**Nominated Recipient**" means the person specified as such in an Option Election Form;

"**Non-U.S. Holder**" means a beneficial owner of the New Notes and Shares that is not a U.S. Holder;

"**Note Certificates**" means Restricted Note Certificates and Unrestricted Global Note Certificates;

"**Notice of Claimants' Meeting**" means the Notice of Claimants' Meeting attached hereto as Schedule 3 (*Notice of Claimants' Meeting*);

"**NSA**" means Kazakhstan's National Statistics Agency;

"**OECD**" means the Organisation for Economic Co-operation and Development;

"**Option**" means one of the options available to Claimants other than Trade Finance Creditors and Samruk-Kazyna in consideration for the cancellation or restructuring of their Claims under the Restructuring Plan, and includes Preferred Options and Guaranteed Allocations;

"**Option Election Date**" means 15 January 2010 or such later date as the Bank may specify;

"**Option Election Form**" means, in the event the Restructuring Plan is approved at the Claimants' Meeting, the form to be made available to Claimants providing for the election of Options;

"**Outstanding Amount**" means (in each case excluding the default element of any interest or Late Payment Donations) the Principal Amount of an Agreed Claim as at the Record Date plus Restructured Interest;

"**Par Dollar Notes**" means the notes issued by the Bank denominated in U.S. Dollars under Option 3 as set out in "*Terms of the Options*";

"**Par Notes**" means Par Dollar Notes and Par Tenge Notes;

"**Par Tenge Notes**" means the notes issued by the Bank denominated in Tenge under Option 3 as set out in "*Terms of the Options*";

"**Payable Interest**" means, in respect of Designated Financial Indebtedness (other than Related Party Debt), all accrued but unpaid interest or Late Payment Donations (in each case excluding all Default Interest or the default element of any Late Payment Donation) falling due (as determined in accordance with the documentation constituting such Designated Financial Indebtedness) on or before 8 September 2009.

"**Perpetual Securities**" means the U.S.$150 million 9.375 per cent. Perpetual Non-cumulative Capital Securities issued by ALB Finance B.V. pursuant to a trust deed between ALB Finance B.V., JSC Alliance Bank and J.P. Morgan Corporate Trustee Services Limited dated 19 April 2006;

"**PIL**" means personal instalment loans;

"**Pledge Agreement**" means the pledge agreement dated 2 February 2009 between Samruk-Kazyna and SAFC regarding the pledge of 76 per cent. of the Bank's voting shares to Samruk-Kazyna;

"**POS**" means point of service;

"**Post**" means delivery by pre-paid first class post or air mail;

"**Preference Shares**" means preference shares in the capital of the Bank which, as of the Restructuring Date, will be convertible into Common Shares on a 1:1 basis;

"**Preferred Option**" means an Option (other than a Guaranteed Allocation) chosen by a Claimant on its Option Election Form;

"**Principal Amount**" means, in respect of each Claimant, in respect of each of the Designated Financial Indebtedness held by it, the face value of the Designated Financial Indebtedness outstanding and in issue on the applicable Record Date as finally determined in accordance with the terms of the Restructuring Plan;

"**Principal Paying Agent**" means The Bank of New York Mellon;

"**Proceeding**" means any process, action, or other legal proceeding (including, without limitation, any demand, arbitration, alternative dispute resolution, judicial review, adjudication, execution, seizure, distraint, forfeiture, re-entry, lien, enforcement of judgment or enforcement of any security);

"**Processing Industries Support Programme**" means the programme launched by the Kazakhstan Government in October 2009 to provide loans to borrowers in the processing industry;

"**Pro Forma Financial Information**" means the unaudited pro forma financial information of the Bank as at 30 June 2009 set out in "*Pro Forma Financial Information*" adjusted to reflect the Restructuring as described and subject to the assumptions and limitations set forth herein;

"**Prospectus Directive**" means Directive 2003/7I/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC;

"**QIBs**" means qualified institutional buyers, as defined in Rule 144A under the Securities Act;

"**Record Date**" means 26 November 2009;

"**Recoveries**" means Corporate and SME Pool Cash Recoveries, Tax Assets and Litigation Recoveries, determined on a gross, pre-tax and asset-by-asset basis (by reference to financial statements specifically prepared in accordance with Adjusted IFRS for the purposes of tracking the Recoveries);

"**Recovery Notes**" means the notes issued by the Bank in respect of Claims allocated to Option 2, the terms and conditions of which shall be substantially in the form set out in Schedule 6 (*Terms and Conditions of the New Notes*);

"**Register of Euronotes**" means the register kept by the Registrar to record beneficial entitlement to the Euronotes;

"**Registrar**" means each of The Bank of New York Mellon and The Bank of New York Mellon (Luxembourg) S.A.;

"**Regulation D**" means Regulation D under the Securities Act;

"**Regulation S**" means Regulation S under the Securities Act;

"**Regulatory Information Service**" means any of: Business Wire Regulatory Disclosure provided by Business Wire; FirstSight provided by Romeike; Announce provided by Hugin ASA; New Release Express provided by CCNMatthews UK Limited; PR Newswire Disclose provided by PRNewswire; Bloomberg News provided by Bloomberg LP; any other international newswire service used by the Bank from time to time and other media as set out in the documentation constituting the Rouble Notes and the Domestic Notes.

"**Related Parties**" means all Affiliates of the Bank or a Connected Person except for ALB Finance, Alliance Finance and Samruk-Kazyna;

"**Related Party Debt**" means all Designated Financial Indebtedness owed by the Bank to Related Parties, whether or not such debt is off balance sheet and whether or not the liability is disclosed in the Financial Statements.

"**Residual Cash**" has the meaning ascribed to it in the Allocation and Reallocation of Claims Mechanism;

"**Restricted Global Note**" means a permanent global note representing beneficial interest in New Notes offered and issued to QIBs or Accredited Investors or subsequently sold in reliance on Rule 144A;

"**Restricted Note Certificate**" means a note certificate in definitive form which may be issued by DTC in exchange for a Restricted Global Note in accordance with the Conditions of the relevant New Notes;

"**Restructured Interest**" means, in respect of Designated Financial Indebtedness, all accrued but unpaid interest or Late Payment Donations up to and including the Record Date (in each case excluding all default interest or the default element of any Late Payment Donation) falling due (as determined in accordance with the documentation constituting such Designated Financial Indebtedness) after 8 September 2009.

"**Restructuring**" means the proposed overall restructuring and/or cancellation of certain of the debts and other financial obligations of the Bank, ALB Finance and Alliance Finance pursuant to, inter alia, the Restructuring Plan;

"**Restructuring Date**" means the time and date upon which the Steering Committee notifies the Bank that the conditions precedent listed in Schedule 9 (*Conditions Precedent to the Restructuring Plan Becoming Effective*) are satisfied (for which purpose the Steering Committee shall be entitled to rely without further investigation on the officer's certificate and supporting evidence provided pursuant to paragraph 18 of Schedule 9) (*Conditions Precedent to the Restructuring Plan Becoming Effective*).

"**Restructuring Documentation**" means the documents specified as such in Schedule 9 (*Conditions Precedent to the Restructuring Plan Becoming Effective*);

"**Restructuring Law**" means the Law of the Republic of Kazakhstan No. 18S-IV ZRK dated 11 July 2009 on Amendments and Additions to Certain Legislative Acts on Money Payments and Transfers, Accounting and Financial Reporting, Banking Activities, the National Bank of Kazakhstan and Other Legislation;

"**Restructuring Plan**" means the plan to restructure the Designated Financial Indebtedness between the Bank, the Claimants and the Related Parties in the form set out at Schedule 1 (*The Restructuring Plan*) or with any modification, addition or condition approved by the Claimants and the Related Parties in accordance with paragraph 6.2 of the Restructuring Plan which the Court may think fit to approve or impose;

"**Retail Pool**" means the pool of retail loans from which Recoveries are to be derived for the purposes of the Recovery Notes as more particularly defined in the Recovery Notes;

"**Retail Pool Cash Recoveries**" means any and all amounts actually recovered by the Bank over and above the Net Book Value of the Retail Pool including, but not limited to, interest and principal payments, penalties, settlements and cash proceeds from assets, acquired by the Bank directly or indirectly through litigation, settlement, auction or compromise;

"**RFCA**" means the Regional Financial Centre of Almaty;

"**Rouble Noteholders**" means holders of RUB 3,000 million 8.75 per cent. notes due 2012 issued by Alliance Finance in June 2007 supported by a surety of the Bank;

"**Rouble Notes**" means RUB 3,000 million 8.75 per cent. notes due 2012 issued by Alliance Finance in June 2007 supported by a suretyship of the Bank;

"**RUB**" or "Russian Roubles" means the lawful currency of the Russian Federation;

"**Rule 144A**" means Rule 144A under the Securities Act;

"**S&P**" means Standard & Poor's Rating Services, a division of The McGraw Hill Companies;

"**SAFC**" means Seimar Alliance Financial Corporation (formerly Seimar Investment Group);

"**Samruk-Kazyna**" means JSC National Welfare Fund "Samruk-Kazyna";

"**Samruk-Kazyna Bonds**" means KZT 105,000 million of Samruk-Kazyna's bonds, each with a denomination of KZT 1,000, which Samruk-Kazyna sold to the Bank in exchange for all of the Bank Bonds;

"**Samruk-Kazyna Memorandum of Understanding**" means the non-binding memorandum of understanding entered into between the Bank and the Steering Committee on 14 July 2009;

"**Samruk-Kazyna Undertaking**" means the deed poll to be executed by Samruk-Kazyna prior to the Restructuring Date;

"**SEC**" means the U.S. Securities and Exchange Commission;

"**Securities Act**" means the Securities Act of 1933, as amended;

"**Securities Entitlement**" means the entitlement to New Notes and Shares of each Claimant with an Agreed Claim pursuant to the terms of the Restructuring Plan;

"**Securities Market Law**" means the law of the Republic of Kazakhstan on Securities Market dated 2 July 2003, as amended;

"**Share Entitlement**" means the entitlement to Preference Shares of each Claimant (other than as regards Trade Finance Debt and Samruk-Kazyna) with an Agreed Claim pursuant to the terms of the Restructuring Plan;

"**Shareholder**" means a registered holder of Shares;

"**Shares**" means the Preference Shares and Common Shares of the Bank allocated to the relevant Claimants in accordance with the Allocation and Reallocation Mechanism;

"**SME**" means small and medium-sized enterprises with assets of no more than KZT 1,500 million, annual sales of no more than KZT 300 million, fewer than 250 employees and aggregate outstanding loans of no more than KZT 750 million;

"**SME State Finance Programme**" means the programme adopted by the Kazakhstan Government in 2007 aimed to provide financing to SMEs for the acquisition of new, and the modernisation of existing, material assets, the provision of working capital and the refinancing of existing loans made to SMEs by the Bank or other credit organisations;

"**SPPC**" means the State Pension Payment Centre;

"**Standalone Issue**" means the U.S.$200 million 9 per cent. Notes due 2010 issued by ALB Finance B.V. and guaranteed by JSC Alliance Bank pursuant to a Trust Deed between ALB Finance B.V., JSC Alliance Bank and J.P. Morgan Corporate Trustee Services Limited dated 19 April 2006;

"**State Finance Programmes**" means the SME State Finance Programme, the Mortgage State Finance Programme, the Student Loans State Finance Programme, the Industrial Innovation Programme, the Processing Industries Support Programme and other state finance programmes established by the Government;

"**Steering Committee**" means the steering committee from time to time of certain Claimants, as at 5 November 2009 consisting of Asian Development Bank, Calyon, Commerzbank Aktiengesellschaft, DEG — Deutsche Investitions- und Entwicklungsgesellschaft mbH, HSBC Bank plc, ING Asia Private Bank Limited, JPMorgan Chase Bank, N.A., Sumitomo Mitsui Banking Corporation Europe Limited and Wachovia Bank, N.A.;

"**Sterling**" "**GBP**", "**£**" **or** "**pence**" means the lawful currency of the United Kingdom;

"**Student Loans State Finance Programme**" means the programme adopted by the Kazakhstan Government in February 2009 aimed at increasing access to higher education for socially vulnerable people in Kazakhstan;

"**Subordinated Claim**" means a Claim identified in Schedule 1 *(The Restructuring Plan)*, Annex 2 *(Designated Financial Indebtedness)* as a subordinated claim;

"**Subordinated Dollar Notes**" means the subordinated notes issued by the Bank denominated in U.S. Dollars under Option 4 as set out in "*Terms of the Options*";

"**Subordinated Loan**" means the subordinated loan made pursuant to a subordinated loan agreement between ALB Finance and the Bank dated 13 April 2006;

"**Subordinated Notes**" means Subordinated Dollar Notes, Subordinated Tenge A Notes and Subordinated Tenge B Notes;

"**Subordinated Tenge A Notes**" means the subordinated notes issued by the Bank denominated in Tenge under Option 4 as set out in "*Terms of the Options*";

"**Subordinated Tenge B Notes**" means the subordinated notes issued by the Bank denominated in Tenge under Option 4A as set out in "*Terms of the Options*";

"**Subsidiary**" means an affiliate controlled by a person directly, or indirectly through one or more intermediaries;

"**Tabulation Agent**" means The Bank of New York Mellon;

"**Tax Assets**" shall have the meaning given in the Recovery Notes;

"**Tax Code**" refers to the code of the Republic of Kazakhstan on Taxes and Other Obligatory Payments to the Budget dated 10 December 2008, as amended;

"**T Bills**" means the U.S. Treasury "Strips" ("separate trading of registered interest and principal securities") in the amount of approximately U.S.$1,100 million as at 31 December 2008 that were the subject of transactions entered into by the Bank with other parties from 2006 to 2008;

"**Tenge**" or "**KZT**" means the Kazakhstan Tenge, the lawful currency of Kazakhstan;

"**Term Sheet**" means the indicative non-binding term sheet signed by the Bank and the Steering Committee on 5 October 2009, outlining the terms of the Bank's proposed financial restructuring;

"**Total Amount**" means the aggregate of the Outstanding Amounts of each Claim held by a Euronoteholder as multiplied by the Conversion Rate;

"**Trade Finance Adjudicator**" means Watson, Farley & Williams LLP appointed on 4 November 2009;

"**Trade Finance Creditor**" means any Creditor in respect of which a Claim held by such Creditor is determined to be Trade Finance Debt by the Trade Finance Adjudicator;

"**Trade Finance Debt**" means (i) all documentary letters of credit issued by the Bank; (ii) any discounting of documentary letters of credit issued by the Bank and promissory notes issued as part of deferred payment documentary letters of credit of the Bank; (iii) the refinancing of the Bank's liability under a documentary letter of credit issued by it on the basis that such refinancing was specifically related to such documentary letter of credit and there was an underlying trade transaction; and (iv) the provision of finance to the Bank in respect of the financing of a specific import or export where such financing was specifically tied to that underlying trade transaction; but excludes (A) financing for working capital purposes even where such working capital purposes included trade related debt but where there was no specific underlying import or export trade transaction; (B) standby letters of credit and letters of guarantee rather than documentary letters of credit where there is no underlying trade transaction; and (C) any debt where the underlying trade transaction does not involve the import or export of goods to or from Kazakhstan;

"**Trust Deeds**" means (i) the Trust Deed between ALB Finance, the Bank and J.P. Morgan Corporate Trustee Services Limited dated 30 March 2006 as supplemented by the Supplemental Trust Deed dated 5 September 2006 between ALB Finance and the Bank and J.P. Morgan Corporate Trustee Services Limited relating to the Debt Issuance Programme, (ii) the Trust Deed between ALB Finance, the Bank and J.P. Morgan Corporate Trustee Services Ltd dated 22 November 2005 relating to the Standalone Issue and (iii) the Trust Deed between the ALB Finance, the Bank and J.P. Morgan Corporate Trustee Services Limited dated 19 April 2006 relating to the Perpetual Securities;

"**Trustee**" means BNY Corporate Trustee Services Limited, or any successor trustee appointed in accordance with the provisions of the Trust Deeds;

"**U.K.**" **or** "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland;

"**Unaudited Interim Financial Statements**" means the reviewed interim consolidated financial statements of the Bank for the six-month period ended 30 June 2009 contained in this Information Memorandum;

"**United States**" or the "**U.S.**" means the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia;

"**Unrestricted Global Note**" means a permanent global note representing beneficial interest in New Notes offered and issued in reliance on Regulation S;

"**Unrestricted Note Certificate**" means a note certificate in definitive form which may be issued by DTC in exchange for an Unrestricted Global Note in accordance with the Conditions of the relevant New Notes;

"**Unsubordinated Claim**" means all Claims which are not Subordinated Claims;

"**U.S. Bankruptcy Code**" means Title 11 of the United States Code;

"**U.S. Bankruptcy Court**" means the United States Bankruptcy Court for the Southern District of New York or any other United States court which may be exercising jurisdiction over the Bank or under the U.S. Bankruptcy Code;

"**U.S. Dollars**", "**Dollar**", "**$**" or "**U.S.$**" means United States Dollars, the lawful currency of the United States;

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

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

"**U.S. Holder**" means a beneficial owner of the New Notes and Shares that is (i) a U.S. citizen or resident, (ii) a corporation, partnership or other business entity organised under the laws of the United States, (iii) a trust subject to the control of a U.S. Person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income tax regardless of its source;

"**U.S. Person**" means a U.S. person as defined in Regulation S under the Securities Act;

"**Voting Instructions**" means the instructions given to a proxy in respect of a Euronoteholders' Meeting; and

"**Voting Instructions Deadline**" means 25 November 2009.

OVERVIEW OF THE RESTRUCTURING

Background

On 14 July 2009, the Bank submitted an indicative restructuring and recapitalisation plan to the FMSA and it was approved by the FMSA on 21 July 2009. The Bank then applied to the Court to initiate the Restructuring. On 18 September 2009, the Court approved the initial application of the Bank and granted an order that the Claimants' Meeting be held to vote on the Restructuring Plan. The notice convening the Claimants' Meeting is set out in Schedule 3 (*Notice of Claimants' Meeting*). The order of the Court took immediate effect and from that date:

- all relevant claims of the Bank's creditors became stayed;
- the Bank's property became protected from execution and attachment; and
- the Bank's obligations under agreements for the sale of assets and any financial commitments as either a lender (if the commitment carries any credit risk) or as a borrower, including contingent obligations such as guarantees, were suspended.

The Restructuring

Claimants will have an opportunity at the Claimant and Euronoteholders' Meetings to consider and vote on the Restructuring Plan.

Euronoteholders will vote at the applicable Euronoteholders' Meeting on an Extraordinary Resolution approving, among other things, the Restructuring Plan and an instruction to the Trustee, (i) upon the request of the Bank, to accelerate the notes and demand payment under the Guarantee and (ii) to vote at the Claimants' Meeting in accordance with the votes of the relevant Euronoteholders. The Extraordinary Resolution provides that the Bank can request acceleration of the Euronotes to facilitate set off under Kazakhstan law and to otherwise facilitate the implementation of the Restructuring Plan. The Trustee shall not be obliged to accelerate the Euronotes or demand payment under the Guarantee until it has been indemnified or provided with security or pre-funded to its satisfaction. At the Claimants' Meeting, the Trustee will vote the principal amount of Euronotes of each series outstanding in favour of or against the Restructuring Plan in the same proportions as the relevant Euronoteholders vote in favour of or against the Restructuring Plan at the relevant Euronoteholders' Meeting. Euronoteholders will therefore not be permitted to vote at the Claimants' Meeting in respect of their Euronotes since their votes in favour of or against the Restructuring Plan will be submitted at the Claimants' Meeting by the Trustee on their behalf. The Bank has been advised that the Trustee is able to file a valid Claim at the Claimant's Meeting in respect of the Guarantee for each series of Euronotes notwithstanding the fact that no demand has been made by the Trustee under such Guarantee. However, no assurance can be given that such Claim will satisfy the requirements of the FMSA and the Court.

If Claimants (and Related Parties) holding at least two thirds of the Designated Financial Indebtedness vote in favour of the Restructuring Plan it will be binding on all Claimants and Related Parties. On the Restructuring Date, all Claimants will be bound by the terms of the Restructuring Plan whether or not they voted in favour of it. If the Restructuring Plan is approved at the Claimants' Meeting, the final Restructuring Plan will, on or about 5 January 2010, be submitted to the FMSA and the Court for their final approval.

The Restructuring will be achieved if the Restructuring Plan has been approved by the Claimants and has been carried out to the satisfaction of the FMSA and the Court. On the Restructuring Date, the restructured liabilities of the Bank will be cancelled or otherwise restructured as set out in the Restructuring Plan and any claims in relation to such debts are discharged.

Claimants will also have an opportunity at the hearing before the Court to ask questions about the proposals in the Restructuring Plan and to raise objections regarding the Restructuring Plan.

The Restructuring Plan is set out in full in Schedule 1 (*The Restructuring Plan*).

Conditions Precedent

The Restructuring Plan will not be made effective unless and until the Steering Committee notifies the Bank that the conditions precedent listed in Schedule 9 (*Conditions Precedent to the Restructuring Plan Becoming Effective*) are satisfied (for which purpose the Steering Committee shall be entitled to rely without further investigation on the officer's certificate and supporting evidence provided pursuant to paragraph 18 of Schedule 9).

Amendments

In the event that the Bank determines that the Restructuring Plan or any of the procedures in the Information Memorandum do not contain all material information reasonably necessary to enable Claimants to make an informed decision about the Restructuring Plan and therefore the Restructuring Plan needs to be amended in advance of the Euronoteholders' Meeting, the Bank will publish a revised Information Memorandum or a supplement thereto not less than seven days prior to the Euronoteholders' Meeting. In addition, the Bank may without the consent of the Claimants and the Related Parties, make a modification to the Restructuring Plan or any procedures to complete the Restructuring, in each case which are of a minor or technical nature or to correct a manifest error and/or to postpone particular events or deadlines by which particular aspects of the Restructuring need to be completed so long as the postponement is not materially prejudicial to the interests of the Claimants or the Related Parties and if it does do so will give appropriate notice to Claimants and Related Parties.

Save for amendments to the Restructuring Plan made as described above, no other amendment to the Restructuring Plan will be effective without the prior approval of two-thirds of the Claimants (and Related Parties).

Disputed Claims

Claims of Euronoteholders will be established as at the Record Date based on the applicable Register of Euronotes and the records of the Clearing Systems. Euronoteholders' Claims established in this manner will be automatically deemed to be Agreed Claims.

Creditors will be asked to certify on their Claim Form whether they hold Trade Finance Debt. The Trade Finance Adjudicator will consider every Claim which purports to be Trade Finance Debt and will review all necessary documentation provided by the relevant Creditor and the Bank. Claims which are determined by the Trade Finance Adjudicator to be Trade Finance Debt will be restructured in accordance with Clause 4.8 of the Restructuring Plan as described in "*Information for Claimants — Trade Finance Creditors*" above. Except in relation to the Outstanding Amount of a Claim, Trade Finance Debt will not be subject to adjudication by the Independent Adjudicator. Claims rejected by the Trade Finance Adjudicator for any reason will be treated in the same manner as Claims which are not comprised of Trade Finance Debt.

If the Bank rejects any Claim (other than a Claim purporting to be Trade Finance Debt) in whole or in part, it shall prepare a written statement of its reasons for doing so and notify the relevant Creditor that its Claim is a Disputed Claim as soon as reasonably practicable.

The Bank shall endeavour to reach agreement with each Creditor as to the validity and the correct amount of its Disputed Claim. Any Disputed Claim so agreed shall be treated as an Agreed Claim for the purposes of the Restructuring Plan.

Other than in relation to the classification of Trade Finance Debt, which shall be determined by the Trade Finance Adjudicator, in the event that the validity of a Claim (or part thereof) and/or the Outstanding Amount of a Claim (as included in the relevant Claim Form) has not been agreed by the Bank on or before the Adjudication Reference Date, the Bank shall refer that Claim (or disputed part thereof) to the Independent Adjudicator as a Disputed Claim, and send by electronic mail, facsimile or Post to the Creditor concerned a notice to the effect that the Claim has become a Disputed Claim. Thereafter, the dispute between the Bank and the Creditor concerned regarding the Disputed Claim will be determined by the Independent Adjudicator in accordance with Clauses 4.10 to 4.12 of the Restructuring Plan. Creditors should nevertheless submit an Option Election Form in respect of a Disputed Claim in order to receive cash, New Notes and/or Shares in the event such Disputed Claim becomes an Agreed Claim.

The Bank considers that by the Claims Submission Date all Creditors will have been given an appropriate length of time within which to submit their Claims.

Distribution of cash, New Notes and/or Shares

Once all Disputed Claims that have been deemed by the Independent Adjudicator to be Agreed Claims or have been withdrawn or conclusively rejected, all Distributions will be made to Creditors (other than as regards Trade Finance Debt) with such Agreed Claims and Euronoteholders on the Restructuring Date or as soon as practicable thereafter.

Important Dates

Record Date

The Record Date is 26 November 2009. The identity of Claimants and the value of their Claims will be determined as at that date by reference to the applicable Euronoteholder register, the records of the Clearing Systems and the Claim Forms submitted by Creditors. Claims both for voting purposes and for the purpose of establishing the value of Entitlements under the Restructuring Plan will be calculated based on the Outstanding Amount of their respective Claims as at the Record Date.

Claims Submission Date

The Claims Submission Date for all Claims shall be 10 December 2009. The Claims Submission Date is the date on or before which Creditors (other than Creditors with Claims purporting to be Trade Finance Debt as discussed below) must have notified the Bank of the existence and amount of their Claims by submitting a duly completed Claim Form. Euronoteholders are not required to submit a Claim Form in respect of their Euronotes. The Trustee will instead submit on their behalf a Claim Form in respect of the Outstanding Amount under each series of Euronotes.

Creditors who wish to have their Claims considered by the Trade Finance Adjudicator must submit their Claim Form and all documentation regarding such Claim no later than 21 days after the date of this Information Memorandum. Claims purporting to be Trade Finance Debt not notified to the Bank by this time will not be considered by the Trade Finance Adjudicator and will be dealt with in the same manner as Claims which are not comprised of Trade Finance Debt.

Creditors (other than those with Claims purporting to be Trade Finance Debt) who do not submit a Claim Form on or before the Claims Submission Date will have their Claims automatically allocated into Option 5 subject to the Allocation and Reallocation of Claims Mechanism.

Trade Finance Notification

Documentation in respect of purported Trade Finance Debt should be submitted to the Bank with a copy to the Trade Finance Adjudicator at albadjudication@wfw.com. The Trade Finance Adjudicator or the Bank, as the case may be, will notify all those Creditors whose Claims are determined to be Trade Finance Debt on or before 7 December 2009. The Bank will also notify Trade Finance Creditors of any amount of Trade Finance Debt for which an Option Election Form should be submitted in the event the aggregate amount of Claims comprising Trade Finance Debt exceeds U.S.$100 million. See "*Information for Claimants — Trade Finance Creditors*".

Option Election Date

The Option Election Date is expected to be 15 January 2010. As soon as practicable after the Option Election Date, cash, New Notes and/or Shares will be allocated in accordance with the Allocation and Reallocation of Claims Mechanism and the consolidated results will be announced by the Bank. Claimants may submit an Option Election Form in respect of each Claim they hold. Claimants other than Trade Finance Creditors, holders of Perpetual Securities and Samruk-Kazyna who do not submit an Option Election Form on or prior to the Option Election Date will have their Claims automatically allocated into Option 5 as set out in the Allocation and Reallocation of Claims Mechanism. Information regarding the submission of Option Election Forms will be included in the form and available at www.albinvestorrelations.com and www.alb.kz within five Business Days of the Approval Date.

Restructuring Date

The Restructuring Date is expected to be on or about 1 March 2010. The Bank will notify Claimants of the Restructuring Date via a Regulatory Information Service. It is anticipated that there will be a delay from the date that the Court provides its final approval for the Restructuring Plan to the date on which the Restructuring Plan becomes effective, in order to allow sufficient time to undertake all necessary procedures in accordance with the Restructuring Plan including the conditions precedent set out in Schedule 9 (*Conditions Precedent to the Restructuring Plan Becoming Effective*) and to ensure that the Bank has sufficient time to settle any Disputed Claims.

TERMS OF THE OPTIONS

Depending on the nature of their Claim, Claimants (other than Trade Finance Creditors in respect of Trade Finance Debt, holders of Perpetual Securities and Samruk-Kazyna) may elect an Option in respect of each claim. Claimants with a Claim of U.S.$5 million or more may split such a Claim and elect a Preferred Option and/or a Guaranteed Allocation in respect of each portion. Trade Finance Creditors will have their Claims restructured as set out in "*Information for Claimants — Trade Finance Creditors*".

Creditors with Claims denominated in Tenge and governed by Kazakhstan law are only eligible to receive Entitlements denominated in Tenge and Recovery Notes. All other Claimants may receive Entitlements denominated in Tenge or U.S. Dollars according to the elections made in their Option Election Forms save that Recovery Notes shall only be denominated in U.S. Dollars. Only Islamic Finance Institutions holding Islamic Finance Instruments are eligible for Option 1A. Unsubordinated Claims are eligible for all Options. Subordinated Claims are eligible for Option 4, 4A or 5. Holders of the Bank's Perpetual Securities will automatically be allocated to Option 5 and are not eligible to submit Option Election Forms.

Please see "*Schedule 1 (The Restructuring Plan), Annex 1 (Allocation and Reallocation of Claims Mechanism)*" for a more detailed discussion of the allocation and reallocation process. In particular, after the implementation of the Allocation and Reallocation of Claims Mechanism, the Bank must restructure its regulatory capital in order to comply with regulatory capital requirements and certain restrictions shall apply to the allocation and reallocation of Claims among the Options. Claims (other than those in respect of which a Guaranteed Allocation has been elected) may therefore be reallocated into a different Option notwithstanding the elections made by eligible Claimants on an Option Election Form. In particular, Claims allocated into Options 3 or 4 run a very high risk of reallocation.

Restrictions on Resale of the New Notes and Shares

The New Notes and Shares that are being allocated are not and will not be registered under the Securities Act, and therefore, the New Notes and Shares will be subject to restrictions on transfer. Any transfer or resale of the New Notes and Shares must comply with the restrictions contained under the heading "*Issuance and Transfer Restrictions*."

Eligibility to Participate

By electing to participate, a Claimant will be required, unless in any instance the Bank otherwise agrees, to acknowledge and represent to the Bank, *inter alia*, that it is not, nor is it acting on behalf of, an affiliate of the Bank or acting on the Bank's behalf and that either:

- it is an Accredited Investor and, if it is participating on behalf of one or more investor accounts, each of these investor accounts is an Accredited Investor, and it:
  - is acquiring the New Notes and/or Shares for investment, in the normal course of its business, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act;
  - invests in or purchase securities similar to the New Notes and Shares and it has such knowledge and experience in financial and business matters that makes it capable of evaluating the merits and risks of acquiring the New Notes and Shares; and
  - is aware that it (or any of these investor accounts) may be required to bear the economic risk of an investment in the New Notes and Shares for an indefinite period of time and it (or that investor account) is able to bear this risk for an indefinite period;

or

- it is a QIB, and, if it is participating on behalf of one or more investor accounts, each of these investor accounts is a QIB;

or

- it is not a U.S. Person or participating for the account or benefit of a U.S. Person and it is located offshore in accordance with Regulation S.

See "*Issuance and Transfer Restrictions*".

The terms of the Options are set out below. The Terms and Conditions of the New Notes are set out in Schedule 6 (*Terms and Conditions of the New Notes*). See "*Description of Share Capital and Certain Matters of Kazakhstan Law*" for a description of the Shares.

Option 1	**Cash payment**
Terms	Claims allocated into Option 1 will be repaid on a discounted basis at a fixed price of U.S.$0.225 per U.S.$1.00 of such Claim (or equivalents in the relevant currency). U.S.$500 million is available for Claims allocated into Options 1 and 1A at the relevant discount. Any funds not applied in Options 1 and 1A shall be used as set out in the Allocation and Reallocation of Claims Mechanism. Eligible Claimants may elect to receive cash Entitlements in either U.S. Dollars or Tenge.
Claims eligible for Option 1	Unsubordinated Claims.
Option 1A	**Cash payment**
Terms	Claims allocated into Option 1A will be repaid on a discounted basis at a fixed price of U.S.$0.215 per U.S.$1.00 of such Claim. Funds required for Option 1A shall be allocated from the U.S.$500 million available for Claims allocated into Options 1 and 1A. The maximum amount of Claims to be allocated into Option 1A is U.S.$22 million plus accrued but unpaid Late Payment Donations (excluding any default element of such Late Payment Donations).
Claims eligible for Option 1A	Islamic Finance Instruments held by Islamic Finance Institutions.
Option 2	**Discount Notes and Recovery Notes**
Discount Notes	50 per cent. of each Claim allocated into Option 2 will be restructured in return for Discount Notes. The Discount Notes shall be repaid over a three-year repayment period following a four-year principal grace period. The other 50 per cent. of such a Claim will be cancelled.
Recovery Notes	Claimants will receive Recovery Notes with a reference amount equal to the cancelled amount of a Claim allocated into Option 2. Payments made under the Recovery Notes will consist of (i) 53 per cent. of Corporate and SME Pool Cash Recoveries; (ii) 50 per cent. of Litigation Recoveries; and (iii) 50 per cent. of Tax Assets. The following table shows the Corporate and SME Pool for the Recovery Notes as at 31 May 2009. These figures are subject to verification by Ernst & Young LLP who are expected to conduct the initial review of the asset pool before the Restructuring Date.

	Number of Loans	**Outstanding Amount**	**Provisions**	**Net Book Value**
		(KZT millions)	**(KZT millions)**	**(KZT Millions)**
Corporate	135	294,287	251,207	43,080
SME Loans	2,053	53,771	41,243	12,528
Total	**2,188**	**348,058**	**292,450**	**55,608**

Option 2 (Con't)	Discount Notes and Recovery Notes (Con't)
	For further details, see "*The Bank — Strategy — Restructuring and Optimisation (2009-2010)*".
	The amount payable in respect of Recoveries will be determined on a pre-tax basis and on an asset by asset basis by reference to Kazakh GAAP financial statements specifically prepared for the purposes of recording Recoveries. The total amount of all payments under the Recovery Notes cannot exceed the reference amount equal to the debt cancelled.
Recovery Pool	
Claims eligible for to Option 2	Unsubordinated Claims.
Interest	*Discount Notes*: 10.5 per cent. per annum on Discount Dollar Notes; and 14.5 per cent. per annum on Discount Tenge Notes. Interest will be paid semi-annually on the basis of a year of 360 days consisting of 12 months of 30 days each.
Repayment	*Discount Notes*: Claims allocated into Option 2 shall be repaid in six equal semi-annual instalments. The Bank may pre-pay holders of Discount Notes as set out below under "— *Recovery Notes*". *Recovery Notes*: If the Recovery Notes have not been paid in full within seven years, then payments under the Recovery Notes will stop and a valuation of the residual value of the Recovery Notes shall take place. This residual value will be split evenly into three instalments payable at 12 months, 24 months and 36 months. Any eligible cash sweep during the year ending on the due date for the relevant instalment up to the amount of that instalment will be used to pay that instalment. Any excess cash sweep over the next due instalment will be paid to the next nearest maturing series of bonds. The instalments will be subject to interest at the rate of 5.8% per annum accruing from the end of the seven year period. Thereafter (or, if the Recovery Notes have been repaid in full prior to the end of the seven year period, after the Recovery Notes have been paid in full) the cash sweep will be applied to prepay the holders of Discount Notes and Par Notes pro rata, such application occurring every six months when the Bank will prepare a statement of cash flows and shall pre-pay the Discount Notes and Par Notes 50% up to an amount equal to (B - C) where: B = the amount shown as "cash inflow from operating activities before changes in operating assets and liabilities" in the relevant cash flow statement, and C = the amount of cash which the Bank forecasts it will need in its operations in the next three months while exceeding by a multiple of 1.1 each applicable liquidity ratio specified by the FMSA from time to time Any prepayment of Discount Notes and Par Notes shall be made pro rata.

Option 2 (Con't)	**Discount Notes and Recovery Notes (Con't)**
Share Entitlement	Common Shares and Preference Shares will be allocated to Claimants who elect or are allocated into Option 2 in accordance with the Allocation and Reallocation of Claims Mechanism.
Option 3	**Par Notes**
Terms	Claims allocated into Option 3 will be restructured in return for Par Notes. Par Notes will be repaid over a three-year repayment period following a seven-year principal grace period.
Claims eligible for Option 3	Unsubordinated Claims.
Interest	*Par Dollar Notes:* During the grace period: fixed interest rate of 2 per cent. per annum plus capitalised interest of 2.7 per cent. per annum. During the repayment period: 180 day floating LIBOR plus 8.5 per cent. per annum. The margin will decrease to 6.5 per cent. if and for so long as the Bank has an investment grade rating from at least two internationally recognised rating agencies. *Par Tenge Notes:* During the grace period: fixed interest rate of 4.25 per cent. per annum plus capitalised interest of 4.75 per cent. per annum. During the repayment period: 12.5 per cent. per annum. Interest will be paid semi-annually on the basis of a year of 360 days consisting of 12 months of 30 days each.
Repayment	Par Notes shall be repaid in six equal semi-annual instalments. The Bank may pre-pay holders of Par Notes as set out above under "— *Recovery Notes*".
Share Entitlement	Common Shares and Preference Shares will be allocated to Claimants who elect or are allocated into Option 3 in accordance with the Allocation and Reallocation of Claims Mechanism.
Option 4	**Subordinated Dollar Notes and Subordinated Tenge A Notes**
Terms	Claims allocated into Option 4 will be subordinated to all Unsubordinated Claims and shall qualify as Tier 2 capital of the Bank. The cap on Option 4 and Option 4A will be U.S.$120 million which will qualify as Tier 2 capital. Claims allocated into Option 4 will be restructured in return for Subordinated Dollar Notes and Subordinated Tenge A Notes. Subordinated Dollar Notes and Subordinated Tenge A Notes will be repaid over a three-year repayment period following a 10 year principal grace period.
Claims eligible for Option 4	All Claims.
Interest	*Subordinated Dollar Notes*: During the principal grace period: fixed interest rate of 2 per cent. per annum plus capitalised interest of 3 per cent. per annum. During the repayment period: fixed interest rate of 10 per cent. per annum. *Subordinated Tenge A Notes*: During the principal grace period: fixed interest rate of 4.5 per cent. per annum plus capitalised interest of 5 per cent. per annum. During the repayment period: fixed interest rate of 13.25 per cent. per annum. Interest will be paid semi-annually on the basis of a year of 360 days consisting of 12 months of 30 days each.

Option 4 (Con't)	**Subordinated Dollar Notes and Subordinated Tenge A Notes**
Repayment	Subordinated Dollar Notes and Subordinated Tenge A Notes shall be repaid in equal semi-annual instalments.
Share Entitlement	Common Shares and Preference Shares will be allocated to Claimants who elect or are allocated into Option 4 in accordance with the Allocation and Reallocation of Claims Mechanism.
Option 4A	**Subordinated Tenge B Notes**
Terms	Claims allocated into Option 4A will be subordinated to all Unsubordinated Claims and must qualify as Tier 2 capital of the Bank. Claims allocated into Option 4A will be converted into Subordinated Tenge B Notes. Subordinated Tenge B Notes will be repaid over a 10-year repayment period following a 10-year principal grace period. The aggregate amount of Claims to be allocated into Option 4 and Option 4A is $120 million which will qualify as Tier 2 capital.
Claims eligible for Option 4A	(1) Subordinated Claims and (2) Unsubordinated Claims denominated in Tenge and governed by Kazakhstan law.
Interest	During the grace period: fixed interest rate of 4.5 per cent. per annum plus capitalised interest of 5 per cent. per annum. During the repayment period: fixed interest rate of 12 per cent. per annum. Interest will be paid semi-annually on the basis of a year of 360 days consisting of 12 months of 30 days each.
Repayment	Subordinated Tenge B Notes shall be repaid in equal semi-annual instalments.
Share Entitlement	Common Shares and Preference Shares will be allocated to Claimants who elect or are allocated into Option 4A in accordance with the Allocation and Reallocation of Claims Mechanism.
Option 5	**Preference Shares**
Terms	Preference Shares bearing a cumulative dividend equal to 4 per cent. per annum of the subscription value of the Preference Shares (with the same rights as preferred shares held by Samruk-Kazyna) will be allocated to Claimants who elect or are allocated into Option 5 as follows: • Perpetual Securities will be converted to Preference Shares at an 80 per cent. discount to their nominal value; • other Unsubordinated Claims will be converted to Preference Shares at a 75 per cent. discount to their nominal value; and • Subordinated Claims will be converted to Preference Shares at a 77.5 per cent. discount to their nominal value.
Claims eligible for Option 5	All Claims.
Additional Share Entitlement	Additional Common Shares and Preference Shares will be allocated to Claimants who elect or are allocated into Option 5 in accordance with the Allocation and Reallocation of Claims Mechanism.

	• The Remaining Preference Shares (after allocations have been made to Option 5) up to 33 per cent. of the total number of Shares outstanding will be allocated based on the share apportionment ratio in accordance with the Allocation and Reallocation of Claims Mechanism. • 33 per cent. of the total Common Shares of the Bank will be allocated on the basis of share apportionment ratios applied to each Claim as set out in the Allocation and Reallocation of Claims Mechanism.
Conversion rights	Preference Shares may be converted into Common Shares on a 1:1 basis at any time on 10 Business Days notice to the Bank.
Drag Along and Tag Along Rights	Shares allocated to Claimants under the Restructuring Plan will be subject to and benefit from drag along and tag along rights. Prior to any proposed sale of Shares by Samruk-Kazyna Samruk-Kazyna shall procure that the third party purchaser makes an offer to purchase the pro-rata amount of Common Shares and/or Preference Shares then held by Creditor Shareholders and/or Creditor Preference Shareholders (same percentage of the total issued Common Shares and/or Preference Shares as are proposed to be sold by Samruk-Kazyna) at the same price per share and on the same terms as were offered to Samruk-Kazyna, provided, however, if pursuant to the sale of such Shares, Samruk-Kazyna would legally and beneficially own less than 51 per cent. of either the Common Shares and/or the Preference Shares on a fully diluted basis. Samruk-Kazyna shall procure that the third party makes an offer to purchase all of the Common Shares and/or Preference Shares (as the case may be) then held by Creditor Shareholders and/or Creditor Preference Shareholders at the same price per share and on the same terms as were offered to Samruk-Kazyna. Provided an offer has been made to all Creditor Shareholders and/or Creditor Preference Shareholders as required above and subject to those Creditor Shareholders and/or Creditor Preference Shareholders who have elected to exercise the right to sell their Shares, Samruk-Kazyna shall be free to sell its Shares to any third party; provided, however, (i) the consideration at which such Shares are being purchased by such third party shall be at the same price per share as was offered to the Creditor Shareholders and/or Creditor Preference Shareholders; and (ii) the other terms and conditions pursuant to which such third party purchases such Shares are substantially equivalent to (and in any event no more favourable than) the terms previously disclosed to Creditor Shareholders and/or Creditor Preference Shareholders. If Samruk-Kazyna wishes to sell 67 per cent. or more of any class of the then issued Shares to any third party, Samruk-Kazyna shall have the option to require all of the Creditor Shareholders and/or Creditor Preference Shareholders to sell all of the applicable class of Shares held by them to the third party. Completion of the sale of such Shares shall be conditional upon (a) Creditors Shareholders and/or Creditor Preference Shareholders receiving the same price per share as Samruk-Kazyna and (b) an independent auditor, consulting firm or investment bank certifying that the proposed sale of such Shares is (x) on arm's length terms; and (y) at a fair market price.
Minority Protection Rights	In addition Shareholders will enjoy various minority protection rights as set out in the Bank's Charter. See "*Description of Share Capital and Certain Matters of Kazakhstan Law*".

INFORMATION FOR CLAIMANTS

If Claimants have any questions relating to this Information Memorandum or the completion of the Form of Proxy or the Claim Form they should contact the Bank by email at investorrelations@alb.kz or by telephone at +7 727 258 4040 extension 52432. Information regarding these forms is also available on the Bank's websites at www.albinvestorrelations.com and www.alb.kz.

Overview

The following sections outline important information for different types of Claimants.

- Section 1 contains information for Euronoteholders regarding how votes may be cast at the Euronoteholders' Meetings and the necessary approvals required to pass the Extraordinary Resolutions.
- Section 2 contains information for Creditors regarding the submission of Claim Forms, Forms of Proxy and voting at the Claimants' Meeting.
- Section 3 outlines the manner in which Claims determined to be Trade Finance Debt will be restructured.
- Section 4 describes the Option Election Form Claimants must use to make elections to receive cash, New Notes and/or Shares.
- Section 5 contains information applicable to Rouble Noteholders.
- Section 6 contains information on the treatment of interest under the Restructuring.
- Section 7 contains a summary of the Allocation and Reallocation of Claims Mechanism
- Section 8 contains information regarding the distribution of Entitlements.
- Sections 9 and 10 discuss the Court approval required and the Deed of Release to be signed by the Bank, respectively.

1. Information for Euronoteholders

Euronoteholders will vote at the applicable Euronoteholders' Meeting on an Extraordinary Resolution approving, among other things, the Restructuring Plan and an instruction to the Trustee, (i) upon the request of the Bank, to accelerate the Euronotes and demand payment under the relevant Guarantee and (ii) to vote at the Claimants' Meeting in accordance with the votes of the relevant Euronoteholders as set out in the notices to Euronoteholders in Schedule 5 (*Notices of Euronoteholders' Meetings*). The Extraordinary Resolution provides that the Bank can request acceleration of the Euronotes to facilitate set off under Kazakhstan law and to otherwise facilitate the implementation of the Restructuring Plan. The Trustee shall not be obliged to take any of the steps to accelerate the Euronotes or make a demand under the Guarantees until it has been indemnified or provided with security or pre-funded to its satisfaction. At the Claimants' Meeting, the Trustee will vote the principal amount of Euronotes outstanding of each series in favour of or against the Restructuring Plan in the same proportions as the relevant Euronoteholders vote in favour of or against the Restructuring Plan at the relevant Euronoteholders' Meeting. Euronoteholders will therefore not be permitted to vote at the Claimants' Meeting in respect of their Euronotes since their votes in favour of or against the Restructuring Plan will be submitted at the Claimants' Meeting by the Trustee on their behalf. The Trustee will submit a Claim Form in respect of the outstanding amount of each series of Euronotes.

If the Restructuring Plan becomes effective, under Kazakhstan law the Bank's obligation to repay the relevant BV Deposit of ALB will be set-off in its entirety against ALB Finance's obligation to reimburse the Bank for payments under the relevant Guarantee.

The Euronoteholders' Meetings

The Euronoteholders' Meetings will be held in accordance with the provisions of the relevant Trust Deeds with respect to each series of Euronotes. A copy of the Trust Deeds (certain relevant provisions of which are summarised below) and other relevant documents listed below are available for inspection by the relevant Euronoteholders during normal business hours at the office of the Trustee and the Principal Paying Agent. In the case of any difference or inconsistency between these summaries and the provisions of the relevant Trust Deeds, the provisions of the Trust Deeds shall prevail.

The following documents are available for inspection at any time during normal business hours on any weekdays (Saturdays, Sundays and bank and other public holidays excepted) at the office of the Trustee and the Principal Paying Agent in advance of the Euronoteholders' Meetings:

(a) Trust Deeds:

  (i) Trust Deed between ALB Finance B.V., JSC Alliance Bank and J.P. Morgan Corporate Trustee Services Limited dated 30 March 2006 supplemented by the Supplemental Trust Deed dated 5 September 2006 between ALB Finance B.V., JSC Alliance Bank and J.P. Morgan Corporate Trustee Services Limited relating to the ALB Finance B.V. U.S.$3,000,000,000 Debt Issuance Programme (the "Debt Issuance Programme");

  (ii) Trust Deed between ALB Finance B.V., JSC Alliance Bank and J.P. Morgan Corporate Trustee Services Limited dated 22 November 2005 relating to the U.S.$200,000,000 9 per cent. Notes due 2010 issued by ALB Finance B.V. and guaranteed by JSC Alliance Bank (the "Standalone Issue"); and

  (iii) Trust Deed between the ALB Finance B.V., JSC Alliance Bank and J.P. Morgan Corporate Trustee Services Limited dated 19 April 2006 relating to the U.S.$150,000,000 9.375 per cent. Perpetual Non-cumulative Capital Securities issued by ALB Finance B.V. with the benefit of a support agreement provided by JSC Alliance Bank (the "Perpetual Securities");

(b) Prospectuses dated:

  (i) 13 September 2006 supplemented by supplementary prospectuses dated 19 January 2007 and 29 January 2007 relating to the Debt Issuance Programme;

  (ii) 18 November 2005 relating to the Standalone Issue; and

  (iii) 13 April 2006 relating to the Perpetual Securities;

(c) Paying Agency Agreements:

  (i) Agency Agreement between ALB Finance B.V., JSC Alliance Bank, J.P. Morgan Corporate Trustee Services Limited and JP Morgan Chase Bank dated 30 March 2006 relating to the Debt Issuance Programme;

  (ii) Paying Agency Agreement between ALB Finance B.V., JSC Alliance Bank and J.P. Morgan Corporate Trustee Services Ltd, JP Morgan Chase Bank, N.A and JP Morgan Bank Luxembourg S.A. dated 22 November 2005 relating to the Standalone Issue;

  (iii) Paying Agency Agreement between ALB Finance B.V., JSC Alliance Bank, JPMorgan Chase Bank, N.A. and J.P. Morgan Corporate Trustee Services Limited dated 19 April 2006 relating to the Perpetual Securities; and

(d) this Information Memorandum.

The Euronoteholders' Meetings will be convened to consider the Extraordinary Resolutions. The Extraordinary Resolutions may only be considered at the relevant Euronoteholders' Meeting if such Euronoteholders' Meeting is quorate. The quorum and voting requirements are set out in the Euronoteholders' Meeting provisions, and are summarised under "—*Voting and Quorum* below. If the Extraordinary Resolutions are passed, the Trustee will be authorized to, (i) upon the request of the Bank, to accelerate the notes and demand payment under the Guarantee and (ii) to vote at the Claimants' Meeting in accordance with the votes of the relevant Euronoteholders. The Extraordinary Resolution provides that the Bank can request acceleration of the Euronotes to facilitate set off under Kazakhstan law and to otherwise facilitate the implementation of the Restructuring Plan. The Trustee shall not be obliged to accelerate the Euronotes or demand payment under the Guarantee until it has been indemnified or provided with security or pre-funded to its satisfaction. The Bank has been advised that the Trustee is able to file a valid Claim at the Claimant's Meeting in respect of the Guarantee for each series of Euronotes notwithstanding the fact that no demand has been made by the Trustee under such Guarantee. However, no assurance can be given that such Claim will satisfy the requirements of the FMSA and the Court.

Timing for Voting Instructions

No Voting Instructions will be accepted after the Voting Instruction Deadline.

No Brokerage Fees

Euronoteholders and Direct Participants will not be obliged to pay brokerage fees or commissions to the Financial Adviser, the Bank or, the Issuer in connection with giving Voting Instructions or casting votes at the Euronoteholders' Meetings.

Procedures at the Euronoteholders' Meetings

Euronoteholders should note the quorum requirements for each Euronoteholders' Meeting set out below. Euronoteholders should be aware that if Euronoteholders present or represented at a Euronoteholders' Meeting are insufficient to meet these quorum requirements then the Extraordinary Resolutions to be considered at such Euronoteholders' Meeting cannot be considered at such Euronoteholders' Meeting but will be considered at the relevant adjourned meeting, which will have lower quorum requirements; see *"— Voting and Quorum"* below.

Notices

The Notices of Euronoteholders' Meetings are set out in Schedule 2 (*Form of Claim Form*). The Notices of Euronoteholders' Meetings are delivered on the date of this Information Memorandum.

Chairman

The chairman of each Euronoteholders' Meeting in respect of the relevant Euronotes (who may, but need not be, a Euronoteholder) will be nominated in writing by the Trustee. If no such nomination is made or if the nominated chairman is not present at a Euronoteholders' Meeting in respect of the relevant Euronotes within 15 minutes of the time fixed for such Euronoteholders' Meeting, then the Euronoteholders or their proxies who are present at such Euronoteholders' Meeting shall choose a chairman from the Euronoteholders or proxies present at such meeting. The chairman of an adjourned meeting does not have to be a Euronoteholder or an agent of a Euronoteholder or the same person as the chairman of the original meeting that was adjourned.

Voting and Quorum

The provisions governing the convening and holding of the Euronoteholders' Meetings are set out in Schedule 3 (*Provisions for Meetings of Holders or Noteholders*) or Schedule 4 (*Provisions for Meetings of Noteholders*), as the case may be, to the relevant Trust Deed, copies of which are available for inspection as described above. The Euronotes are currently represented by global notes (the "Global Note") held by and registered in the name of The Bank of New York Depository (Nominees) Limited (the "Registered Holder") as nominee for Euroclear and Clearstream, Luxembourg and Cede & Co. as common depository for DTC (together with Euroclear and Clearstream, Luxembourg, the "Clearing Systems", each a "Clearing System"). Each person (a "Beneficial Owner") who is the owner of a particular principal amount of the Euronotes, as shown in the records of DTC, Euroclear or Clearstream, Luxembourg or its accountholders ("Direct Participants"), should note that such person will not be a Euronoteholder for the purposes of the relevant Notice of Euronoteholders' Meeting and will only be entitled to attend and vote at the relevant Euronoteholders' Meeting or to cause the appointment of a proxy to do so in accordance with the procedures set out below. On this basis, the only Euronoteholder for the purposes of the relevant Notice of Euronoteholders' Meeting will be the Registered Holder.

Direct Participants (directly or on behalf of Beneficial Owners) who have submitted Electronic Instruction Forms to the Clearing Systems in accordance with the procedures set out in this Information Memorandum need take no further action in relation to voting at the relevant Euronoteholders' Meeting in respect of the Extraordinary Resolutions. By submitting or delivering a duly completed Electronic Instruction Form to the relevant Clearing Systems, the relevant Euronoteholder instructs the Registered Holder of such Euronotes to complete and sign a form of proxy (as defined below) in accordance with the relevant Trust Deed and in such form of proxy to authorise and instruct the Tabulation Agent to act as proxy and to vote in favour (or against, as the case may be) of the Extraordinary Resolutions and to instruct the Trustee to submit the Claim Form.

A Euronoteholder, Direct Participant or Beneficial Owner wishing to participate in the Restructuring must submit, or arrange to have submitted on its behalf, at or before the Voting Instructions Deadline and before the deadlines set by each Clearing System (unless the Restructuring is terminated earlier), a duly completed Electronic Instruction Form, to the relevant Clearing System in accordance with the requirements of the relevant Clearing System and in the manner specified herein. Euronoteholders and Beneficial Owners should check with their bank, securities broker or any other intermediary through which they hold their Euronotes whether such bank, securities broker or other intermediary will apply earlier deadlines for submission to those set out in this Information Memorandum and, if so, should follow those deadlines.

The submission to Euroclear or Clearstream, Luxembourg by a Euronoteholder or a Direct Participant of a duly completed Electronic Instruction Form with respect to Euronotes prior to the applicable Voting Instructions

Deadline will be deemed to constitute delivery of a vote with respect to such Euronotes by such Euronoteholder. Each Euronoteholder or a Direct Participant agrees that an Electronic Instruction Form constitutes instruction to the Euronoteholder of record to complete and sign a form of Proxy or Block Voting Instruction in accordance with Schedule 3 (*Provisions for Meetings of Holders or Noteholders*) or Schedule 4 (*Provisions for Meetings of Holders*), as the case may be, to the relevant Trust Deed with respect to the Euronotes and in such Block Voting Instruction or form of Proxy to authorise and instruct the applicable proxies to attend, and to cast the votes corresponding to such Euronotes in favour of or against the Extraordinary Resolutions. It is intended that the Tabulation Agent will act as proxy at the Euronoteholders' Meetings.

The instruction to the Euronoteholder of record holding Euronotes in Euroclear or Clearstream, Luxembourg to authorise the applicable Tabulation Agent to issue and complete a Block Voting Instruction in accordance with Schedule 3 (*Provisions for Meetings of Holders or Noteholders*) or Schedule 4 (*Provisions for Meetings of Noteholders*), as the case may be, to the relevant Trust Deed with respect to the Euronotes and to instruct the applicable proxies to attend, and to cast the votes corresponding to such Euronotes in favour of or against the Extraordinary Resolutions by a Euronoteholder or a Direct Participant will be deemed to have occurred upon receipt by the Euronoteholder of record as nominee for Euroclear and Clearstream, Luxembourg of a valid Electronic Instruction Form in accordance with the requirements of such Clearing System. The receipt of such Electronic Instruction Form by the Euronoteholder of record as nominee for Euroclear and Clearstream, Luxembourg will be acknowledged in accordance with the standard practices of such Clearing System and will result in the blocking of Euronotes in the relevant Clearing System so that no transfers may be effected in relation to such Euronotes.

Euronoteholders and Direct Participants must take the appropriate steps through the relevant Clearing System to ensure that no transfers may be effected in relation to such blocked Euronotes at any time after the Record Date, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System. By blocking its Euronotes in the relevant Clearing System, each Euronoteholder and Direct Participant will be deemed to consent to the relevant Clearing System providing details concerning such Euronoteholder's and/or Direct Participant's identity to the Tabulation Agent.

Only Direct Participants may submit Electronic Instruction Forms. If a Euronoteholder or Beneficial Owner is not a Direct Participant, it must arrange for the Direct Participant through which it holds Euronotes to submit an Electronic Instruction Form on its behalf to the relevant Clearing System prior to the deadline specified by the relevant Clearing System and the Voting Instructions Deadline.

EURONOTEHOLDERS WHOSE EURONOTES ARE HELD IN DTC SHOULD CONTACT THE TABULATION AGENT FOR THE RELEVANT PROCEDURES AND CONSULT THE APPLICABLE NOTICE.

Revocation of Electronic Instruction Forms

Electronic Instruction Forms from Beneficial Owners or Direct Participants (as defined below) shall be irrevocable *provided, however, that* in the event that the Bank, in its sole discretion, amends, terminates or withdraws the Restructuring Plan, at any time up to and including the applicable date on which the approval of the Restructuring Plan is announced, in a manner that is materially adverse to affected Euronoteholders in the opinion of the Trustee, Euronoteholders shall be permitted, subject to the conditions set out herein, to revoke any Electronic Instruction Forms delivered in relation thereto for a period of two Business Days from the date of notification of any materially adverse amendments to the terms and conditions of the Restructuring Plan.

With respect to the limited situations when an Electronic Instruction Form may be revoked as set out above, to be effective, any notice of revocation must indicate the relevant voting instructions to be revoked and must be received prior to the applicable Voting Instruction Deadline in the same manner as the original Electronic Instruction Forms. With respect to Electronic Instruction Forms given in respect of Euronotes held in Euroclear or Clearstream, Luxembourg, Beneficial Owners who are not Direct Participants must arrange either directly or through their Intermediary (as defined below) to contact the Direct Participant through which they hold the Euronotes to deliver notice of such revocation to the relevant Clearing System prior to the applicable Voting Instructions Deadline. Such Beneficial Owners should give such directions to their Intermediary sufficiently in advance to ensure receipt by the Euroclear or Clearstream, Luxembourg of any such notice of revocation prior to the Voting Instruction Deadline and within the time limit specified by such Clearing System.

Euronoteholders and Beneficial Owners of Euronotes that are held in the name of a broker, dealer, bank, trust company or other nominee or custodian (collectively, an "Intermediary") should contact such entity

sufficiently in advance of the applicable Voting Instructions Deadline if they wish to vote for or against the Restructuring and procure that the Euronotes are blocked in accordance with the normal procedures of the relevant Clearing System and the deadlines imposed by such Clearing System.

The Registered Holder may by instrument in writing in the English language in the form available from the office of the relevant Registrar signed by the Registered Holder or, in the case of a corporation, executed under its seal or signed on its behalf by its duly appointed attorney or a duly authorised office of the corporation and delivered to the specified office of the relevant Registrar not less than 48 hours before the time fixed for the relevant Euronoteholders' Meeting with respect to the Euronotes, appoint any person (a "proxy") to act on his or its behalf in connection with the relevant Euronoteholders' Meeting in relation to the Euronotes (or any adjourned such meeting).

A proxy so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with the relevant Euronoteholders' Meeting in respect of the relevant Euronotes to be the holder of the Euronotes to which such appointment relates and the Registered Holder of the Euronotes shall be deemed for such purposes not to be the holder.

The Beneficial Owner can request through his Direct Participant to appoint the Tabulation Agent as proxy to cast the votes relating to the Euronotes in which he has an interest at the relevant Euronoteholders' Meeting in respect of the Euronotes (or any adjourned such meeting).

Alternatively, Beneficial Owners and Direct Participants who wish a different person to be appointed as their proxy to attend and vote at the relevant Euronoteholders' Meeting in respect of the Euronotes (or any adjourned such meeting) should contact the relevant Clearing System to make arrangements for such person to be appointed as a proxy in respect of the Euronotes in which they have an interest for the purposes of attending and voting at the relevant Euronoteholders' Meeting in respect of the Euronotes (or any adjourned such meeting).

In either case, Beneficial Owners must have made arrangements to vote with the relevant Clearing System by not later than 48 hours before the time fixed for the relevant Euronoteholders' Meeting in relation to the Euronotes and within the relevant time limit specified by the relevant Clearing System and request or make arrangements for the Clearing System to block the Euronotes in the relevant Direct Participant's account and to hold the same to the order or under the control of the Tabulation Agent.

Notice of any adjourned meeting shall be given in the same manner as notice of the original Euronoteholders' Meeting save that at least 10 days' notice, containing the information required for the notice of the original meeting shall be given. Such notice shall also state the quorum required at such adjourned meeting.

Any Euronote(s) so held or blocked for either of these purposes will be released to the Direct Participant by the relevant Clearing System on the earliest of: (i) the conclusion of the relevant Euronoteholders' Meeting (or, if later, the adjourned Euronoteholders' Meeting) and (ii) upon such Euronote(s) ceasing in accordance with the procedures of the relevant Clearing System and with the agreement of the Tabulation Agent to be held to its order or under its control.

Irregularities

All questions as to the validity, form and eligibility (including the time of receipt) of any Electronic Instruction Form or such other document, with respect to Euronotes held in DTC, required by the Tabulation Agent, will be determined by the Bank in its sole discretion, which determination will be final and binding. The Bank reserves the absolute right to reject any and all Electronic Instruction Forms or such other document, with respect to Euronotes held in DTC, required by the Tabulation Agent not in proper form or for which any corresponding agreement by the Bank (on behalf of the Issuer and the Bank) to exchange would, in the opinion of the Bank, be unlawful. The Bank also reserves the absolute right to waive any of the conditions of the Restructuring or defects in Electronic Instruction Forms or such other document, with respect to Euronotes held in DTC, required by the Tabulation Agent with regard to any Euronotes. None of the Issuer, the Bank, the Trustee or the Tabulation Agent shall be under any duty to give notice to Euronoteholders, Direct Participants or Beneficial Owners of any irregularities in Electronic Instruction Forms or such other document, with respect to Euronotes held in DTC, required by the Tabulation Agent, as applicable; nor shall any of them incur any liability for failure to give notification of any material amendments to the terms and conditions of the Restructuring.

The Extraordinary Resolutions may only be considered at the relevant Euronoteholders' Meeting if the relevant Euronoteholders' Meeting is quorate. A Euronoteholders' Meeting will be quorate if one or more persons being entitled to vote (whether as a Euronoteholder or as proxy) are present at the relevant Euronoteholders' Meeting who together hold or represent the requisite principal amount of outstanding Euronotes satisfying the quorum requirement as set out below.

Votes in favour of the Extraordinary Resolutions must represent a majority of not less than 75 per cent. of the persons voting thereat upon a show of hands or, if a poll is duly demanded, then by a majority consisting of not less than 75 per cent. of the votes cast, for the Extraordinary Resolutions to be duly passed.

If, within fifteen minutes after the time appointed for the relevant Euronoteholders' Meeting, a quorum is not present, such Euronoteholders' Meeting shall stand adjourned until a date which shall be not less than 14 days but not more than 42 days as determined by the chairman of such Euronoteholders' Meeting and approved by the Trustee prior to the adjournment of such Euronoteholders' Meeting. An adjourned Euronoteholders' Meeting will be subject to lower quorum requirements as set out below.

The quorum requirement for each Euronoteholders' Meeting is as follows:

Euronoteholders' Meeting	Quorum Requirement
Original Euronoteholders' Meeting	One (in the case of the Debt Issuance Programme) or two (in the case of the Standalone Issue and the Perpetual Securities), as the case may be, or more persons present in person holding Euronotes or being proxies or representatives and holding or representing in the aggregate not less than 75 per cent. in principal amount of the Euronotes for the time being outstanding.
Adjourned Euronoteholders' Meeting	One (in the case of the Debt Issuance Programme) or two (in the case of the Standalone Issue and the Perpetual Securities), as the case may be, or more persons present in person holding Euronotes or being proxies or representatives holding or representing in the aggregate not less than 25 per cent. in principal amount of the Euronotes for the time being outstanding.

Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Bank, the Trustee or one or more persons representing 2 per cent. of the relevant Euronotes. Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded. A poll demanded on the election of a chairman or on a question of adjournment, shall be taken at once.

On a show of hands every person who is present in person and who produces a Certificate of which he is the registered holder or is a proxy or representative has one vote. On a poll every such person has one vote in respect of each U.S.$1,000, EUR1,000 or GBP50,000 principal amount, as the case may be, of Euronotes so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

Consequences of an Extraordinary Resolution not being approved

In the event the Extraordinary Resolution is not passed at a Euronoteholders' Meeting in respect of a series of Euronotes, the Bank will deem those votes cast in favour of or against the Extraordinary Resolution as being cast in favour of or against the Restructuring Plan at the Claimants' Meeting and will deem the relevant Euronoteholders to have submitted a Claim Form in respect of the principal amount of the relevant Euronotes specifying that it is submitted in respect of "notes issued by the Bank" designating the Distribution Agent as its contact.

In the event an Extraordinary Resolution is not passed at a Euronoteholders' Meeting (other than the meeting of holders of Perpetual Securities), but the Restructuring Plan is approved at the Claimants' Meeting, the relevant Euronoteholders will retain their claim against ALB Finance but as part of Restructuring Plan the relevant Euronotes will be paid in full and the relevant Guarantee will be deemed paid and satisfied and the Bank's obligation to repay the relevant BV Deposit will be set off in its entirety against ALB Finance's obligation to reimburse the Bank for its deemed payment under the relevant Guarantee. As a result, or as otherwise may be permitted by law, the relevant BV Deposit will be extinguished. ALB Finance will, in such case, be unable to repay the relevant Euronoteholders and its other creditors, if any, and its assets will be liquidated for the benefit of its creditors (including the relevant Euronoteholders) in a Dutch bankruptcy procedure, unless the BV Scheme is offered and approved as discussed below.

In the event an Extraordinary Resolution is not passed at a Euronoteholders' Meeting, the Bank may decide that the Perpetual Securities cease to be regarded as Designated Financial Indebtedness (even if the Extraordinary Resolution is passed at the meeting of the holders of Perpetual Securities) and that ALB Finance's Claims under the subordinated support agreement (the "Support Agreement") and under the Subordinated Loan be designated as Designated Financial Indebtedness instead. If in such case the Restructuring Plan is approved at the Claimants' Meeting, ALB Finance's Claims under the Subordinated Loan and its Claims under the Support Agreement shall be restructured without duplication, meaning that for purposes of the Restructuring such Claims shall be deemed one and the same Claim which shall be allocated into Option 5. As a result, ALB Finance will have transferred to it an amount of Preference Shares equal to its Entitlement and ALB Finance's Claims under the Support Agreement and the Subordinated Loan will be cancelled. In such case, ALB Finance will be unable to repay the holders of Perpetual Securities and its other creditors, if any, and, unless the BV Scheme is offered and approved as discussed below, its assets, including the Preference Shares transferred to it, will be liquidated for the benefit of the holders of Perpetual Securities and ALB Finance's other creditors, if any, in a Dutch bankruptcy procedure, with due observance of the subordination of the claims of the holders of Perpetual Securities.

Scheme of composition under Dutch law

If the Extraordinary Resolution is not passed at a Euronoteholders' Meeting in respect of a series of Euronotes, it is also possible that ALB Finance would file for a moratorium (*surseance van betaling*) or bankruptcy (*faillissement*) under Dutch law and at the same time offers a scheme of composition (*akkoord*) (the "BV Scheme") to its creditors. The BV Scheme would extend to all creditors of ALB Finance (including Euronoteholders) and would provide, subject to approval of the Restructuring Plan at the Claimants' Meeting, that Euronoteholders' claims against ALB Finance be cancelled by way of the allocation of their Entitlement under the Restructuring Plan and that ALB Finance's other creditors, if any, be repaid in full. If the BV Scheme is approved at a meeting of creditors of ALB Finance (the "BV Scheme Meeting") and the Restructuring Plan is approved at the Claimants' Meeting, all Euronoteholders, including those holding Euronotes in respect of which the relevant Extraordinary Resolution was not passed, will lose their claim against ALB Finance.

If the Extraordinary Resolution is not passed at a Euronoteholders' Meeting in respect of a series of Euronotes, it is also possible that ALB Finance would file for a bankruptcy (*faillissement*) under Dutch law without offering a scheme of composition (*akkoord*) to its creditors. In such case, and in case a BV Scheme is offered but not approved, ALB Finance's assets will be liquidated for the benefit of its creditors in a Dutch bankruptcy procedure.

Whether the BV Scheme or any Dutch bankruptcy is implemented with respect to ALB Finance has not been determined and are among several possible procedures that may be undertaken. In the event a decision is taken in that regard, the Bank will announce any further procedures to be taken through a Regulatory Information Service as soon as practicable after the Euronoteholders' Meetings.

2. Information for Creditors

Submission of Claim Forms

Creditors of record on the Record Date should notify the Bank of a Claim in any amount by submitting a Claim Form, included at Schedule 2 (*Form of Claim Form*) to be received no later than the Claims Submission Date, which is expected to be 10 December 2009. Creditors who wish to have their Claims considered by the Trade Finance Adjudicator must submit their Claim Forms and all documentation regarding such Claim no later than 21 days after the date of this Information Memorandum. The Trustee representing the Claims of Euronoteholders at the Claimants' Meeting will submit a Claim Form in respect of the Outstanding Amount under each series of Euronotes. Euronoteholders are therefore not required to submit a Claim Form.

Claim Forms must include the following information:

(i) a Creditor's identity;

(ii) a description of the nature of their Claim and how such Claim arose; and

(iii) the Outstanding Amount of their Claim.

The amount of a Creditor's Agreed Claim shall never exceed the Outstanding Amount of its Claim notified to the Bank.

Amount of Claims

Claim Forms should be completed with details of the Claims held by the Creditor as at the Record Date.

In no circumstances shall the Outstanding Amount of a Claim be either admitted or agreed by the Bank or adjudicated by the Independent Adjudicator for a value greater than the Outstanding Amount on the Designated Financial Indebtedness relating to such Claim as at the Record Date.

Details for Return of Claim Forms

The address, fax number and e-mail addresses of the Bank for the return of Claim Forms are set out below:

Address: 50 Furmanov Street, Almaty 050004, Kazakhstan
Fax: +7 727 259 8071
Email: gardenia.collection@alb.kz

Claim Forms may be sent by electronic mail or fax to the Bank provided the original of such forms are mailed to and received by the Bank. Creditors (other than Trade Finance Creditors) who have not notified the Bank of their Claims on or prior to the Claims Submission Date will have their Claims cancelled and will have their Claims automatically allotted into Option 5 subject to the Allocation and Reallocation of Claims Mechanism. For more information in relation to this issue, see "*Information for Claimants — Information for Creditors — Claims Submission Date*" below.

Assignments

The Restructuring Plan provides that the Bank is not obliged to recognise any assignment or transfer of a Claim after the Record Date for the purpose of determining Entitlements under the Restructuring Plan. However, where the Bank has received written notice from the relevant parties of such an assignment or transfer, the Bank may, in its sole discretion and subject to the production of such evidence in relation to such transfer or assignment as it may require and to any other terms and conditions which it may consider necessary or desirable, agree to recognise such assignment or transfer for the purposes of voting at the Claimants' Meeting or making distributions under the Restructuring Plan. Any assignee or transferee of a Claim so recognised shall be bound by the terms of the Restructuring Plan.

Set off

The Bank requested a standstill from its creditors on 13 April 2009. The Bank believes it would be prejudicial to its stakeholders to allow certain Claimants to benefit from acquiring Claims after 13 April 2009 and then set off claims against claims which the Bank or its Subsidiaries may have had on such a Claimant. Therefore a Claimant cannot set off a claim acquired on or after 13 April 2009 against a claim the Bank or one of its Subsidiaries has against it.

Representations

The Claim Forms require Claimants completing them to make certain representations in order for the Bank to determine whether the Claimant is entitled to receive cash, New Notes and/or Shares (or the Net Proceeds of Sale, as the case may be). If the Claimant cannot make any of these representations, it should contact the Bank immediately.

Claims Submission Date

Creditors (other than those with Claims that have been determined to be Trade Finance Debt) that have notified their Claims to the Bank by submitting a duly completed Claim Form on or before the Claims

Submission Date will have their Claims cancelled or otherwise restructured as set out in the Restructuring Plan by the Restructuring Plan and will be entitled to receive cash, New Notes and/or Shares in accordance with the elections made on their Option Election Forms and the Allocation and Reallocation of Claims Mechanism if and to the extent that their Claims become Agreed Claims.

Consequences of failing to notify the Bank of Claims before the Claims Submission Date

Creditors with Claims that have not notified their Claims to the Bank on or before the Claims Submission Date will have their Claims cancelled and such Claims will be automatically allocated into Option 5 and subject to the Allocation and Reallocation of Claims Mechanism. Creditors who wish to have their Claims considered by the Trade Finance Adjudicator must submit their Claim Forms and all documentation regarding such Claim no later than 21 days after the date of this Information Memorandum. Claims purporting to be Trade Finance Debt not notified to the Bank by this time will not be considered by the Trade Finance Adjudicator and will be dealt with in the same manner as Claims which are not comprised of Trade Finance Debt.

The Claimants' Meeting

Before the Restructuring Plan can become effective and binding on the Bank and the Claimants, a resolution to approve the Restructuring Plan must be passed by Creditors (and the Trustee on behalf of the Euronoteholders) holding at least two-thirds of the Designated Financial Indebtedness at the Claimants' Meeting convened by the order of the Court.

At the Claimants' Meeting, the Trustee representing each class of Euronotes will be entitled to vote the principal amount of Euronotes outstanding in favour of or against the Restructuring Plan in the same proportions as the relevant Euronoteholders vote for or against the Restructuring Plan at the relevant Euronoteholders' Meeting. Euronoteholders will therefore not be permitted to vote at the Claimants' Meeting since their votes for or against the Restructuring Plan will be submitted at the Claimants' Meeting by the Trustee on their behalf. In the event the Extraordinary Resolution is not passed at a Euronoteholders' Meeting in respect of a series of Euronotes, the Bank will deem those votes cast in favour of or against the Extraordinary Resolution to have been cast in favour of or against the Restructuring Plan at the Claimants' Meeting and will deem the relevent Euronoteholders to have submitted a Claim Form in respect of the relevant Euronotes specifying that it is submitted in respect of "notes issued by the Bank" designating the Distribution Agent as its contact.

The notice convening the Claimants' Meeting is set out at Schedule 3 *(Notice of Claimants' Meeting)*. Each Creditor or its proxy will be required to register its attendance at the Claimants' Meeting prior to its commencement. Registration will commence at 10:00 a.m. on the day before the Claimants' Meeting. Creditors or their proxies must be duly authorised to vote at the Claimants' Meeting.

The Claimants' Meeting will be chaired by Mr. Maxat Kabashev. Mr. Gaziz Shakhanov will act as the Deputy Chairman.

Voting by Creditors

Creditors with a Claim who wish to vote by proxy at the Claimants' Meeting will need to complete a Claim Form for each Claim and a Form of Proxy.

Detailed instructions on how to complete Claim Forms and Forms of Proxy are contained in those forms. Persons claiming to be Creditors should submit a Claim Form (or Claim Forms in respect of multiple Claims) for the purpose of voting even if they have previously notified their Claims to the Bank.

By signing and returning a Form of Proxy a Creditor represents that it will not transfer its interest in the Claim in respect of which it has submitted the Form of Proxy until the Claimants' Meeting has been completed.

In order to expedite the procedure for voting at the Claimants' Meeting, please return any Claim Forms and Forms of Proxy to the address shown on those forms as soon as possible and in any event by no later than 5:00pm (Almaty time) on 10 December 2009. However, after this time, Forms of Proxy may be presented to the registration desk at the Claimants' Meeting or lodged with the Chairman, to be accepted at his sole discretion at any time prior to the Claimants' Meeting, provided they have been properly completed and signed.

If a Creditor wishes to appoint the Chairman to be its proxy, it must specifically direct the Chairman to vote either for, or alternatively against, the Restructuring Plan. If the Chairman is appointed as proxy but is not given specific directions on how to vote, that vote will be invalid.

If a Creditor wishes an authorised person to attend the Claimants' Meeting and vote on its behalf, that person must produce at the Claimants' Meeting a copy of the resolution authorising him to do so. The copy should be sealed by the authorised body or certified as a true copy by a director or by the secretary.

Form of Proxy

Enclosed with this Information Memorandum at Schedule 4 (*Form of Proxy*) is the Form of Proxy. Each Creditor (or its duly authorised agent) should ensure that the original Form of Proxy that is sent to it is completed and submitted in accordance with the notes printed on the Form of Proxy, regardless of whether such Creditor intends to be present at the Claimants' Meeting, in order to direct how votes attributable to its Claims should be exercised.

A Creditor who has a Claim arising under more than one instrument of Designated Financial Indebtedness or claim should complete a separate Form of Proxy for each Claim.

Deadlines for Return of Forms of Proxy

Creditors should ensure that the Bank receives their Form of Proxy by no later than the Claims Submission Date. If not returned by this time, duly completed Forms of Proxy will only be accepted at the absolute discretion of the Chairman of the Claimants' Meeting at any time prior to the Claimants' Meeting and only upon production of appropriate, verifiable evidence that the person is a Creditor that completed that Form of Proxy and has the right to vote in respect of a Claim.

Once a Form of Proxy is submitted, it may only be withdrawn by application to the Bank.

The address, fax number and e-mail addresses of the Bank for the return of Forms of Proxy are set out below:

Address: 50 Furmanov Street, Almaty 050004, Kazakhstan
Fax: +7 727 259 8071
Email: gardenia.collection@alb.kz

Attendance at the Claimants' Meeting; Verification of Identity

Creditors wishing to attend and vote in person at the Claimants' Meeting should ensure that they indicate that this is their intention in the relevant part of the Form of Proxy. Admittance to the Claimants' Meeting will only be permitted to the person named in the Form of Proxy on the production of proof of personal identity, and, in the case of a corporation, the Form of Proxy has been executed under its seal or signed on its behalf by its duly appointed attorney or a duly authorised officer of the corporation. If the person so named cannot produce an appropriate proof of personal identity (for example, a passport), he will not be permitted to attend and vote at the Claimants' Meeting.

The Bank has the right to request additional documentation to confirm that a person who has completed a Form of Proxy is a Creditor. In the event that such additional documentation is not provided, or is insufficient, the Chairman may at his absolute discretion, for voting purposes only, reject a claim.

Value of a Creditor's Claim for Voting Purposes

In no circumstances shall a Claim be admitted for voting purposes by the Bank or the Chairman for a value greater than the Outstanding Amount unpaid on the Designated Financial Indebtedness relating to such Claim as at the Record Date.

Subject to the Chairman's discretion as described below, the quantum of a Claim for voting purposes shall be the Outstanding Amount of such Claim as set out in the relevant Claim Form. For voting purposes Claims denominated in currencies other than Tenge will be converted into Tenge. Claims denominated in currencies other than U.S. Dollars (except Tenge) will be converted firstly into U.S. Dollars using the rate displayed on the appropriate Thompson Reuters page at or about 11 a.m. Almaty time two Business Days prior to the Approval Date and secondly into Tenge using the rate displayed on the Page AFINEX 01 at or about the same time.

The Chairman may, for voting purposes only, reject a Claim in whole or in part if he considers that it does not constitute a fair and reasonable assessment of the relevant sums owed to the relevant Creditor (or, as the case may be, Related Party) by the Bank or if the relevant person has not complied with the voting procedures

described above. If a Claim is for an unliquidated amount or for an amount the quantum of which has not been ascertained and the Chairman is able to place a minimum value on a Claim, he will admit it at that value. If a Claim is disputed in its entirety, whether it is liquidated or unliquidated, the Chairman will not admit it. The Chairman's decision will be made in good faith and is final and binding for voting purposes. The Chairman will, however, advise the relevant person of his decision before the Claimants' Meeting if he considers it is practicable to do so.

The value of a Claim admitted by the Bank or the chairman of the Claimants' Meeting respectively for voting purposes does not (of itself) constitute an admission of the existence or amount of any Liability, and will not bind the Bank or the relevant Creditor for the purposes of establishing the amount of a Claim for the purposes of calculating a Creditor's Outstanding Amount or Entitlement under the Restructuring Plan. The value of a Claim for voting purposes will be taken net of any applicable set-off or cross claim. See "*Information for Claimants — Information for Creditors — Set off*".

Questions

An opportunity will be given at the Claimants' Meeting for Creditors to raise any questions and to voice any objections they may have in relation to the Restructuring Plan.

Final Hearing

All Claimants are entitled to appear at the hearing of the application to the Court to approve the Restructuring Plan. This hearing is expected to be held in January 2010 and the exact time and date will be notified to Claimants by an announcement on a Regulatory Information Service and on the Bank's websites at www.albinvestorrelations.com and www.alb.kz.

3. Trade Finance Creditors

Creditors will be asked to certify on their Claim Form whether they hold Trade Finance Debt. Creditors who wish to have their Claims considered by the Trade Finance Adjudicator should submit a Claim Form in respect of each Claim no later than 21 days after the date of this Information Memorandum. Claims purporting to be Trade Finance Debt not notified to the Bank by this time will not be considered by the Trade Finance Adjudicator and will be dealt with in the same manner as Claims which are not comprised of Trade Finance Debt. Creditors submitting Claim Forms for consideration by the Trade Finance Adjudicator agree to release and discharge the Trade Finance Adjudicator from any and all liability to any Creditor by reason of its acting as Trade Finance Adjudicator under the Restructuring Plan. Documentation in respect of purported Trade Finance Debt should be submitted to the Bank with a copy to the Trade Finance Adjudicator at albadjudication@wfw.com.

The Trade Finance Adjudicator will consider every Claim which purports to be Trade Finance Debt and will review all necessary documentation provided by the relevant Creditor and the Bank. Claims that have been determined by the Trade Finance Adjudicator as being Trade Finance Debt will be treated as set out below. The Trade Finance Adjudicator will notify the Bank and the relevant Creditors of its determinations on or before 7 December 2009. In the event the Trade Finance Adjudicator is unable to make a determination as to whether a Claim is comprised of Trade Finance Debt, such Claim will not be treated as Trade Finance Debt under the Restructuring Plan.

In the event that the aggregate amount of Trade Finance Debt (as determined by the Trade Finance Adjudicator) exceeds U.S.$100 million, each Claim determined to be Trade Finance Debt shall be reduced pro rata so that the aggregate amount of Trade Finance Debt equals U.S.$100 million. In such case a Trade Finance Creditor shall have a subsequent Claim (and may submit an Option Election Form in respect of such Claim) equal to the amount by which its Trade Finance Debt was reduced but such subsequent Claim will not be Trade Finance Debt for purposes of the Restructuring Plan.

In the event the Restructuring Plan is approved at the Claimants' Meeting, the following provisions shall apply to Trade Finance Debt:

(a) there shall be no increase in the interest rate or applicable fees relating to any Trade Finance Debt or any improvement of terms which applied to such debt pre-restructuring; and

(b) if the existing documentation setting out the terms of any indebtedness comprising the Trade Finance Debt contains events of default (or their equivalents), as of the Restructuring Date the Events of Default applicable to the Discount Notes and the Par Notes shall also apply to Trade Finance Debt in place of any events of default previously agreed in the documentation governing the terms of such Trade Finance Debt.

Trade Finance Creditors with Claims determined to be Trade Finance Debt which would otherwise fall due on or prior to 31 December 2009 shall be extended by 12 months from the original payment schedules. Trade Finance Creditors with Claims determined to be Trade Finance Debt outstanding as at 31 October 2009 and falling due after 31 December 2009 shall be repaid in accordance with the original terms of such Trade Finance Debt.

4. Option Election Forms

In the event the Restructuring Plan is approved at the Claimants' Meeting, Option Election Forms will be made available on the Bank's websites at www.albinvestorrelations.com and www.alb.kz for eligible Claimants within five Business Days of the Approval Date. Trade Finance Creditors (except in the event the aggregate amount of Claims comprising Trade Finance Debt exceeds U.S.$100 million), Samruk-Kazyna and holders of Perpetual Securities are not eligible to submit Option Election Forms. Eligible Claimants wishing to participate in the Option of their choice must submit an Option Election Form on or before the Option Election Date, regardless of whether they have an Agreed Claim (see "*Entitlement to and Distribution of Cash, New Notes and/or Shares — Procedure for the Admission and Rejection of Creditors' Claims*").

Claimants who do not submit an Option Election Form on or prior to the Option Election Date will have their Claims automatically allocated to Option 5 and subject to the Allocation and Reallocation of Claims Mechanism.

Option Election Forms must include the following information:

(i) a Claimant's identity and, if applicable, the identity of the beneficial holder of the Claim;

(ii) a description of the nature and amount of the Claim; and

(iii) information regarding a Claimant's Existing Account, Designated Account or Local Account as specified in their Option Election Form.

Claimants (other than as regards any Claims determined to be Trade Finance Debt, Samruk-Kazyna and holders of Perpetual Securities) with a Claim in excess of US$5 million may split such a Claim and elect a Preferred Option or a Guaranteed Allocation in respect of each portion. See "*Calculation of Entitlements*". Claims will be allocated among the Options in accordance with the Allocation and Reallocation of Claims Mechanism.

Trade Finance Creditors are not eligible to elect Options in respect of Claims deemed to be Trade Finance Debt by the Trade Finance Adjudicator unless the aggregate amount of Trade Finance Debt exceeds U.S.$100 million as described in "*Information for Claimants — Trade Finance Creditors"*. Trade Finance Debt will be restructured in accordance with Clause 4.8 of the Restructuring Plan. Holders of Perpetual Securities will be automatically allocated into Option 5.

Details for Return of Option Election Forms

Information regarding the submission of Option Election Forms will be included in the form and available at www.albinvestorrelations.com and www.alb.kz within five Business Days of the Approval Date.

5. Rouble Noteholders

The Rouble Notes were issued by Alliance Finance and the proceeds were deposited with the Bank under a deposit agreement. The Bank entered into a suretyship agreement with the Rouble Noteholders pursuant to which the Bank has undertaken to make payments due to Rouble Noteholders in case and to the extent Alliance Finance fails to pay to the Rouble Noteholders (i) the principal amount of the Rouble Notes and/or (ii) the amount of the relevant coupon under the Rouble Notes.

Alliance Finance is unable to perform its obligations under the Rouble Notes and as a result the Rouble Noteholders will have a Claim on the Bank under the suretyship agreement. Provided Rouble Noteholders submit Forms of Proxy and Claim Forms in respect of their Claims under the Rouble Notes to the Bank as the surety (and any other documents required under the terms of the Rouble Notes), they will be eligible to vote on the Restructuring Plan and elect Options in the same way as other Claimants.

Rouble Noteholders who do not submit Claims Forms in respect of their Claims under the Rouble Notes to the Bank will have their Claims automatically allocated into Option 5 and will only receive Preference Shares for their Claims, to the extent permitted by Russian law.

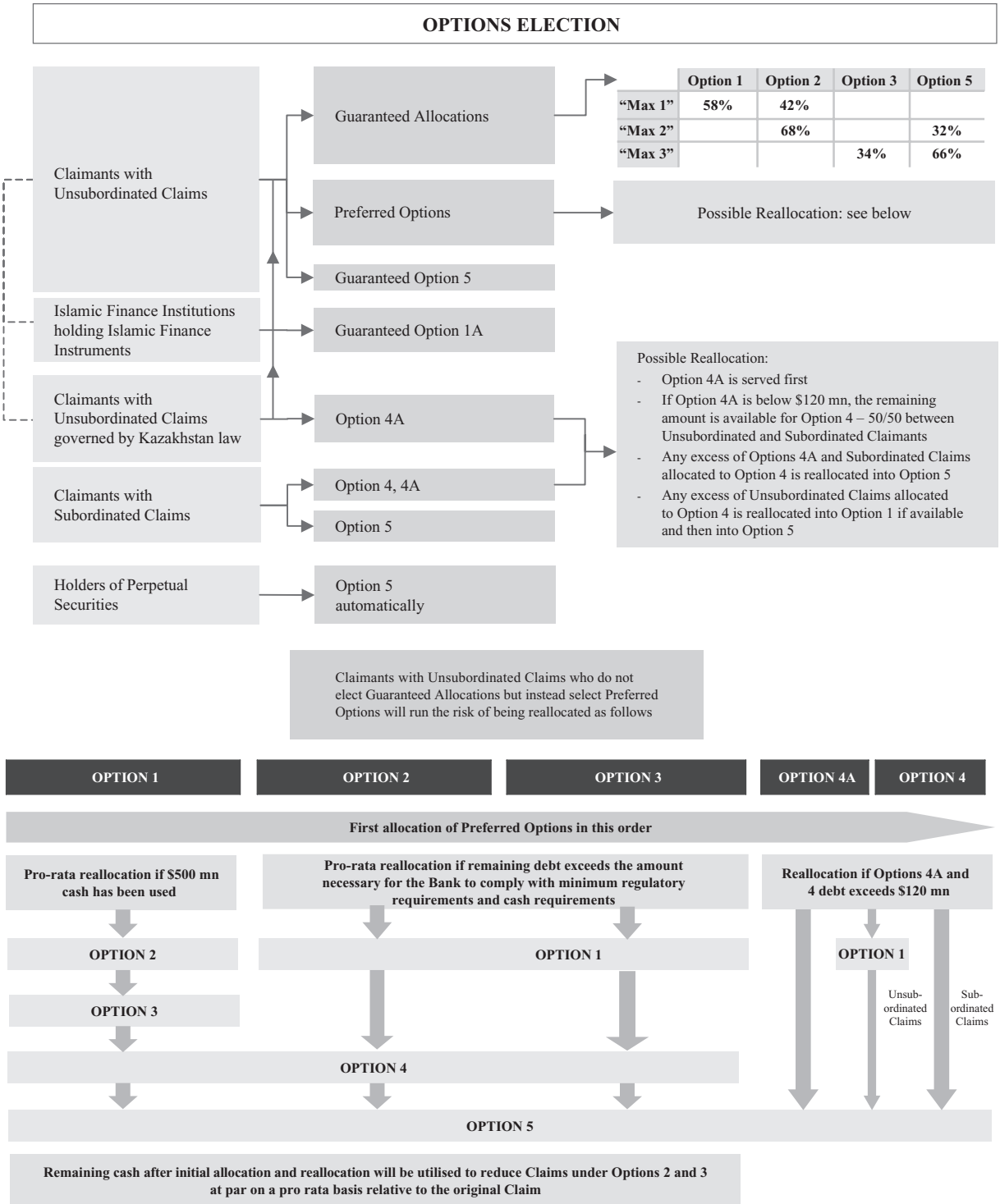
Upon completion of the Restructuring the Bank's obligations under the suretyship agreement will be terminated in Kazakhstan and Alliance Finance's liquidation will be initiated by the Bank under Russian law.

6. Interest

Payable Interest shall be paid in full on or before the Business Day immediately following the Approval Date. Restructured Interest will be included in the relevant Claim.

7. Allocation and Reallocation of Claims

The Allocation and Reallocation of Claims Mechanism is set out in Annex 1 to the Restructuring Plan. The table below summarises how Claims will be allocated and reallocated in accordance with the Restructuring Plan.



ALLOCATION OF ADDITIONAL SHARES

- Options 2, 3, 4, 4A, and 5 will receive additional Common Shares and Preference Shares as follows:
  - Remaining Preference Shares (after allocations to Option 5 have been made) up to 33 per cent. of the total number of Preference Shares outstanding;
  - 33 per cent. of the total number of Common Shares outstanding; and
  - in accordance with the share apportionment ratio set out in the table below

	Share Apportionment Ratio
Option 1	**0**
Option 2	**30**
Option 3	**8**
Option 4 and 4A	**2**
Option 5	**60**

It will only be possible to determine how many shares each Option will receive after the reallocation process is complete.

8. Entitlement to and Distribution of Cash, New Notes and/or Shares

Distribution Agent

Before the Restructuring Date, the Bank will enter into the Distribution Agent Agreement appointing the Distribution Agent.

The Restructuring Plan provides that the Distribution Agent will be responsible for assisting with the distribution process on behalf of the Bank. The Distribution Agent may also be responsible for holding cash, New Notes and/or Shares on behalf of certain Claimants pending distribution under the terms of the Restructuring Plan.

Distribution Agent Agreement

On completion of the Distribution Agent Agreement, the Bank will, conditional on the Restructuring Plan becoming effective, deliver cash and New Notes and Shares to the Distribution Agent to be held on behalf of certain Claimants in accordance with the terms of the Distribution Agent Agreement.

Satisfaction of Entitlements and Distribution

Each Option Election Form will contain such information as is required by the Distribution Agent or the Bank, as the case may be, to transfer the appropriate cash, New Notes and/or Shares to the relevant Claimant (or its Nominated Recipient).

Entitlements will be satisfied by the distribution to Claimants (other than Samruk-Kazyna, and as regards Claims determined to be Trade Finance Debt) of the appropriate number of New Notes and Shares and/or amount of cash, as the case may be, in accordance with the request made in any Option Election Form submitted by such Claimants (other than those with Claims determined to be Trade Finance Debt, Samruk-Kazyna and holders of Perpetual Securities) and subject always to the Allocation and Reallocation of Claims Mechanism.

Foreign Jurisdictions

Cash, New Notes and/or Shares will not be distributed pursuant to the Restructuring Plan where such distributions would be prohibited or unduly onerous. Claimants in certain jurisdictions should refer to the discussion in "*Issuance and Transfer Restrictions*" to determine whether this may affect them.

Agreement of Claims

In no circumstances shall the Outstanding Amount of a Claim be either admitted or agreed by the Bank or adjudicated by the Independent Adjudicator for the purpose of determining Entitlements for a value greater than the Outstanding Amount unpaid on the Designated Financial Indebtedness relating to such Claim. In the event that the Restructuring Plan becomes effective, Claimants or their Nominated Recipients will receive cash, New Notes and/or Shares in accordance with the Options elected and subject always to the Allocation and Reallocation of Claims Mechanism.

For Disputed Claims (if any), the Outstanding Amounts will be the amounts agreed by the Bank or otherwise determined by the Independent Adjudicator in the process described below.

Procedure for the Admission and Rejection of Creditors' Claims

The Bank will adjudicate Claims of Creditors to decide whether or not they should become Agreed Claims. If and to the extent that the Bank is satisfied with the information provided by a Creditor on a Claim Form the Bank will admit the Claim as an Agreed Claim. If the Bank is not satisfied with the information provided by a Creditor on a Claim Form the Bank is entitled to call for additional evidence to be provided in support of the Claim. Creditors with Disputed Claims will receive their Entitlement(s) to the extent and in the amount that the dispute is resolved in their favour and their Claim becomes an Agreed Claim.

The Bank will attempt to reach agreement with Creditors who have Disputed Claims as soon as practicable after the submission of a Claim Form. However, if such agreement is not reached by the Adjudication Reference Date, the Bank will refer the dispute to the Independent Adjudicator as a Disputed Claim. See "*Information for Claimants — Entitlement to and Distribution of Cash, New Notes and/or Shares — Adjudication of Claims*" below.

The Bank will undertake a review of all Claim Forms submitted prior to the Claims Submission Date to determine whether the Claims will be considered Agreed Claims on the Claims Submission Date and, provided the relevant Claim Form was submitted prior to the Claims Submission Date, whether the relevant Claim will be eligible for participation in the Options.

Adjudication of Claims

Claims of Euronoteholders will be established as at the Record Date based on the applicable Register of Euronotes and the records of the Clearing Systems. Euronoteholders' Claims established in this manner will be automatically deemed to be Agreed Claims.

Trade Finance Creditors will be asked to certify on their Claim Form that they hold Trade Finance Debt. The Trade Finance Adjudicator will consider every Claim which purports to be Trade Finance Debt and will review all necessary documentation provided by the Bank. Claims which are determined by the Trade Finance Adjudicator to be Trade Finance Debt will be restructured in accordance with Clause 4.8 of the Restructuring Plan. Other than in relation to disputes arising in respect of an Outstanding Amount, which will be adjudicated in accordance with Clauses 4.10 to 4.12 of the Restructuring Plan, Trade Finance Debt will not be subject to adjudication by the Independent Adjudicator. The Trade Finance Adjudicator will act as an expert and not as an arbitrator or legal adviser. Each determination by the Trade Finance Adjudicator is final and binding on the Bank and the relevant Creditor.

The Bank may admit or reject a Creditor's Claim either in whole or in part. If it rejects a Claim, the Bank will write to the relevant Creditor (other than those with Claims purporting to be Trade Finance Debt) setting out its reasons for doing so as soon as reasonably practicable after receipt of the relevant Claim Form.

The Bank will attempt to reach agreement with the relevant Creditor as soon as practicable after the submission of a Claim Form. However, if such agreement is not reached by the Adjudication Reference Date, the Bank will refer the dispute to the Independent Adjudicator as a Disputed Claim.

The Creditor concerned will receive a notice to the effect that the Claim has become a Disputed Claim. The Independent Adjudicator shall consider the papers and documents and will send a notice to the Creditor concerned stating whether he requires further documentation or requires him/her to appear before the Independent Adjudicator.

If, on the date falling seven days after the request for further information, none has been provided, or the Creditor concerned has failed to appear pursuant to a request to appear, then the Independent Adjudicator shall make such determination as he sees fit on the basis of the information available to him and the Disputed Claim shall become an Agreed Claim on the terms of such determination.

Upon any Disputed Claim being referred to the Independent Adjudicator, the Independent Adjudicator shall endeavour, within 28 days from the date on which the Disputed Claim was referred to him by the Bank, to certify in writing to the Creditor concerned his determination in respect of the Disputed Claim. The determination will state the amount of the Disputed Claim that should be rejected (if any) and the amount that should be admitted as an Agreed Claim (if any).

The Independent Adjudicator's determination of the issue will, to the extent permitted by law, be final and binding on the Bank and the Creditor concerned. The Independent Adjudicator may also make such directions as he shall think just in respect of the costs of the adjudication.

More details about the procedure for selection of the Independent Adjudicator, the manner in which he should act and the payment of his remuneration, fees, costs and expenses are set out in the Restructuring Plan.

Calculation of Entitlements

The value of a Claim for distribution purposes is the Outstanding Amount. The value of a Claimant's Entitlement in respect of each of its Claims will be the product of the relevant Outstanding Amount and the Conversion Rate as allocated to a Guaranteed Allocation or an Option, subject always to the Allocation and Reallocation of Claims Mechanism.

Details of the calculation of Entitlements are provided in Schedule 1 (*The Restructuring Plan*), Annex 3 (*Calculation of Entitlements*) to this Information Memorandum.

Distribution of cash, New Notes and/or Shares to Claimants

Distribution of New Notes and Shares

New Notes and Shares will be allocated to Claimants (other than Samruk-Kazyna and as regards Claims determined to be Trade Finance Debt) in accordance with the Allocation and Reallocation of Claims Mechanism.

For all Agreed Claims, the Distribution Agent or the Bank, as the case may be, will transfer (or permit to be transferred) such number of New Notes and Shares to either an Existing Account, a Designated Account or a Local Account specified in an Option Election Form.

Direction to sell New Notes and Shares

If, for any reason, a Claimant does not wish to, or is unable to, hold the New Notes and Shares to which it is entitled, it may direct the Distribution Agent or the Bank, as the case may be, to sell its Securities Entitlement and account to it for the Net Proceeds of Sale. The price, terms, timing and manner of such sale will be at the Bank's sole discretion, or that of any agent the Bank employs to effect such sale (including the Distribution Agent) and neither the Bank, the Steering Committee nor any of their respective advisers, or any person acting on behalf of all or any of them, will have any Liability for any loss or alleged loss arising from such sale or a failure to procure any purchaser for such New Notes and Shares (or any of them).

Transfers of New Notes and Shares to Claimants in Certain Jurisdictions

The New Notes and Shares will not be distributed to Claimants in jurisdictions where such distributions would be prohibited or be unduly onerous. Instead, such persons will be entitled to receive the Net Proceeds of Sale of the New Notes and Shares to which they would otherwise be entitled. Payments to such persons shall be in U.S. Dollars.

If the address supplied in an Option Election Form of a Claimant, or a Claimant's Nominated Recipient is in a particular jurisdiction and either:

(i) in the opinion of the Bank, the transfer of New Notes and Shares pursuant to the Restructuring Plan to that Claimant, or that Claimant's Nominated Recipient, may be prohibited by any relevant law; or

(ii) may be so prohibited except after compliance with conditions or requirements which the Distribution Agent or the Bank in its sole discretion regard as unduly onerous,

then the Distribution Agent, shall, if so directed by the Bank, or the Bank shall, sell, or procure the sale of, the same and pay the Net Proceeds of Sale from the sale of such New Notes and Shares to that Claimant, or that Claimant's Nominated Recipient, as the case may be, in full satisfaction of that Claimant's rights under the Restructuring Plan.

In accordance with the more detailed terms of the Restructuring Plan, none of the Distribution Agent, the Bank, the Steering Committee or any of their advisers or any person acting on behalf of any of them shall have any Liability for any loss or alleged loss arising from the price, terms, timing or manner of such sale or the failure to procure any purchaser for such New Notes and Shares (or any of them).

Distribution of Cash

Cash payments made under Option 1 and Option 1A will be made by wire transfer to the Claimant in accordance with the account details as set out in the Option Election Form submitted by the relevant Claimant.

9. Approval by the FMSA and the Court

If the Restructuring Plan is approved at the Claimants' Meeting, the Bank must submit the approved plan to the FMSA so as to establish its conformity with the indicative restructuring and recapitalisation plan initially approved by the FMSA on 21 July 2009. The date of the FMSA hearing to approve the Restructuring Plan has not yet been finalised but it is expected to be in January 2010. The Bank will announce the results of the FMSA's decision via a Regulatory Information Service.

The Court must approve the Restructuring Plan before it can become effective and binding on the Bank, the Claimants and the Related Parties. Approval takes place at the Court hearing after the requisite majority of Creditors have approved the Restructuring Plan at the Claimants' Meeting. The date of the Court hearing for approval of the Restructuring Plan has not yet been settled, although it is expected to take place in January 2010. The Bank will announce the exact date of such hearing on a Regulatory Information Service and on the Bank's websites at www.albinvestorrelations.com and www.alb.kz at least 14 days in advance of such hearings. Claimants and Related Parties are entitled to attend and make representations at the Court hearing.

Further conditions precedent to the Restructuring Plan becoming effective are set forth in Schedule 9 *(Conditions Precedent to the Restructuring Plan Becoming Effective)* to this Information Memorandum.

10. Deed of Release

Subject to the provisions below, the terms of the Restructuring Plan provide for the Bank to be given the authority to enter into the Deed of Release on behalf of all Claimants and Related Parties. The Deed of Release, if entered into, will, as at the Restructuring Date, release:

(i) the Bank and its Subsidiaries;

(ii) the government of the Republic of Kazakhstan, the NBK, the FMSA, Samruk-Kazyna and their respective directors and officers;

(iii) the Trade Finance Adjudicator and the Independent Adjudicator;

(iv) all officers and directors of the Bank and its Subsidiaries as at the Restructuring Date or such reduced class of individuals as the Bank may subsequently determine;

(v) the Steering Committee; and

(vi) all the Advisers and their respective Affiliates and Subsidiaries,

from any Liability which any of them may have to a Claimant or any predecessor in title to a Claimant (or any person to whom a Claimant may have transferred any Claim after the Record Date), that arises in relation to, or in connection with or in any way out of, a Claim, the implementation of the Restructuring Plan or of the Restructuring, including, without limitation, each and every Liability in respect of a Claim.

Notwithstanding any other provision of the Deed of Release, no person shall be released or waived from any Liability arising from the gross negligence, fraud or wilful misconduct on the part of such person.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical Financial and Other Information

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

The historical financial information of the Bank set forth herein has, unless otherwise indicated, been extracted without material adjustment from the Financial Statements, prepared in accordance with IFRS. Deloitte, LLP (Kazakhstan), independent auditors (acting as an auditor under licence No. 0000015, Type MFU-2, dated 13 September 2006 issued by the Ministry of Finance of Kazakhstan), 36, Al-Farabi Avenue, Almaty Financial District, Building "B", Almaty, 050059 Republic of Kazakhstan, have audited the Bank's Annual Financial Statements and their audit report is included on page F-61 of this Information Memorandum and reviewed the Bank's Unaudited Interim Financial Statements and their review report is included on page F-5 of this Information Memorandum.

The audit report issued by Deloitte, LLP (Kazakhstan) in respect of the Annual Financial Statements expressed a qualified opinion with regard to the effects of the adjustment related to the derivative liabilities (Notes 14 and 15 to the Annual Financial Statements), and the effects of such adjustments, if any, as might have been determined to be necessary had Deloitte, LLP (Kazakhstan) been able to establish the completeness of guarantees and pledges (Note 30 to the Annual Financial Statements); related parties disclosures and their associated tax effects, if any (Notes 1 and 34 to the Annual Financial Statements); and the valuation of land and buildings within property, equipment and intangible assets, revaluation reserve balances and depreciation expense related to land and buildings (Note 3 to the Annual Financial Statements). In addition, the auditors' report included emphasis of matter paragraphs in respect of the material uncertainty which exists in respect of the Bank continuing as a going concern and the absence of corresponding figures relating to guarantees and related parties.

The review report issued by Deloitte, LLP (Kazakhstan) in respect of the Unaudited Interim Financial Statements expressed a qualified conclusion with regard to the effects of the adjustments related to the derivative liabilities (Notes 13 and 14 to the Unaudited Interim Financial Statements), the effects of any adjustment related to the derivative liabilities, and the effects of such adjustments, if any, as might have been determined to be necessary had they been able to satisfy ourselves as to the completeness of guarantees and pledges (Note 25 to the Unaudited Interim Financial Statements); related parties disclosures and their associated tax effects, if any (Notes 1 and 29 to the Unaudited Interim Financial Statements); and the valuation of land and buildings within property, equipment and intangible assets, revaluation reserve balances and depreciation expense related to land and buildings (Note 3 to the Unaudited Interim Financial Statements). In addition the auditors' report on review included emphasis of matter paragraphs in respect of the material uncertainty which exists in respect of the Bank continuing as a going concern and the absence of corresponding figures relating to guarantees and related parties.

Certain provisions discussed in this Information Memorandum and reflected in the Annual Financial Statements as at and for the year ended 31 December 2008, were based on facts existing during such period that were only discovered by the Bank's new management during 2009 and therefore were not reflected in the provisions calculated and initially provided to the FMSA by the Bank's previous management.

Under IFRS rules, a company may adjust its financial statements to take into account events that occur after the end of the reporting period but which provide evidence of conditions that existed during that reporting period. Such events include for example: (i) the receipt of information after the reporting period indicating that an asset was impaired at the end of the reporting period, or that the amount of a previously recognised impairment loss for that asset needs to be adjusted; and (ii) the discovery of fraud or errors that show that the financial statements are incorrect.

An internal due diligence process commenced by the Bank's new management in February 2009 brought to light unrecorded guarantees secured by the T Bills and necessary adjustments to the loan loss provisions based on a more conservative risk management policy adopted by the Bank's new management. Accordingly, the Bank has recognised in the Annual Financial Statements as at and for the year ended 31 December 2008 provisions in respect of the guarantees secured by the T Bills and additional loan loss provisions. See "*Risk Factors — Risks Relating to the Bank —Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*", "*Management's Discussion and Analysis of Results*

of Operations and Financial Condition — Factors Affecting the Bank's Results of Operations — T Bills Transactions", "*Management's Discussion and Analysis of Results of Operations and Financial Condition — Factors Affecting the Bank's Results of Operations — Loan Loss Provisions*", "*Selected Statistical and Other Information — Lending Policies and Procedures — Provisioning Policies and Write-Offs*" and "*Selected Statistical and Other Information — Funding — Treasury Operations and T Bills*".

Due to internal control weaknesses experienced by the Bank in the past, Claimants are advised to assess financial information presented in this Information Memorandum with caution. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*".

Certain information presented in this Information Memorandum is prepared on the basis of Adjusted IFRS. Adjusted IFRS refers to International Financial Reporting Statements adjusted to reflect the FMSA's requirements for preparation of financial statements for regulatory purposes. Such adjusted information is not audited and is not directly comparable with the information presented in accordance with IFRS. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition — Factors Affecting the Bank's Results of Operations — Loan Loss Provisions*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition — Capital Adequacy*", "*Selected Statistical and Other Information — Lending Policies and Procedures — Portfolio Supervision*", "*Selected Statistical and Other Information — Lending Policies and Procedures — Provisioning Policies and Write-Offs*" and "*Selected Statistical and Other Information — Lending Policies and Procedures — Maturity Limit*".

In making an investment decision, Claimants must rely upon their own examination of the Bank, the terms of the Restructuring and the financial information included in this Information Memorandum, and should consult their own professional advisers for an understanding of the differences between IFRS, Adjusted IFRS and U.S. GAAP and how these differences might affect the financial information in this Information Memorandum.

Pro Forma Financial Information

The financial information set forth herein also includes the Pro Forma Financial Information. The Pro Forma Financial Information was prepared by the Bank on the basis of Adjusted IFRS and IFRS to illustrate the effect of the Restructuring as if the Restructuring had been completed as at 30 June 2009 and is based on data derived from the Unaudited Interim Financial Statements and management accounts prepared on the basis of Adjusted IFRS. The Pro Forma Financial Information is unaudited and is presented for illustrative purposes only. The Bank's management believes that the Pro Forma Financial Information may be useful in enabling Claimants to assess and understand the Restructuring and to select Options.

The Pro Forma Financial Information is based upon certain assumptions and adjustments which the Bank's management believes are reasonable and necessary for a fair presentation of such information. The assumptions and adjustments are based upon the Bank's preliminary analysis and based upon currently available information. While the Bank has used all reasonable efforts to ensure that the Pro Forma Financial Information is correct, accurate and complete as at the date of this Information Memorandum, no representation or warranty is made (express or implied) as to the reliability, accuracy or completeness of the Pro Forma Financial Information.

The Pro Forma Financial Information does not take into account the potential adverse impact of certain negative developments since 30 June 2009, such as additional loan loss provisions and further operational losses resulting from the deteriorating financial condition of the Bank and instability aggravated by the ongoing restructuring process. See "*Risk Factors — Risks Relating to the Restructuring — Loan loss provisions have increased significantly since 30 June 2009 and whilst measures are being taken to decrease provisioning levels, if these measures are not successful, the Bank's Restructuring may not be completed*".

Claimants are cautioned that pro forma financial information is inherently unreliable and that the Pro Forma Financial Information is not necessarily indicative of how the Bank's consolidated capitalisation, balance sheet or capital adequacy information as at 30 June 2009 would have been presented had the Restructuring actually been completed at that the date, nor is it necessarily indicative of the Bank's consolidated capitalisation, balance sheet or capital adequacy as at any future date. The unaudited Pro Forma Financial Information should be read in conjunction with the Financial Statements included elsewhere in this Information Memorandum. See "*Risk Factors — Risks Relating to the Restructuring — The Pro Forma Financial Information may not be indicative of the Bank's financial condition had the Restructuring actually been completed at 30 June 2009*".

Currency Transactions

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

The Bank has translated the summary income statement and balance sheet information for the six-month period ended 30 June 2009 and the year ended 31 December 2008 into U.S. Dollars at the rate of U.S.$1.00 = KZT 150.43 and U.S.$1.00 = KZT 120.79, respectively. See "*Exchange Rates and Exchange Controls*". As at 4 November 2009 (the latest practicable date prior to the date of this Information Memorandum), the official KZT/U.S.$ rate of exchange reported by the NBK was KZT 150.85 = U.S.$1.00.

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

Certain figures which appear in this Information Memorandum 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.

Statistical and Market Information

Certain statistical and market information presented in this Information Memorandum in the sections headed "*Risk Factors*", "*The Bank*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*Selected Statistical and Other Information*" and "*The Banking Sector in Kazakhstan*" on such topics as the Bank's competitors, the Kazakhstan banking sector, the Kazakhstan economy in general and other related subjects represents the Bank's calculations based on information and official data of the FMSA, the NBK, the NSA and other third party sources. The Bank has accurately reproduced such information and, so far as the Bank is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Bank has relied on the accuracy of this information without independent verification. Claimants should note that some of the Bank's estimates are based on such third party information. Claimants are advised to consider this data with caution. Official data published by Kazakhstan governmental or regional agencies is substantially less complete and less thoroughly researched than that of more developed countries. Further, official statistics, including those produced by the FMSA, the NBK and the NSA, may be produced on different bases than those used in more developed countries. Any discussion of matters relating to Kazakhstan in this Information Memorandum is, therefore, subject to uncertainty due to concerns about the completeness or reliability of available official and public information.

FORWARD LOOKING STATEMENTS

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

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

- the Bank's ability to successfully restructure its indebtedness;
- the stability of the banking sector in Kazakhstan;
- the state of the Bank's retail, corporate and SME businesses;
- the quality and stability of its deposit base;
- future credit losses that the Bank may incur;
- expectations as to the impact of projects undertaken to improve cost efficiencies and enhance liquidity and revenues; and
- estimates and financial targets for increasing and diversifying the composition, as well as the quality, of the Bank's loan portfolio.

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

- overall economic and business conditions;
- effects of the global financial crisis and international economic conditions;
- the level of demand for the Bank's services;
- deposit outflows;
- competitive factors in the industries in which the Bank and its customers operate;
- changes in Government regulations and in the Government's or Samruk-Kazyna's policies regarding support for the banking sector in Kazakhstan;
- the timing, impact and other uncertainties of unrecognised guarantees and pledges, if any;
- the timing, impact and other uncertainties of unidentified related party transactions, if any;
- 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 changing conditions in the capital markets;
- exchange rate fluctuations;
- economic and political changes in international markets, including governmental changes;
- hostilities and restrictions on the ability to transfer capital across borders; and
- the impact of valuation of derivatives and property and equipment.

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

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

EXCHANGE RATES AND EXCHANGE CONTROLS

Exchange Rates

The currency of Kazakhstan is the Tenge, which was introduced in November 1993. Prior to 5 April 1999, the NBK maintained a managed floating exchange rate system with the rate being determined on the basis of market developments and the NBK's role in setting the exchange rate was limited to interventions in the domestic currency market in order to prevent exchange rate volatility caused by short-term changes in supply and demand. In April 1999, the NBK and the Government publicly announced that the NBK would cease to establish fixed exchange rates for the Tenge and permit the exchange rate to float freely, and that the NBK would continue to intervene in the foreign exchange market only where necessary to support the Tenge. This decision was supported by international financial organisations such as the IMF. As a result, the Tenge depreciated from a pre-announcement rate of KZT 88.00 per U.S. Dollar to a rate of approximately KZT 130.00 per U.S. Dollar by May 1999. For the next three years the Tenge generally continued to depreciate in nominal terms against the U.S. Dollar, although from 2002 to 2008 it strengthened overall against the U.S. Dollar as a result of export proceeds from oil, agricultural products and other commodities. On 4 February 2009, the NBK reduced its level of support for the Tenge/U.S. Dollar exchange rate from KZT 117 – KZT 123 to 1 U.S. Dollar to KZT 150 to 1 U.S. Dollar (+/- 3 per cent.). This devaluation was due in part to recent pressure on the balance of payments of Kazakhstan as a result of a decline in commodity prices (in particular oil and gas) in the international markets and to prevent a significant decrease of Kazakhstan's gold and currency reserves. It was also intended to enhance export competitiveness.

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

Period ended	Period end	High	Average[(1)]	Low
31 December 2002	155.60	155.60	153.28	150.60
31 December 2003	144.22	155.89	149.52	143.66
31 December 2004	130.00	143.33	136.05	130.00
31 December 2005	133.77	136.12	132.86	129.83
31 December 2006	127.00	133.85	126.10	117.25
31 December 2007	120.30	127.00	122.56	118.79
31 December 2008	120.77	120.87	120.29	119.48
31 January 2009	121.47	121.71	121.21	120.79
28 February 2009	150.43	150.43	145.20	121.47
31 March 2009	151.08	151.40	150.75	150.25
30 April 2009	150.64	151.08	150.69	150.15
31 May 2009	150.44	150.68	150.37	149.82
30 June 2009	150.43	150.54	150.34	150.13
31 July 2009	150.71	150.86	150.61	150.33
31 August 2009	150.80	150.88	150.78	150.68
30 September 2009	150.95	150.95	150.87	150.71
31 October 2009	150.74	150.99	150.79	150.64

Note:

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

On 4 November 2009 (the latest practicable date prior to the date of this Information Memorandum), the official KZT/U.S.$ rate of exchange as reported by the NBK was KZT 150.85 per U.S.$1.00.

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

Exchange Controls

Kazakhstan has accepted the conditions of paragraphs 2, 3 and 4 of Article VIII of the IMF Charter and, as a result, has agreed not to introduce or increase any exchange rate restrictions, introduce or modify any practice of multiple exchange rates, enter into any bilateral agreements violating Article VIII or impose any import restrictions. In accordance with Article VIII, a new law on currency regulation was adopted in 1996. According to this law, all current account operations, including transfers of dividends, interest and other investment income,

may be made without restriction. Only certain outflowing and inflowing capital account operations need to be licensed by, or registered with, the NBK. Capital inflows are registered and monitored for statistical purposes only, but are not restricted.

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

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

ENFORCEMENT OF FOREIGN JUDGMENTS

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

The New Notes (other than New Notes denominated in Tenge), the New Notes Trust Deed and the paying agency agreement relating to the New Notes will be governed by English law and will provide that any claims, disputes or differences regarding their existence, termination or validity or any non-contractual obligations arising out of or in connection with such documents shall be referred to and finally settled by arbitration in accordance with the rules of the London Court of International Arbitration. The trustee and the relevant agents will have an option to elect that such disputes shall be heard instead by the courts of England.

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

RISK FACTORS

In addition to other information in this Information Memorandum, Claimants should carefully consider the following risk factors when considering the Restructuring Plan and selecting Options. The risks and uncertainties described below are the principal risks relating to the Bank, the Restructuring, the Kazakhstan banking sector and other relevant matters, however, they are not the only ones the Bank faces. Additional risks and uncertainties that the Bank is not aware of or that the Bank currently believes are immaterial may also adversely affect the Bank's business, financial condition or results of operations. If any of the risks or uncertainties described below come to fruition, the Bank's business, financial condition or results of operations, among other things, could be materially and adversely affected.

The order in which these risk factors are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Bank's business, financial condition, cash flows or results of operations.

Risks Relating to the Bank

Any failure to reach and maintain the minimum capital adequacy ratios following the Restructuring could lead to conservation or liquidation of the Bank.

The Bank is currently in breach of the minimum capital adequacy ratios established by the FMSA. According to the Pro Forma Financial Information, had the Restructuring been completed as at 30 June 2009, the Bank's estimated K1-1 (Tier 1 capital to total assets) and K2 (own capital to total assets weighted for risk) ratios calculated in accordance with FMSA regulations would be 8.9 per cent. and 12.8 per cent., respectively, as at 30 June 2009.

Following the Restructuring the Bank will be subject to the general minimum level requirements of 6.0 per cent. for K1-1 (Tier 1 capital to total assets) and K1-2 (Tier 1 capital to total assets weighted for risk) ratios and 12.0 per cent. for K2 (own capital to total assets weighted for risk) ratio. Starting from 1 July 2011, the general minimum required level for the K1-2 (Tier 1 capital to total assets weighted for risk) ratio will be 9.0 per cent.

Furthermore, the FMSA regulations require a bank which does not have amongst its shareholders a physical person holding at least 10.0 per cent. of such bank's shares to comply with higher capital adequacy ratios. Such ratios are 7.0 per cent. for the K1-1 (Tier 1 capital to total assets) and K1-2 (Tier 1 capital to total assets weighted for risk) ratios and 14.0 per cent. for the K2 (own capital to total assets weighted for risk) ratio. Starting from 1 July 2011, the minimum level requirement for the K1-2 (Tier 1 capital to total assets weighted for risk) ratio will be 10.0 per cent. for a bank which does not have amongst its shareholders a physical person holding at least 10 per cent. of such bank's shares.

The Bank may not have a physical person holding at least 10.0 per cent. of the Bank's Shares on the Restructuring Date. It is possible therefore that the Bank will be subject to increased capital adequacy requirements and that the minimum capital adequacy requirements applicable to the Bank following the Restructuring will be 7.0 per cent. for the K1-1 (Tier 1 capital to total assets) and K1-2 (Tier 1 capital to total assets weighted for risk) ratios and 14.0 per cent. for the K2 (own capital to total assets weighted for risk) ratio.

For reasons discussed above, the Bank will require more capital than it required previously in order to comply with the capital adequacy ratios following the Restructuring and there can be no assurance that the Bank will be able to comply with such ratios. Any such failure to reach the applicable minimum capital adequacy ratios on the Restructuring Date and to comply with the ratios following the Restructuring could lead to sanctions and other measures being applied by the FMSA, including forcing the Bank into conservation or mandatory liquidation.

The Bank entered into an agreement with the FMSA which restricts certain activities of the Bank.

On 28 April 2009, the Bank entered into an agreement with the FMSA following breaches by the Bank of the applicable regulatory requirements, including having overdue liabilities to depositors and failing to maintain the Bank's open currency position at the required level. Pursuant to the FMSA Agreement, the Bank agreed with the FMSA:

- to develop and present to the FMSA a restructuring and recapitalisation plan agreed with the creditors by not later than 15 July 2009 after assessing the extent of impairment of assets and the Bank's liquidity situation;

- to create additional provisions for loan losses totalling KZT 30,000 million by 6 July 2009;
- not to carry out any advertising campaigns to attract individual depositors and not to accept deposits from individual depositors in excess of KZT 5 million or the equivalent in any other currency; and
- to provide monthly reports to the FMSA on the progress made to implement measures required by the agreement.

On 10 July 2009, the agreement was amended and the FMSA confirmed that it would permit the Bank to maintain its banking licence and would not apply any of the provisions of Articles 46, 47 and 47-1 of the Banking Law until 30 October 2009. For a discussion of the measures that the FMSA may apply to banks under Articles 46, 47 and 47-1 of the Banking Law, see "*The Banking Sector in Kazakhstan — The FMSA's Compulsory Measures under the Banking Law*". The Bank is currently in discussions with the FMSA regarding the 30 October 2009 deadline and further steps.

The FMSA Agreement is in effect until all terms and conditions of the restructuring plan, as agreed by the FMSA, are fulfilled.

In accordance with the FMSA Agreement, the Bank discontinued its advertising campaigns to attract depositors, stopped accepting individual depositors' deposits exceeding KZT 5 million and submitted an indicative restructuring and recapitalisation plan to the FMSA on 14 July 2009. The Bank has also created the required provisions for loan losses totalling KZT 368,155 million (on the basis of Adjusted IFRS) during the six-month period ended 30 June 2009. The Bank reports to the FMSA on the progress of its implementation of the measures required under the FMSA Agreement on a monthly basis.

In addition, in the event that the Bank does not comply with its obligations under the FMSA Agreement and other regulatory requirements, it may become subject to sanctions and other measures being applied by the FMSA, including forcing the Bank into conservation or mandatory liquidation. See "*The Banking Sector in Kazakhstan — Financial Stability and Restructuring Reforms*" and "*The Banking Sector in Kazakhstan — The FMSA's Compulsory Measures under the Banking Law*".

The Bank will be controlled by Samruk-Kazyna, the State's sovereign wealth fund, whose interests may differ from the interests of the Bank or the Claimants.

As the Bank's majority shareholder with 67.0 per cent. of the Bank's share capital following the Restructuring, Samruk-Kazyna will be able to nominate two-thirds of the Board of Directors and to determine the outcome of corporate transactions or other matters submitted to the Bank's shareholders for approval. The Bank is currently in the process of preparing a New Charter that will reflect changes to the composition of the Board of Directors, approval matters and required majorities. See "*Management and Corporate Governance — Management and Corporate Governance Following the Restructuring — New Corporate Governance Code*" and "*Management and Corporate Governance — Management and Corporate Governance Following the Restructuring — New Charter*". As the State's sovereign wealth fund, with the goal of supporting and diversifying Kazakhstan's economy, the interests of Samruk-Kazyna may conflict with the interests of the Bank's other shareholders or the Claimants and there can be no assurance that Samruk-Kazyna will exercise influence over the Bank in a manner that is in the best interests of the Bank, its shareholders or the Claimants. In addition, being controlled by the Government may slow the Bank's decision-making process and may subject the Bank to the risk of bureaucracy and inefficiencies commonly attributed to state-controlled companies. Furthermore, because Samruk-Kazyna is controlled by the Government, there is a risk that any change of administration in Kazakhstan may result in Samruk-Kazyna's policies changing as well, and such new policies may conflict with the interests of the Bank, its shareholders and the Claimants. For a description of the current ownership of the Bank and the expected ownership after the Restructuring, see "*Principal Shareholders*".

Samruk-Kazyna may demand early repayment of funds allocated to the Bank under the State Finance Programmes if the Bank breaches conditions for the utilisation of the funds.

The Bank has been allocated significant funds by Samruk-Kazyna under the State Finance Programmes, including KZT 28,100 million under the SME State Finance Programme (which has been fully utilised apart from KZT 3,747 million which was returned to Samruk-Kazyna in 2007) and KZT 1,000 million under the Student Loans State Finance Programme (of which KZT 36 million had been utilised as at 30 June 2009).

Under the SME State Finance Programme, Samruk-Kazyna has the right to demand early repayment of funds allocated to the Bank if (i) the Bank does not make timely repayments of debt or interest, (ii) the Bank does

not use the proceeds in compliance with their stated purpose, (iii) the Bank's credit rating is downgraded by Fitch, S&P or Moody's by two or more notches, (iv) the Bank infringes the FMSA's prudential requirements in two consecutive months or its licence is suspended, (v) more than 10.0 per cent. of the Common Shares in the Bank are sold or transferred, if such transfer has a negative impact on the Bank's financial condition, or (vi) the Bank reports negative financial results for two consecutive quarters. The Bank breached the FMSA's prudential requirements two months in succession beginning in May and June 2009 and each month thereafter. As at the date of this Information Memorandum, the Bank has been assigned an "RD" long-term issuer default rating by Fitch. Although Samruk-Kazyna has not yet exercised its right to demand early repayment, it has not formally waived the Bank's breaches and there is therefore a risk that Samruk-Kazyna may demand early repayment at any time.

Under the Student Loans State Finance Programme, Samruk-Kazyna is entitled to unilaterally terminate the loan agreement at any time and demand repayment. Although Samruk-Kazyna has so far given no indication of an intention to exercise this termination right, there can be no assurance that it will not demand early repayment.

Any demand for early repayment under either of the above two State Finance Programmes could have a material adverse effect on the Restructuring and the Bank's business, financial condition, results of operations and prospects generally.

Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future.

In the course of the due diligence process it commenced in February 2009, the new management of the Bank identified transactions entered into by the Bank between 2006 and 2008 that were not properly recorded on the Bank's balance sheet. The transactions included guarantees issued by the Bank secured by pledges of the T Bills.

These guarantees covered borrowings by four offshore companies registered in the British Virgin Islands and Samoa from two Russian financial institutions. The pledged T Bills were held in brokerage accounts of these financial institutions and these institutions had the right to foreclose on them at their sole discretion by sale, exchange or otherwise.

In February and May 2009, the Bank was informed that the four offshore companies had defaulted on the payment of the loans, the Russian financial institutions had exercised their right to foreclose on the T Bills, and all the T Bills had been transferred out of the custody accounts of the Bank. Due to the likely losses under the guarantees, as at 31 December 2008, the Bank recognised a provision for the guarantees of KZT 136,972 million in the Annual Financial Statements. See the discussion on recognition of provisions in "*Presentation of Financial and Other Information — Historical Financial and Other Information*". Following further investigation, it became clear that the T Bills had been used to settle the guarantees. Part of the recovery process will involve further investigations to determine if the Bank has any claims against any party.

Investigations by law enforcement agencies are ongoing in Kazakhstan in order to determine whether fraud was committed by any of the relevant parties. The relationship between these parties and the Bank and its affiliates has not yet been fully investigated. The law enforcement agencies were not prepared to disclose the results of their investigations at the date of this Information Memorandum.

Another example of weakness in the Bank's internal controls is the sale of receivables to collection agencies which amounted to KZT 21,444 million as at 30 June 2009. In the fourth quarter of 2008, the Bank transferred non-performing loans and claims receivable from Alliance Policy, a related party, to eight debt collection agencies. The transferred loans and claims were written off the Bank's balance sheet. Under the terms of the transfer, the Bank was entitled to receive consideration for the transferred assets only if the collection agencies made recoveries beyond an agreed level. The Bank's new management believes that the collection agencies are related parties. The Bank's new management has made an estimate of the recoverability of amounts due from the collection agencies and has concluded that the Bank will not be successful in collecting such amounts because of such collection agencies' uncertain financial condition. As a consequence, the Bank recorded a provision in the amount of KZT 22,338 million as at 31 December 2008, which subsequently was reduced to KZT 21,444 million as at 30 June 2009 due to cash collections.

Between August 2007 and June 2008, the Bank entered into 10 forward sale transactions for aggregate amounts of U.S.$83.1 million, EUR 25.2 million and GBP 35.6 million. The transactions involved forward sale contracts for notes issued by the Bank's subsidiary, ALB Finance, entered into between the Bank and Interstar Millennium, a related party. The transactions were not recorded by the Bank and the forward sale transactions were cancelled in May 2009 with no payments made.

Given the internal control weaknesses in the Bank, other unrecorded transactions not known as at the date of this Information Memorandum may be uncovered in the future and may have a further adverse effect on the Bank's financial condition and recovery prospects. The Bank continues to investigate whether there are other such transactions and therefore it is possible that future losses will arise.

Certain former employees of the Bank are being investigated by Kazakhstan's law enforcement agencies. On 14 October 2009, the Economic Crime and Corruption Agency of Kazakhstan formally accused Mr. Margulan Seisembayev, the Chairman of the Board of Directors, Mr. Erlan Seisembayev, a shareholder of SAFC, and Mr. Arsen Saparov, the former Chairman of the Bank's Credit Committee, of stealing KZT 16,919 million from the Bank. According to press reports, a court order has been issued for the arrests of these individuals and the Kazakhstan authorities have declared to international police agencies that these individuals are sought by Kazakhstan authorities in relation to these matters. Mr. Margulan Seisembayev effectively discontinued his involvement in the activities of the Board of Directors after 4 June 2009 and his current location is unknown to the Bank. The Bank's former Chairman of the Management Board, Mr. Zhomart Yertaev, was arrested in August 2009, and the Bank's former Chief Accountant, Mr. Abylkassym Mamyrbekov, was arrested in September 2009. The Bank has no further information about the status of the investigations. See "*The Bank — Legal Proceedings*" and "*Management and Corporate Governance — Current Management and Corporate Governance — Board of Directors*".

As discussed above, there have been failures in the Bank's internal controls previously. Although the Bank has improved its systems to address the deficiencies, there can be no assurance that such new systems will be effective and that the Bank will not suffer losses from the failure of these controls to detect or contain operational risk in the future. Similar to other Kazakhstan banks, the Bank is susceptible to, among other things, fraud by employees or outsiders, unauthorised transactions by employees and operational errors, including clerical or record keeping errors and errors resulting from faulty computer or telecommunications systems. Given the Bank's high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. In addition, the Bank's management and financial reporting systems do not fully support its operations and a number of transactions are not fully automated, which may further increase the risk that human error or employee tampering or manipulation will result in losses that may be difficult to detect. Consequently, the inadequacy of the Bank's internal processes or systems may result in unauthorised transactions and errors not being detected. Further, the Bank's insurance may not cover the Bank's losses from such transactions or errors, which may have a material adverse effect on the Bank's financial condition or results of operations.

Transactions with unidentified related parties may cause future losses.

Certain customers and counterparties of the Bank may not have been properly identified as related parties. The Bank was unable to obtain appropriate evidence as to whether certain entities are related parties as at 31 December 2008 and 2007 and therefore the completeness of these disclosures is uncertain. Given the internal control weaknesses in the Bank, related party transactions with unusual terms not known as at the date of this Information Memorandum may be uncovered in the future and may have further adverse effects on the Bank's financial condition and recovery prospects.

Declines in customer deposits, which are an important source of funding for the Bank, have had and may continue to have an adverse effect on the Bank's funding base.

The Bank has experienced significant outflows of customer deposits throughout 2008 and 2009. The Bank's deposits from individuals decreased by 33.7 per cent. during the first six months of 2009 to KZT 60,341 million as at 30 June 2009 from KZT 91,004 million as at 31 December 2008, which was already a decrease of 6.8 per cent. from KZT 97,652 million as at 31 December 2007. The Bank's private corporate and SME deposits (excluding Samruk-Kazyna's deposits) decreased by 55.9 per cent. during the first six months of 2009 to KZT 43,190 million as at 30 June 2009 from KZT 98,040 million as at 31 December 2008, which was already a decrease of 28.9 per cent. from KZT 137,923 million as at 31 December 2007. Due to deposits totalling KZT 84,124 million made by Samruk-Kazyna in February 2009, the Bank's total customer deposits decreased by only 0.7 per cent. to KZT 187,655 million as at 30 June 2009 from KZT 189,044 million as at 31 December 2008.

If retail and private corporate and SME deposits continue to decline after the Restructuring, the Bank will face significant difficulties and may be unable to carry on its business as other sources of funding, both domestically and in the international markets, may not be readily available.

Lower expected growth of Kazakhstan's GDP in 2009 could put increasing pressure on the ability of the Bank's existing borrowers to repay their loans.

The Government expects the growth of Kazakhstan's GDP to remain slow throughout 2009 as a result of reduced oil prices, volatility in the real estate market, reduced access to credit for both corporates and households and the general weakening of business and consumer confidence in Kazakhstan. The Bank expects that lower GDP growth will put increasing pressure on the ability of its current borrowers to repay their existing loans and could therefore increase the Bank's losses from non-performing loans, which could adversely affect the Bank's business, financial condition, results of operations and prospects.

Concentration of the Bank's loan portfolio and deposit base and volatility in the real estate market subject it to risks.

As at 30 June 2009 and 31 December 2008, the Bank's 10 largest borrowers accounted for 18.1 and 16.7 per cent., respectively, of gross loans and advances compared to 13.4 per cent. as at 31 December 2007. Loans to the Bank's two largest borrowers (as discussed below) totalled KZT 52,500 million as at 30 June 2009 and 44,101 million as at 31 December 2008, representing 7.0 per cent. and 6.3 per cent., respectively, of gross loans and advances at such dates. Although the Bank's level of concentration in its lending base is relatively low when compared with those of its competitors, when the Bank resumes lending operations, the Bank will need to monitor the concentration of its loan portfolio and if it does not do this effectively, its credit exposure could increase, which would have a material adverse effect on the Bank's business, results of operations and financial condition.

Of the 10 borrowers the Bank is most exposed to, some are involved in sectors that may be affected by the decline in the real estate market, particularly the sectors relating to construction. The Bank's two largest borrowers in particular are in the retail construction business and currently, to the Bank's knowledge, do not have positive cash flows. In addition, a substantial amount of the Bank's loans to customers are secured by real estate. As at 30 June 2009, 65.3 per cent. of net loans to customers were collateralised by real estate. Real estate prices in Kazakhstan and Russia, which increased rapidly from 2002 to 2007, have dropped sharply since June 2007. The recent declines in the price of real estate in Kazakhstan have increased the price volatility and consequently have made it difficult to value certain collateral held by the Bank. The collateral value ultimately realised by the Bank in the event of foreclosure of these customer loans will depend on the fair value as determined at that time and may be materially different from the current or estimated fair value. Also, the real estate market in Kazakhstan suffers from low liquidity and the Bank may be unable to liquidate its real estate collateral in a reasonably short time frame. As a result, in the event that a portion of the Bank's loans to customers secured by real estate go into default, the Bank may not be able to recoup the full value of the loan by taking ownership and disposing of the underlying real estate, which may result in a material adverse impact on the Bank's results of operations and financial condition.

The Bank's loan portfolio has a significant geographical concentration in the Almaty region. As at 30 June 2009 and 31 December 2008, the Bank had loans originated in Almaty totalling KZT 560,065 million and KZT 446,721 million, respectively, which represented 75 per cent. and 64 per cent. of the Bank's loan portfolio, respectively.

In the Bank's deposit base, as at 30 June 2009 and 31 December 2008, its 10 largest customers accounted for 55.8 per cent. and 21.4 per cent. of total liabilities, respectively, compared to 21.5 per cent. as at 31 December 2007. The concentration in the Bank's deposit base is primarily due to Samruk-Kazyna's deposits totalling KZT 84,124 million as at 30 June 2009, representing 44.8 per cent. of the Bank's total customer accounts. Other than Samruk-Kazyna's deposits, the Bank does not have significant concentrations in its deposit base.

Concentration of the Bank's loan portfolio and deposit base could adversely affect the Bank's business, financial condition, results of operations and prospects.

The continuing decline in value of the Bank's loan portfolio will likely lead to a gradual seasoning of the Bank's loan portfolio which may increase the proportion of loan defaults.

The Bank's net loan portfolio decreased by 9.4 per cent. to KZT 392,762 million as at 30 June 2009 from KZT 433,475 million as at 31 December 2008, which in turn represented a decrease of 52.1 per cent. from KZT 819,194 million as at 31 December 2007. Because the Bank's loan portfolio is expected to continue to decline in value, and the Bank has not been originating new loans, it is likely that the Bank will experience a gradual seasoning of its loan portfolio, with the concentration of older loans in the portfolio becoming more

significant. Therefore, as a result of the expected gradual seasoning of its loan portfolio, the Bank could experience a further increase in the percentage of its loans which are non-performing after the Restructuring which could adversely affect the Bank's business, financial condition, results of operations and prospects.

The Bank's focus on the retail and SME sectors could have an adverse effect on its business, results of operations and financial condition.

Historically, the Bank's strategy has been focused on the retail and SME sectors and these sectors will continue to represent a significant part of the Bank's loan portfolio following the Restructuring. As a general rule, concentration of a bank's loan portfolio in the retail and SME sectors may increase such bank's credit risk. SME and retail customers typically are less financially resilient than larger borrowers and the ongoing financial crisis and other negative developments in Kazakhstan's economy could therefore adversely affect these customers to a greater degree than larger borrowers. Further, there is generally less financial information available about smaller companies and retail customers, and banks may have difficulty accurately assessing the creditworthiness of these customers.

Prior to 2007, the Bank significantly expanded its retail loan portfolio and the proportion of unsecured loans in its portfolio increased substantially. The decline in the proportion of collateralised loans in the Bank's loan portfolio contributed to an increase in the percentage of non-performing loans in the Bank's loan portfolio, and as at 30 June 2009, non-performing loans constituted 37.3 per cent. of the Bank's gross loan portfolio. Due to the deteriorating quality of its loan portfolio, the Bank recorded additional provisions and as at 30 June 2009, 17.9 per cent. of the Bank's retail portfolio was provisioned at the 100.0 per cent. level and 52.5 per cent. of the Bank's SME portfolio was provisioned at the 100.0 per cent. level. The Bank believes that such level of provisioning is sufficient to absorb probable incurred losses in the portfolio. However, further deterioration of the existing retail and SME portfolio of the Bank may cause further increase in provisions and there can be no assurance that the Bank's business and financial condition in the future will not be affected by a further weakening in the condition of its retail and SME customers.

The Bank faces significant competition, which may increase in the future.

The Bank is subject to significant competition from both domestic and foreign banks. As at 30 June 2009, there were 37 commercial banks in Kazakhstan (excluding the NBK, the DBK and Zhilstroysberbank), of which 17 were banks with foreign shareholders, including the subsidiaries of foreign banks. In addition, regulatory changes may make it easier for foreign banks to increase their market presence in Kazakhstan. As at 30 June 2009, the Bank's net assets constituted 4.9 per cent. of the total assets of the banking system in Kazakhstan.

There are relatively few large corporate customers that do not have established banking relationships, which means that competition in the corporate sector is intense. The corporate lending sector has begun to mature, which has driven banks to find other sources of revenue, primarily in SME and retail banking.

In the past, the Bank has faced competition primarily from banks which focus on the retail banking market, including Halyk Bank and Bank CenterCredit. According to the FMSA, the Bank is currently the sixth largest bank in Kazakhstan, as measured by total net loans. As a result of the ongoing financial crisis, the Bank faces greater competition from other banks as larger banks in more stable financial positions will aim to increase their market shares in all sectors of the market. In particular, the Bank faces competition attracting and retaining individual depositors.

While foreign banks have not historically posed a significant competitive threat and generally have been scaling back their operations in Kazakhstan since 2008, competition from foreign banks may create a more difficult environment for the Bank in the future. Some foreign banks have significantly greater resources and cheaper sources of funding than the Bank. Foreign banks also have greater international experience and stronger brand names, allowing them to target the most attractive 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, SME and retail banking sectors in the long-term, which may negatively affect the Bank's results in the future.

Competition from domestic and foreign banks for customers could place pressure on the Bank's net interest margin. If the Bank loses customers or is unable to attract customers at rates greater than its competitors, its future business, results of operations and financial condition could be materially adversely affected.

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

The Bank relies heavily on information systems to conduct its business and is currently upgrading a number of its information technology systems relating to management and financial reporting, risk management and client relationship management. However, there can be no assurance that the improved information technology systems will be developed according to schedule or that the new systems will address all of the shortcomings of the current systems. In addition, competitors may develop their information technology more rapidly and successfully than the Bank. Furthermore, any failure of, interruption in, or breach in security of the Bank's systems could result in failures or interruptions in the Bank's risk management, deposit servicing and/or loan origination systems or errors in its accounting books and records. The Bank has developed back-up systems, including two back-up data centres in Almaty, and it plans to develop another back-up centre in Astana in 2010. However, if these back-up systems were to prove inadequate in the event of an information systems failure, the Bank might be unable to serve some customers' needs on a timely basis, might incur substantial information retrieval costs, might lose customers' business and might become liable to such customers as a result of any loss or damage suffered by such customers. In addition, any security breach of the Bank's automated credit scoring system could result in the inappropriate disclosure of confidential customer information, which could harm the Bank's reputation and subject it to the risk of litigation. Moreover, the Bank is exposed to the risk that the third parties on which it relies for a portion of its loan origination and other services experience failures, interruptions or breaches of their information technology systems. No assurance can be given that such failures or interruptions will not occur or that the Bank will adequately address them if they do occur. The occurrence of any failures or interruptions or the failure to properly implement or upgrade any of the Bank's information technology systems could have a material adverse effect on the Bank's business, results of operations and financial condition.

The Bank's risk management strategies and techniques expose the Bank to a number of unidentified or unanticipated risks.

Although the Bank expects to invest substantial time and effort in improving and monitoring its risk management strategies and techniques, it may nevertheless fail to adequately manage risks under certain circumstances, particularly when it is confronted with risks that it has not identified or anticipated. If circumstances arise that the Bank has not identified or anticipated in developing its statistical models, its losses could be greater than expected. If its measures to assess and mitigate risk prove insufficient, or if its models yield inaccurate results or incorrect valuations, the Bank may experience material unexpected losses.

The Bank is exposed to significant interest rate risk.

The majority of the Bank's loans are fixed-rate agreements. Although the agreements often contain clauses allowing the Bank to change interest rates, in October 2008 the Banking Law was amended to prohibit banks from changing interest rates unilaterally. These amendments have retrospective effect and apply to any loan agreements entered into before and after their enactment. The Bank's ability to mitigate interest rate risks is therefore extremely limited and its financial condition may be negatively affected.

The Bank is exposed to foreign currency exchange risk and will continue to have significant foreign currency risk exposure following the Restructuring.

The Bank's foreign currency exchange exposure increased immediately after the early termination of the cross-currency swap transactions. See "*Asset and Liability Management — Foreign Currency Management*". Currently the Bank has significant exposure to foreign currency exchange rate fluctuations because it has not entered into new swap transactions. Furthermore, following the Restructuring, the Bank's debt will be denominated predominantly in U.S. Dollars and the Bank will continue to be significantly exposed to foreign currency risk. The Bank anticipates that it will enter into cross-currency swap transactions in the future to hedge against foreign currency exchange risk following the completion of the Restructuring, in order to comply with the NBK's and the FMSA's requirements related to the open foreign currency position of the Bank. However there can be no assurance that the Bank would actually be able to enter into such swap transactions in the future.

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

The Bank has recently appointed new senior management to oversee implementation of its strategy and its day-to-day operations. The banking industry is relatively new in Kazakhstan and there are a limited number of

experienced banking managers in the country. There is also a high level of competition for the services of these individuals. While the Bank believes it has been successful in attracting skilled and motivated employees and officers, it may be at risk of losing qualified personnel to its competitors. This risk is further compounded by the overall instability within the Bank as a result of the ongoing restructuring and financial difficulties faced by the Bank. The loss of the Bank's senior management for any reason could have a material adverse effect on the Bank's business, results of operations and financial condition.

Risks Relating to Operating within the Kazakhstan Banking Sector

It is not possible to predict the full impact on the Bank of the financial stability laws in Kazakhstan, which are currently in the early stages of implementation.

On 23 October 2008, the Kazakhstan Parliament adopted the law No. 72-IV ZRK on Stability of the Financial System. The law introduced numerous amendments to the Banking Law, the JSC Law and the Securities Market Law.

Under the new law, in the event of (i) a breach by a bank of capital adequacy or liquidity ratios; or (ii) two or more breaches by a bank in any twelve-month period of any other prudential or other mandatory requirements, the Government may, with the agreement of the FMSA, acquire, either directly or through Samruk-Kazyna, the authorised shares of any bank in Kazakhstan to the extent necessary (but not less than 10 per cent. of the total amount of issued and outstanding shares of such bank, including those to be acquired by the Government or Samruk-Kazyna) to improve such bank's financial condition and ensure compliance with prudential or other mandatory requirements. The new law provides that the management and shareholders of an affected bank do not have the right to approve any such acquisition, and any shares issued as part of any such acquisition may be issued without granting pre-emptive rights to existing shareholders. Following such an acquisition, the state body appointed by the Government to manage the acquired bank or Samruk-Kazyna is authorised to appoint no more than 30 per cent. of the members of the board of directors and the management board of the affected bank.

The main objectives of the new financial system stability law are to improve early detection mechanisms for risks in the financial system, to provide powers to the Government to acquire shares in commercial banks that face financial problems and to improve the overall condition of financial institutions in Kazakhstan. The law also consolidates authority to oversee large and second-tier Kazakhstan banks and provides additional mechanisms for supervising commitments made by banks and other financial institutions.

The financial system stability law is currently in the early stages of its implementation and it is not possible to predict its full impact on the Bank.

Changes in the liquidity support for the Kazakhstan banking sector may have an adverse impact on the Bank.

The NBK and the Government have taken steps, including the provision of short term liquidity support, to protect the Kazakhstan banking sector from the recent turmoil in the financial markets.

Starting in the second half of 2008, the NBK adopted a number of measures aimed at providing additional liquidity to the banks. In particular, minimum reserve requirements have been changed several times. Starting from 3 March 2009, the requirements were revised to 1.5 per cent. of total liabilities with respect to most of domestic liabilities and 2.5 per cent. of total liabilities with respect to other, including foreign, liabilities. Additional measures taken include the deposit of temporary excess cash of national companies, enterprises and joint stock companies which are wholly or partially owned by the State or controlled by the NBK into local commercial banks, and the establishment of JSC Distressed Assets Fund to buy doubtful assets, in particular mortgages, of commercial banks.

If the NBK and the Government were to withdraw their liquidity support it would lead to decreased overall liquidity in the Kazakhstan banking sector. This decreased liquidity would likely result in an increase in the Bank's funding costs which would adversely affect the Bank's business, financial condition, results of business and prospects.

Risks resulting from failures in Kazakhstan's banking industry could adversely affect the Bank.

Since the peak of the banking crisis at the beginning of this year, BTA Bank and the Bank, two large Kazakhstan banks which jointly represented 33.2 per cent. of the total assets of the banking system in Kazakhstan as at 31 December 2008, have defaulted on their contractual payments and breached certain regulatory

requirements of the FMSA. Astana Finance, which is a non-bank financial holding company that owns companies that provide lease financing, commercial and residential mortgages and is 25 per cent. owned by the state, announced a moratorium on the repayment of its debt in May 2009. The Kazakhstan banking system remains under stress with banks seeking to deleverage through partial repayments and debt restructurings. Further defaults and debt restructuring cannot be ruled out. This could in turn have an adverse effect on the Restructuring and the Bank's ability to receive support from Samruk-Kazyna, as the Government's resources may become strained and the Government may be required to allocate support and funds selectively.

The current ongoing crisis in the global financial markets and deterioration of general economic conditions have adversely affected the Bank's results of operations and financial condition and could continue to cause them to decline.

In recent months, the global economy and the global financial system have been experiencing a period of significant turbulence and uncertainty, particularly the very severe disruption of the financial markets around the world that began in August 2007 and which has substantially worsened since September 2008 with adverse consequences for many large global commercial and investment banks, insurance companies and other financial institutions. This disruption has severely impacted general levels of liquidity and the availability of credit together with the terms on which credit is available. Governments around the world, including that of Kazakhstan, have sought to inject liquidity into banking systems and to recapitalise their banking sectors to reduce the risk of systemic failure and increase confidence in the financial markets.

This market disruption has also been accompanied by a slowdown in many economies including that of Kazakhstan. These developments have already adversely affected the Bank's earnings and profits. Continued general deterioration in the world economy, including business and consumer confidence, unemployment trends, the state of the housing market, the commercial real estate sector, equity markets, bond markets, foreign exchange markets, counterparty risk, inflation, the availability and cost of credit, lower transaction volumes in key markets, the liquidity of the global financial markets and market interest rates, would further reduce the level of demand for, and supply of, the Bank's products and services, would lead to lower realisations as well as writedowns and impairments of investments and negative fair value adjustments of assets, and could materially and adversely impact the Bank's operating results, financial condition and prospects.

The Kazakhstan banking sector has been particularly affected by the lack of availability of international wholesale debt financing and the volatility of deposits. Banks in Kazakhstan have previously relied heavily on the international debt markets as a source of funding. The high dependence on capital market funding poses a significant refinancing risk for both individual banks and the banking system as a whole. Wholesale debt financing has now become significantly more expensive. If the availability of international wholesale debt financing continues to be limited or available at significantly higher costs or if the Bank suffers from increased volatility of its deposit base, this could adversely affect the Bank's business, financial condition, results of operations and prospects. The effect of any of these conditions may be exacerbated by the deterioration of the financial condition of other banks in Kazakhstan.

The full range and consequences of the risks faced by the Bank are difficult to predict and guard against in view of the fact that many of those risks are either partially or entirely outside the control of the Bank and may be exacerbated by the severity of the financial crisis.

The Bank faces increased risks related to the devaluation of the Tenge.

A large proportion of the Bank's funding base is made up of borrowings in currencies other than Tenge whereas the vast majority of its income is in Tenge. While the proportion of the Bank's funding base denominated in currencies other than Tenge will decrease after the Restructuring, it will remain significant.

On 4 February 2009, the NBK reduced its level of support for the Tenge/U.S. Dollar exchange rate from KZT 117 – KZT 123 to 1 U.S. Dollar to KZT 150 to 1 U.S. Dollar (+/- 3 per cent.). This devaluation was due in part to recent pressure on the balance of payments of Kazakhstan as a result of a decline in commodity prices (in particular oil and gas) in the international markets. The devaluation of the Tenge was also intended to enhance the competitiveness of Kazakhstan goods in the export market.

This devaluation increased the cost of foreign borrowings for the Bank. Further, the devaluation of the Tenge will likely affect the Bank's costs as the majority of the Bank's funding base is denominated in U.S. Dollars, whereas income from its loan portfolio is typically denominated in Tenge. A further devaluation or depreciation of the Tenge against the U.S. Dollar or other foreign currencies could negatively affect the Bank in a

number of ways, including, among other things, by causing a further outflow of Tenge deposits, by increasing the actual cost to the Bank of financing its U.S. Dollar based liabilities and by making it more difficult for Kazakhstan borrowers to service their U.S. Dollar loans. Any of these developments may have a material adverse effect on the Bank's business, financial condition and results of operations.

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

Kazakhstan's system for gathering and publishing statistical information relating to the Kazakhstan economy generally, or specific economic sectors within it, or corporate or financial information relating to companies or other economic enterprises, is not as comprehensive as those of many countries with established market economies. Moreover, the Bank's customers, particularly in the SME sector, may not have detailed financial information regarding their creditworthiness. Under-reporting of income in Kazakhstan, which is common, also makes it more difficult for the Bank to make accurate credit assessments. Thus, the statistical, corporate and financial information, including annual financial statements and recognised debt rating reports, available to the Bank as well as other Kazakhstan banks relating to prospective and existing corporate borrowers or other clients makes the assessment of credit risk, including the valuation of collateral, more difficult. Although the Bank ordinarily estimates the net realisable value of collateral in determining any collateralisation requirements, the difficulties associated with accurately assessing the post-enforcement value of collateral may result in the Bank extending loans without the necessary collateral to support them.

The First Credit Bureau is a private company created on 29 July 2004 by Bank TuranAlem, Kazkommertsbank, Bank CenterCredit, Halyk Bank, Tsesna Bank, ATF Bank, Alliance Bank, Astana Finance and the Association of Financiers of Kazakhstan pursuant to the "Law on Credit Bureaus and Credit History" of Kazakhstan dated 6 July 2004. The First Credit Bureau manages a database containing the credit histories of individuals and legal entities in Kazakhstan. The FMSA requires all credit institutions to provide information about their borrowers to the First Credit Bureau. Commercial banks can then purchase information about potential or existing borrowers from the First Credit Bureau. First Credit Bureau charges a fee on each request made by a bank, which varies depending on the amount of detail requested by the bank with respect to the individual borrower. Although the FMSA's requirement to provide information to the First Credit Bureau should insure that the Bureau's records are comprehensive and up to date, there can be no assurance that all banks do indeed comply with this requirement or that the information is ultimately accurate and reliable.

Changes in banking regulations in Kazakhstan may adversely affect the Bank's business.

The Bank operates in a highly regulated environment. However, like most of Kazakhstan's legislation regarding business activities, Kazakhstan's laws regarding banks and banking activities have been adopted only relatively recently and are subject to change, which could be rapid and unexpected. It is difficult to forecast how changes in banking and financial regulation may affect the Kazakhstan banking system, and no assurance can be given that the regulatory system will not change in a way that will impair the Bank's ability to provide a full range of banking and financial services or to compete effectively, thus materially and adversely affecting the Bank's financial condition or results of operations.

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

In February 2007, to reduce the risks associated with rapid growth in the external debt of Kazakhstan banks, the FMSA introduced certain amendments to Kazakhstan's capital adequacy regulations. These regulations limit the total amount of foreign borrowings which a bank may incur to a multiple of such bank's regulatory capital. Although the Bank fully complies with those particular regulations as at the date hereof, this limitation on the Bank's ability to access foreign lenders and the international capital markets may adversely affect the Bank's ability to secure adequate financing in the future. See "*The Banking Sector in Kazakhstan*".

The future implementation by the FMSA of the recommendations of the Basel II Framework may impose constraints on the Bank's business which may materially and adversely affect the Bank's business and financial condition or results of operations. See "*The Banking Sector in Kazakhstan — Banking Supervision*".

Risks Relating to Kazakhstan

Kazakhstan is subject to the risks associated with emerging markets generally.

Emerging markets such as Kazakhstan are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Claimants should also note that emerging economies such as that of Kazakhstan are subject to rapid change and that the information contained in this Information Memorandum may become outdated relatively quickly. Accordingly, Claimants should exercise particular care in evaluating the Options and the risks involved and must decide for themselves whether, in light of those risks, their decision is appropriate. Claimants are urged to consult with their own legal and financial advisers before making any decision with respect to the Restructuring.

In addition, the availability of credit to entities operating within the emerging markets is significantly influenced by the level of investor confidence in such markets as a whole and as such any factors that affect investor confidence (for example, a decrease in credit ratings or state or central bank intervention in one market) could affect the price or availability of funding for entities within any of these markets.

The Kazakhstan corporate governance and disclosure laws which apply to the Bank are different from those generally applicable to corporations organised in the United States, the United Kingdom and other jurisdictions.

The Bank's governance is subject to the laws governing companies incorporated in Kazakhstan and to the Bank's Charter and Corporate Governance Code. The Bank's corporate governance policies were not particularly sophisticated in the past, which contributed to deficiencies in the Bank's internal control and credit system. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*". The corporate governance regime in Kazakhstan is less developed than that in the United States and the United Kingdom and the rights of shareholders and the responsibilities of members of the board of directors and the management board under Kazakhstan law are different from those generally applicable to corporations organised in the United States, the United Kingdom and other jurisdictions.

A principal objective of the securities laws of the United States, the United Kingdom and certain other countries is to promote the full and fair disclosure of all material corporate information to the public. Although the Bank is subject to certain disclosure requirements under Kazakhstan law, these requirements are less stringent than the comparable requirements in the United States, the United Kingdom and certain other jurisdictions and, therefore, there is less information publicly available about the Bank than would be required if the Bank were organised in the United States, the United Kingdom or certain other jurisdictions.

The Government has stated that it intends to continue to reform the corporate governance regulations with a view towards increasing disclosure and transparency in the corporate sector in order to promote growth and stability. However, the Government may not continue to pursue such a policy in the future or such policy, if continued, may not ultimately prove to be successful. It is not possible to predict the effect of future legislative developments on the Bank.

The Bank is in the process of improving its corporate governance and expects to adopt a New Corporate Governance Code following the Restructuring. The Bank anticipates that the New Corporate Governance Code will include provisions on the role and responsibilities of the members of the Bank's Board of Directors, their selection procedures and the monitoring of their performance, the Bank's internal controls and risk management and the Bank's disclosure and reporting obligations to its shareholders following the Restructuring. Following the Restructuring, the Bank also plans to arrange for an annual audit of the Bank's corporate affairs and governance policies by an independent "big four" accounting firm and remedy any identified non-compliance within six months of the date of such audit report.

While the planned improvements should bring the Bank's corporate governance standards closer to those in the United Kingdom and the United States, there can be no assurance that such amended governance standards will prove to be effective or that they will be implemented in a proper manner.

The Bank may be subject to money laundering risks.

The existence of "black" and "grey" market economies in Kazakhstan (typical in developing countries), inconsistent legislation and the lack of administrative guidance on its interpretation increase the risk of Kazakhstan's financial institutions being used as vehicles for money laundering.

The Parliament of Kazakhstan has recently adopted the Law of the Republic of Kazakhstan on Prevention of Legalisation (Laundering) of Illegal Income and Terrorism Financing No. 191-IV dated 28 August 2009. This law is expected to become effective in March 2010.

The new law identifies various types of transactions subject to financial monitoring and establishes thresholds for each of them, such as (i) exchanges of cash equalling or exceeding the equivalent of KZT 7 million, (ii) withdrawing from, or crediting funds to, bank accounts equalling or exceeding the equivalent of KZT 7 million, (iii) insurance payments equalling or exceeding the equivalent of KZT 7 million and (iv) transactions in securities or immovable property equalling or exceeding the equivalent of KZT 45 million. Banks, pension funds, insurance and reinsurance companies and certain other financial institutions and individuals are obliged to monitor any such transactions entered into by their clients by conducting diligence as outlined in the law with respect both to the clients and the transaction. In case it is not possible to conduct such diligence, the financial institution must prevent their clients from entering into such a transaction. The law requires any suspicious transaction to be reported to an authorised state body.

The Bank has implemented measures aimed at preventing it from being used as a vehicle for money laundering, including "know your client" policies and the adoption of anti-money laundering and compliance procedures in all its branches. However, there can be no assurance that attempts to launder money through the Bank will not be made or that anti-money-laundering measures implemented by the Bank will be effective. If the Bank were associated with money laundering, albeit only through the failure of its anti-money laundering measures, or if it were unable to comply with all of the relevant laws and internal policies regarding financial assistance or money laundering, it could be subject to significant fines as well as harm to its reputation, and its business, financial condition and results of operations may be materially and adversely affected.

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

Kazakhstan became an independent sovereign state in 1991 as a result of the dissolution of the former Soviet Union. Since then, Kazakhstan has undergone significant change as it has 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, 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. However, as with any transition economy, there can be no assurance that such reforms and other reforms described elsewhere in this Information Memorandum will continue or that such reforms will achieve all or any of their intended aims. Kazakhstan depends on neighbouring countries to access world markets for a number of its major exports, including oil, gas, 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 and has taken various steps to promote regional economic integration among neighbouring countries. In September 2003, Kazakhstan signed an agreement with Ukraine, Russia and Belarus for the creation of a single economic zone, which is expected to result in common economic policies, harmonisation of legislation implementing such policies and the creation of a single commission on trade and tariffs. The aim of the single economic zone is to create a free customs area within which member countries would enjoy free movement of goods, services, capital and labour. The member countries also intend to harmonise their fiscal, credit and currency policies to support further economic integration with the CIS countries and to assure continued access to export routes. However, should access to export routes be materially impaired, this could adversely affect the economy of Kazakhstan. Moreover, adverse economic factors in the markets of such member countries may adversely affect Kazakhstan's economy.

Although Kazakhstan has in the recent past enjoyed relative political stability, it could be adversely affected by political unrest in the Central Asian region. Additionally, in common with other countries in Central Asia, Kazakhstan could be adversely affected by terrorism or by military or other action taken against sponsors of terrorism in the region.

According to figures compiled by the NSA, GDP grew in real terms following the adoption of a floating exchange rate policy in April 1999, increasing by 13.5 per cent. in 2001, 9.8 per cent. in 2002, 9.2 per cent. in 2003, 9.4 per cent. in 2004, 9.4 per cent. in 2005, 10.7 per cent. in 2006 and 8.9 per cent. in 2007. In 2008, the pace of the GDP growth decreased, such that the GDP increased by only 3.2 per cent. in 2008. GDP decreased by 2.3 per cent. during the six-month period ended 30 June 2009.

Kazakhstan is currently experiencing a general economic slowdown which has resulted and is likely to continue to result in higher unemployment, reduced corporate profitability, increased corporate insolvency rates, increased personal insolvency rates and increased interest rates. This in turn may reduce borrowers' ability to repay loans, cause prices of residential or commercial real estate or other asset prices to fall further, thereby reducing the value of the collateral securing many of the Bank's loans and increasing writedowns, and negatively affect the ability and willingness of companies and individuals to place deposits with domestic banks, including the Bank.

The Kazakhstan economy is highly dependent on oil exports and, as a result, is affected by oil price volatility.

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

The sharp drop in world prices for oil and other commodities since mid-2008 has had a negative impact on the growth prospects of the Kazakhstan economy.

The national budget for 2009-2011 initially projected revenues on the basis of world oil prices of U.S.$60 per barrel. These projections have been subsequently revised to U.S.$40 per barrel in light of the continuing decline in world oil prices. Although oil prices have recovered for the time being, there can be no assurance that further revisions of the national budget will not be required in light of continuing oil price volatility.

The Kazakhstan regulatory and tax regime, as well as the judicial system, are not fully developed and therefore are unpredictable.

Although a large volume of legislation has come into force since early 1995 (including a new tax code in January 2002 and laws relating to foreign arbitration and foreign investment in January 2009, additional regulation of the banking sector and other legislation covering such matters as securities exchanges, economic partnerships and companies, state enterprise reform and privatisation), the legal framework in Kazakhstan is still in 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 to public officials, administrative decisions have been inconsistent, and court decisions have been difficult to predict.

Further, due to numerous ambiguities in Kazakhstan's commercial legislation, in particular in its newly adopted 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 the lack of any established system of precedent or consistency in legal interpretation, the tax risks involved in doing business in Kazakhstan are substantially more pronounced than in jurisdictions with a more developed tax system.

The Bank expects that there will be additional revenue raising measures which may result in significant additional taxes becoming payable. Additional tax exposure could have a material adverse effect on the Bank's business and financial condition and on the results of operations of companies operating in Kazakhstan. The new Tax Code, which entered into force on 1 January 2009, introduced numerous changes to the existing tax regime and it is not clear how this new legislation will be interpreted and applied.

Kazakhstan's president, Nursultan Nazarbaev, has been in office since 1991 and, if he were to lose power, Kazakhstan could become unstable.

Kazakhstan's president, Nursultan Nazarbaev, has been in office since Kazakhstan became an independent sovereign state in 1991. Under President Nazarbaev's leadership, the foundations of a market economy have taken hold, including the privatisation of state assets, liberalisation of capital controls, tax reforms and pension

system development. President Nazarbaev was re-elected for his most recent term of office in December 2005. In May 2007, Kazakhstan's Parliament voted to amend Kazakhstan's constitution to allow President Nazarbaev to run in an unlimited number of elections. While this amendment will allow President Nazarbaev to seek re-election at the end of his current term, there is no guarantee that he will remain in office. Should he fail to complete his current term of office or should a new president be elected at the next election, Kazakhstan's political situation and economy could become unstable and the investment climate in Kazakhstan could deteriorate, which would have a material adverse effect on the Bank's business, results of operations and financial condition. Conversely, although President Nazarbaev's remaining in office may contribute to stability in Kazakhstan, the constitutional amendment in May 2007 has raised some concerns regarding democratic reforms. A lack of confidence in the democratic nature of Kazakhstan's government could threaten the country's economic stability, which could have a material adverse effect on the Bank's business, results of operations and financial condition.

Risks Relating to the Restructuring

Loan loss provisions have increased significantly since 30 June 2009 and whilst measures are being taken to decrease provisioning levels, if these measures are not successful, the Bank's Restructuring may not be completed.

From 30 June 2009 to 30 September 2009, the amount of loan loss provisions of the Bank (based on Adjusted IFRS) increased by approximately KZT 61,000 million (from 31 May 2009 to 30 October 2009 the increase was approximately KZT 95,600 million). The increase in loan loss provisions is largely due to the large number of non-performing loans in the Bank's portfolio being moved from the 30 to 60 days overdue category to the 60 to 90 days overdue category. The Bank's management is currently working on a strategy to reduce the level of provisions on its loans to the level in place as at 30 June 2009. The Bank's management is hoping to achieve this by implementing the following measures:

- increasing efforts to increase repayments of non-performing corporate and SME loans;
- restructuring corporate and SME loans by implementing new payment schedules based on analyses of the financial positions of the relevant borrowers;
- initiating programmes, such as the three-month "Repay a loan with no fine" campaign which commenced on 1 September 2009, with the aim of improving the quality of the Bank's retail loan portfolio;
- appointing more effective collection agencies and terminating contracts with less effective collection agencies; and
- seeking investors to purchase some of the Bank's non-performing loan portfolios.

The Bank can give no assurances that any of these measures will be successful. If these measures are not successful, the recapitalisation of the Bank envisaged by the Restructuring Plan will be insufficient for the Bank to meet the applicable capital adequacy requirements of the FMSA and the Bank will be unable to certify that it has the capacity to sustain debt in an amount equal to at least U.S.$800 million of senior debt (excluding Trade Finance Debt and notes issued by Alliance DPR Company) and approximately U.S.$120 million of subordinated debt. In the event such a certification cannot be provided, the Restructuring may not be completed.

Furthermore, even if the Bank is able to provide this certification, it will be based on management accounts prepared at the relevant time. In addition, pursuant to the implementation of the Allocation and Reallocation of Claims Mechanism, the Bank must comply with regulatory capital requirements but must not exceed the minimum capital adequacy ratio required by the regulations applicable to the Bank be restored. As a result, in the event the Bank's regulatory capital decreases soon after the Restructuring Date, the Bank may be in breach of the applicable capital adequacy ratios applicable to it, which in turn could threaten the Bank's ability to operate and trigger events of default under the terms of the restructured debt. In addition, the provisioning policy of the FMSA could change, which would have an impact on the extent of the recapitalisation required for the Bank. See "*Selected Statistical and Other Information — Lending Policies and Procedures — Provisioning Policies and Write-Offs*".

The Restructuring Law has not been tested in practice and there can be no assurance that any restructuring effected under such legislation, including the Restructuring, will be recognised internationally.

Prior to July 2009, there was no law in Kazakhstan which would allow for creditor claims of Kazakhstan finance institutions to be restructured without the consent of all affected creditors. Creditors not wishing to

participate in a restructuring had the ability to set off their claims against a bank's assets or bring litigation in any jurisdiction where any of those assets were located. The central proposition of the Restructuring Law is that creditors holding at least two-thirds of the bank's obligations by value subject to the restructuring may, through a fair and transparent process, approve the plan and that this approval will ultimately bind dissenting minority creditors.

The restructuring process set out in the new Restructuring Law is designed to be fair to the affected creditors. However, as at the date of this Information Memorandum, it has not been tested in practice.

A compulsory restructuring arrangement will not bind foreign creditors in respect of assets held outside of Kazakhstan unless the local Kazakhstan restructuring is recognised in the countries where such creditors or assets are located. It is essential that a bank which makes international currency payments obtains protection from its creditors internationally or else all international transfers will be frozen by creditors and the bank's operations will be limited to transactions in Tenge only.

The Restructuring Law was designed to be capable of international recognition in countries (such as the United Kingdom and the United States) which have adopted legislation based on the Model Insolvency Law. However, there can be no assurance that the Restructuring of the Bank, if approved, will be recognised by a court abroad. If the Restructuring is not capable of international recognition, the Bank's assets outside Kazakhstan may be frozen by creditors. As a result, the Bank's business will be significantly affected and the Bank may be limited to transactions within Kazakhstan.

Certain aspects of the Restructuring require the FMSA to take steps over which the Bank has no control and which could delay or frustrate the restructuring process.

Certain aspects of the Restructuring require the FMSA to take steps over which the Bank has no control and which could delay or frustrate the restructuring process.

Under the Restructuring Law, if a restructuring plan has been approved by the requisite majority of the creditors, the FMSA reviews the plan to determine its conformity with the plan originally submitted for the FMSA's consideration. There can be no assurance that the FMSA will agree with a bank's restructuring plan in the form in which it is approved by the creditors. Given that the Restructuring Law is in the early stages of implementation and there is no established practice of bank restructurings in Kazakhstan, it is possible that the FMSA may take a substantial amount of time to familiarise itself with the Restructuring Plan or may have substantive comments to the Restructuring Plan, which would delay the restructuring process and could have a negative effect on the Bank's financial condition and the interests of the Claimants.

Certain decisions related to the Restructuring may not have been approved by the appropriate managing body of the Bank and may be at risk of being disputed.

The Memorandum of Understanding and certain other documents related to the Restructuring were approved by the new Management Board of the Bank. The new Management Board of the Bank was appointed by SAFC following the execution of the Implementation Agreement. See "*The Bank — The Role of Samruk-Kazyna — Legal Framework*". The current Board of Directors, which was appointed by SAFC before the execution of the Implementation Agreement, has had limited involvement in the restructuring process and has refrained from taking decisions related to the Restructuring. While these documents are not expressly required under Kazakhstan law to have been approved by the Board of Directors or the General Shareholders' Meeting of the Bank, due to their significance for existing shareholders, such decisions may be viewed as requiring approval by the Board of Directors or the General Shareholders' Meeting of the Bank. Therefore there is a risk that the Bank's shareholders may bring claims disputing the validity of such decisions of the Bank. Whether or not such claims may be meritorious, they may create negative publicity for the Bank and have a negative impact on the Bank's business and operations. If such shareholders' claims are successful, the Restructuring may be significantly delayed or may not ultimately be completed.

Certain provisions of the New Charter may not comply with the requirements of Kazakhstan law and shareholders of the post-restructured Bank may therefore not receive the protections afforded by the New Charter described in this Information Memorandum.

As part of the proposed restructuring process, a New Charter is to be introduced, the aim of which is to provide Claimants who become shareholders of the post-restructured Bank with increased protection. Some of the provisions expected to be incorporated into the New Charter have never been tested under Kazakhstan law

and the Bank gives no assurances that the applicable governmental and regulatory authorities will hold such provisions to be in compliance with Kazakhstan law. If such provisions are not found to be in compliance with Kazakhstan law by the applicable governmental and regulatory bodies they may refuse to register the New Charter. Therefore, certain protections which the Bank is seeking for its shareholders may not be available and there is the risk that the New Charter will not contain certain of the proposed amendments as described herein. See "*Management and Corporate Governance — Management and Corporate Governance Following the Restructuring — New Charter*" and "*Description of Share Capital and Certain Matters of Kazakhstan Law – New Charter*".

Further devaluation of the Tenge may render the Restructuring ineffective.

In accordance with the terms of the Options, KZT 75,000 million (U.S.$500 million) of cash is available for Claims allocated into Options 1 and 1A. This amount is funded in Tenge by Samruk-Kazyna's KZT 24,000 million demand deposit provided to the Bank which the Bank has deposited with the NBK in an account controlled by Samruk-Kazyna and by KZT 105,000 million of Samruk-Kazyna Bonds. The cash under Option 1 and Option 1A is payable in U.S. Dollars or Tenge at the option of Claimants. It is likely that the majority of the Claimants will choose U.S. Dollars and the Bank may therefore need to purchase up to U.S.$500 million with KZT 75,000 million prior to the Distribution Date. If the Tenge continues to depreciate against the U.S. Dollar prior to the Distribution Date, the amount of cash available to the Claimants will proportionately reduce and the Restructuring may become ineffective.

The Bank is reliant on the NBK's support of the Restructuring and may be unable to complete the Restructuring if the NBK's position changes.

The Bank holds KZT 105,000 million of Samruk-Kazyna Bonds which it uses as collateral for repurchase transactions with the NBK. As at 30 September 2009, the Bank has received KZT 26,600 million from the NBK (based on internal management reports of the Bank). To ensure that KZT 75,000 million is available for Claims allocated into Option 1 and Option 1A, the Bank will have to have obtained funding from the NBK under repurchase transactions in exchange for all of the Samruk-Kazyna Bonds and will have to have utilised KZT 24,000 million of Samruk-Kazyna's deposit currently placed in the Bank's account with NBK, which is subject to Samruk-Kazyna's control. If the NBK is unable to provide such funding to the Bank, the Bank will not have sufficient funds for Option 1 and Option 1A.

Furthermore, the cash under Option 1 and Option 1A is payable in Tenge or U.S. Dollars at the option of Claimants. It is likely that the majority of the Claimants will choose U.S. Dollars and the Bank may therefore need to purchase up to U.S.$500 million with KZT 75,000 million prior to the Distribution Date.

The Bank may be unable to purchase U.S.$500 million at the foreign current market in Kazakhstan and may need to resort to the NBK to buy a sufficient amount of U.S. Dollars. See "*Schedule 1 (The Restructuring Plan), Annex 3 (Calculation of Entitlements*)".

If the NBK were to withdraw support from the Bank, the Bank may not have sufficient cash in Tenge or may not be able to convert the requisite amount of Tenge into U.S. Dollars, and the Restructuring may not be completed.

In addition, if the Restructuring is successful, the Bank's debt following the Restructuring will be denominated primarily in U.S. Dollars. The Bank's assets are primarily in Tenge. Due to the limited access to hedging in the market, the Bank may need the NBK's help in hedging. See "*Risk Factors — Risks Relating to the Bank — The Bank is exposed to foreign currency exchange risk and will continue to have significant foreign currency risk exposure following the Restructuring*". Any change in the NBK's policy or support may lead to an increase in the Bank's funding costs or to the Bank being unable to comply with its regulatory requirements or currency positions and obligations under the New Notes, which would adversely affect the Bank's business, financial condition, results of business and prospects.

In certain circumstances, the Trustee is entitled to be indemnified, secured or pre-funded and failure to do this may prejudice implementation of the Restructuring.

If the Bank requests the Trustee to accelerate any series of Euronotes, as it will be authorised to do by the relevant Extraordinary Resolution, if passed, the Trustee retains the right to be indemnified, secured or pre-funded to its satisfaction. The purpose of this is to permit Euronotes to be accelerated should the Bank determine

that it is necessary to facilitate the implementation of the Restructuring Plan. As at the date of this Information Memorandum, the Bank has not determined whether or not to request acceleration of any Euronotes and accordingly, no such indemnity, security or pre-funding has been provided to the Trustee. Should the Bank determine to accelerate any series of Euronotes and the Trustee is not satisfactorily indemnified, secured or pre-funded, it may not be possible to implement the Restructuring Plan.

Claimants may not be able to receive the allocation under their selected Options.

Claimants may not be able to receive the allocation under their selected Options in certain circumstances described in the Restructuring Plan and may receive a different allocation as a result of the Allocation and Reallocation of Claims Mechanism. See "*Schedule 1 (The Restructuring Plan), Annex 4 (Allocation and Reallocation of Claims Mechanism), Section 5 (Reallocation*)".

The Bank may face litigation if the FMSA applies any of its compulsory restrictive measures to the Bank.

The FMSA may apply a number of compulsory restrictive measures to second tier banks (commercial banks) in financial distress or in breach of prudential or other mandatory regulations. Such measures include the following:

- issuing a warning and mandatory written instructions to a bank;
- entering into an agreement with a bank setting out measures to be taken by the bank to remedy any identified breaches of prudential requirements;
- instituting the FMSA special regime in a bank and requiring the bank to develop an action plan to restore such bank's financial condition;
- suspending or revoking a bank's licence for all or certain banking operations;
- mandatory purchase of a bank's shares;
- removing the management of a bank;
- forcing a bank to reorganise into a credit partnership;
- forcing a bank into conservation;
- forcing a bank into a mandatory reorganisation to segregate such bank's "good" assets and liabilities and to mandatorily transfer such assets and liabilities to another bank or a specialised stabilisation bank, following the revocation of the bank's licence or the bank being put into conservation; and
- forcing a bank into mandatory liquidation.

See "*The Banking Sector in Kazakhstan — Financial Stability and Restructuring Reforms*" and "*The Banking Sector in Kazakhstan — The FMSA's Compulsory Measures under the Banking Law*".

Whether or not such claims may be meritorious, the Bank's shareholders, including investors holding the Bank's Shares in the form of GDRs and Claimants receiving the Bank's Shares in the Restructuring, could bring claims against the Bank and seek redress against the FMSA's actions. If such shareholders' claims are successful, the Bank's financial position and the interests of the Claimants may be negatively affected.

The tax treatment of any indebtedness of the Bank cancelled as a result of the Restructuring is uncertain and the amount of the cancelled debt may be subject to taxation in Kazakhstan.

The tax treatment of any of the Bank's indebtedness that is cancelled as a result of the Restructuring is unclear. The Bank may be required to record the amount of the cancelled debt as a profit and may have to pay corporate income tax on such amount.

Under the Kazakhstan Tax Code, the corporate income tax rate applicable from 1 January 2009 is 20.0 per cent., and is to be reduced further to 17.5 per cent., effective from 1 January 2010, and to 15 per cent., effective from 1 January 2011.

If the amount of the cancelled debt proves to be subject to taxation, the Bank's capital following the Restructuring is likely to be insufficient to meet the FMSA's capital adequacy requirements and the purpose of the Restructuring will not have been achieved.

The Bank may be subject to claims in Russia relating to the Rouble Notes issued by Alliance Finance.

In June 2007, the Bank issued RUB 3 billion Notes due in 2012 through Alliance Finance, its wholly-owned subsidiary. The proceeds of the issuance were deposited with the Bank. The Bank has provided a "suretyship" in favour of Rouble Noteholders securing Alliance Finance's payments of principal and interest under the Rouble Notes.

In June 2009, Alliance Finance failed to pay interest due under the Rouble Notes within the timeframe as per the terms of the Rouble Notes which constitutes a default under the terms of the Rouble Notes. Although the interest was subsequently paid in July 2009, the original failure to pay may still constitute a default under the terms of the Rouble Notes. Alliance Finance and the Bank remain jointly and severally liable on the Rouble Notes. On 6 October 2009, LLC Management Consulting, a holder of the Rouble Notes for the amount of RUB 99.9 million filed a suit against Alliance Finance with the Moscow Arbitration Court demanding early repayment of its holding of the Rouble Notes and a penalty for the delay in payment of the interest as well as accrued interest and expenses. The total amount of the claim is RUB 102 million. See "*The Bank — Legal Proceedings*". The Bank and Alliance Finance remain exposed to the risk of other similar claims by Rouble Noteholders.

The Bank intends to treat the Rouble Noteholders in the same way as any other Claimants, to the extent permitted under Russian law, and expects that Rouble Noteholders would submit Forms of Proxy and Claim Forms relating to their Claims under the Rouble Notes to the Bank as the surety and would vote on the Restructuring Plan and elect Options. The Bank expects that upon completion of the Restructuring the Bank's obligations under the suretyship agreement will be terminated in Kazakhstan and Rouble Noteholders will receive allocations under the Options under the Restructuring.

There is a risk that the Court's order confirming completion of the Restructuring may not be recognised in Russia or that any such recognition is contested by Rouble Noteholders. See " — *The Restructuring Law has not been tested in practice and there can be no assurance that any restructuring effected under such legislation, including the Restructuring, will be recognised internationally*." The Bank will therefore remain exposed to the risk of claims relating to the Rouble Notes by Rouble Noteholders following the Restructuring.

It is also likely that Alliance Finance may become subject to bankruptcy proceedings in Russia due to unavailability of sufficient funds to meet its obligations under the Rouble Notes and unavailability of any support from its parent, the Bank. If Alliance Finance is placed into bankruptcy proceedings, the Bank may be held secondarily liable to Rouble Noteholders, to the extent the court in Russia considers the Bank responsible for Alliance Finance's bankruptcy as the controlling parent company.

If these claims are enforceable they may have an adverse effect on the Bank's business and prospects following the Restructuring.

The Bank has historically been unable to fund its operations and the Bank may not be able to fund its operations in the future.

The Bank has historically not been able to fund its operations and debt payment obligations and has therefore incurred substantial indebtedness. After the Restructuring, the Bank will continue to be required to devote a significant portion of its cash to fulfil its debt obligations, thereby reducing funds available for other purposes. Although interest payments will be significantly reduced after partial cancellation of the existing financial indebtedness of the Bank as a result of the Restructuring, it is possible that the Bank may continue to incur losses and may not achieve or sustain sufficient cash flow in the future for the payment of interest, principal and other expenses. If the Bank's cash flow is not sufficient to meet its expenses, debt payment obligations and other requirements, the Bank may be forced to raise cash or reduce expenses by doing one or more of the following:

- restructuring or refinancing its indebtedness prior to original maturity;
- delaying or reducing expenses necessary to maintain its business and meet increased competition;
- disposing of some of its assets, possibly on unfavourable terms;
- revising or delaying the implementation of its strategic plans; or
- forgoing business opportunities.

The Bank could also be forced to seek additional equity capital, which could dilute the interests of the holders of its Common Shares. The Bank cannot be sure that any of the above actions would be sufficient to fund its operations in the future.

The Bank's substantial level of indebtedness after the Restructuring will significantly reduce available cash, impact its ability to obtain additional financing and limit its flexibility.

After giving effect to the Restructuring, the Bank and its subsidiaries will continue to have substantial indebtedness and will likely incur additional indebtedness in the future. On a pro forma consolidated basis, the Bank would have had approximately KZT 145,589 million (or approximately U.S.$968 million) of financial indebtedness outstanding as at 30 June 2009 excluding the Trade Finance Debt and notes issued by Alliance DPR Company (on the basis of Adjusted IFRS). See "*Pro Forma Financial Information*". The Bank's substantial consolidated level of financial indebtedness, and associated interest payment obligations, will:

- limit its cash flow available for general corporate purposes, including any acquisitions;
- limit its ability to obtain necessary financing for working capital, capital expenditure or business opportunities and to implement its business strategies;
- limit its flexibility in reacting to competitive and other changes;
- expose it to the risk that a decrease in net cash flows due to economic developments or adverse developments in its business could make it difficult or impossible to meet senior debt payment obligations; and
- expose it to risks inherent in interest rate fluctuations.

The Bank's operations and financing activities will be restricted by covenants and undertakings in the Restructuring Documentation.

The Restructuring Documentation to be entered into by the Bank will contain a number of significant restrictions and covenants that limit the Bank's and its subsidiaries' ability to:

- dispose of businesses or assets;
- enter into joint ventures, acquisitions, mergers and to incorporate subsidiaries;
- engage in intra-group lending or guarantees and related party lending or similar transactions;
- obtain new borrowings;
- pay dividends on Common Shares unless agreed conditions are satisfied; and
- enter into major transactions unless concluded at fair value and subject to certain conditions.

The Bank will be required to comply with specified financial ratios and performance covenants contained in the Restructuring Documentation. There will also be significant restrictions on the Bank's activities which could affect the Bank's ability to operate its business and may limit its ability to take advantage of potential business opportunities as they arise. In addition, pursuant to the implementation of the Allocation and Reallocation of Claims Mechanism, the Bank must comply with regulatory capital requirements but must not exceed the minimum capital adequacy ratio required by the regulations applicable to the Bank be restored. As a result, in the event the Bank's regulatory capital decreases soon after the Restructuring Date, the Bank may be in breach of the applicable capital adequacy ratios applicable to it, which in turn could threaten the Bank's ability to operate and trigger events of default under the terms of the New Notes.

The Bank's ability to comply with the covenants and undertakings in the Restructuring Documentation will depend on a number of factors, including its operating performance and the level of interest rates, as well as other factors that it may have failed to anticipate or that are beyond its control.

If the Bank is unable to comply with the covenants and undertakings in the Restructuring Documentation, the Claimants could impose additional restrictions on the Bank or accelerate repayment of all amounts due under the New Notes. If its indebtedness is accelerated, the Bank may not be able to repay its debt or borrow sufficient funds to refinance that debt. In addition, any default under its New Notes, or agreements governing its other existing or future indebtedness, is likely to lead to an acceleration of indebtedness under any other debt instruments that contain cross-acceleration or cross-default provisions. If the indebtedness under the New Notes is accelerated, the Bank is unlikely to have sufficient assets to repay amounts due, or any other indebtedness then outstanding.

If Samruk-Kazyna does not become the Bank's shareholder by 31 December 2009, the Bank may lose its licence for accepting retail deposits and opening and maintaining retail accounts.

The Bank risks losing its licence for accepting household deposits and opening and maintaining retail accounts if Samruk-Kazyna has not become the majority shareholder before the end of 2009.

Under Article 30 of the Banking Law, starting from 1 January 2010, banks (excluding banks in which the State owns more than 50 per cent. of shares either directly or through a national management holding company) that do not have a large shareholder with a certain minimum rating assigned by internationally recognised rating agencies cannot hold a licence for accepting retail deposits and opening and maintaining retail accounts. SAFC, the Bank's current majority shareholder, does not meet the applicable FMSA requirements.

Samruk-Kazyna will only become the majority shareholder of the Bank if the Restructuring Plan has been approved by the Claimants.

The Bank is currently prevented from advertising for deposits. The FMSA will only consider lifting this restriction once Samruk-Kazyna becomes the Bank's majority shareholder. The ongoing restructuring process creates instability within the Bank, undermines public perception of the Bank and increases the outflow of deposits. See "*Risk Factors — Risks Relating to the Bank — Declines in customer deposits, which are an important source of funding for the Bank, have had and may continue to have an adverse effect on the Bank's funding base*".

The Bank anticipates that Samruk-Kazyna's control will give depositors confidence in the Bank's financial condition. Any delay to the Restructuring Plan will affect the Bank's business and financial condition and the prospects of successfully completing the Restructuring.

Some provisions of the Restructuring Documentation may discourage or prevent a takeover of the Bank, even if a takeover would be beneficial to its shareholders.

The Restructuring Documentation will include a number of provisions protecting the Bank's Claimants and minority shareholders after the Restructuring in case of changes to the Bank's shareholding structure after the Restructuring. Such provisions include a put option of holders of the New Notes (other than the Subordinated Notes) in the event of a change of control of the Bank, tag along rights of the Claimants holding the Bank's equity after the Restructuring and drag along rights of Samruk-Kazyna. Such protections may have the effect of preventing an acquisition or merger in which the Bank is acquired and may discourage potential equity investors from investing in the Bank's Shares.

The Bank is currently in default under various operational contracts and may take steps in connection with the Restructuring that will result in additional defaults or breaches.

The Bank's default on its indebtedness has resulted in defaults or breaches under some of its operating contracts. Steps taken in connection with the Restructuring have also resulted, and may result in the future, in additional defaults or breaches. Material contracts currently in default or breach and likely to be the subject of future defaults or breaches include certain of the Bank's real estate leases relating to premises of the Bank's branches and cash offices, call centres and technical facilities.

These defaults or breaches may give the counterparty the right to terminate the relevant operating contract. If material licences or operating contracts are terminated, or are renegotiated on less favourable terms, the Bank could lose assets or commercial contracts important to its business, in addition to losing key relationships. Any such event could result in a disruption of operations, increased costs, loss of subscribers or revenues, and other adverse consequences to the Bank's business, the impact of which cannot be predicted or quantified.

Adverse publicity relating to the Restructuring and the financial condition of the Bank may adversely affect the Bank's customer relationships and the market perception of its business.

Adverse publicity relating to the Restructuring and the financial condition of the Bank may make it difficult to convince customers to maintain relationships with the Bank and to attract new customers, which could materially adversely affect the Bank's business. Ongoing negative publicity may also have a long-term negative effect on the Bank's brand name, which could make it more difficult for the Bank to market its products and services in the future.

Following the Restructuring, a significant percentage of the outstanding Common Shares of the Bank may be held by a small number of shareholders who may have conflicts of interest.

Following the Restructuring, it is anticipated that some of the Claimants will become significant shareholders of the Bank. As a result of these relationships, when conflicts arise between the interests of these significant shareholders and the interests of the Bank's other shareholders, members of the Board of Directors

designated by the affected significant shareholders may not be disinterested. These shareholders may also from time to time make significant investments in other banks operating in Kazakhstan. This may result in conflicts of interest. Actions these shareholders take relating to those investments may conflict with the interests of the Bank and the Bank's other shareholders.

Approval of the Restructuring is not assured and, even if Claimants approve the Restructuring Plan, there is a risk that the Restructuring may not be completed.

The Restructuring is subject to a number of conditions and uncertainties, in addition to the approval of the Restructuring Plan by Claimants, over which the Bank has limited control. In particular, although the Bank has been advised that the Trustee is able to file a valid Claim at the Claimant's Meeting in respect of the Guarantee for each series of Euronotes notwithstanding the fact that no demand has been by the Trustee under such Guarantee, no assurance can be given that such Claim will satisfy the requirements of the FMSA and the Court. If any one of the conditions is not met, the Restructuring may not be completed, in which case the Claimants of the Bank may accelerate outstanding indebtedness, initiate bankruptcy proceedings and exercise other remedies. Under these circumstances, the Bank may be forced into conservation or bankruptcy. For additional information on the conditions to the completion of the Restructuring, see "*Schedule 9 (Conditions Precedent to the Restructuring Plan Becoming Effective*)" of this Information Memorandum.

If the Restructuring does not occur, the FMSA may institute proceedings for conservation or an insolvent liquidation of the Bank.

The Bank has been able to continue to do business in large measure as a direct result of the continued support of the Claimants (in general, not calling defaults or accelerating their claims) and the Bank's management's belief that the Restructuring is likely to be implemented. However, the Bank's management does not believe that Claimants will continue to refrain from declaring defaults if the Restructuring is not implemented or if it is not implemented in a timely manner. If the Bank loses the support of its Claimants, the FMSA may be empowered to take certain actions in order to protect the Bank's assets for the benefit of all of the Bank's Claimants, including either conservation or insolvent liquidation.

Insolvency procedures would result in a sale of the Bank's assets. Proceeds from that sale would likely be insufficient to repay outstanding indebtedness and other creditors. Historically, creditors and shareholders of banks that were liquidated through insolvency procedures in the Kazakhstan banking system have received no compensation as a result of such liquidation.

The Bank has incurred, and will continue to incur, significant costs in connection with the Restructuring, substantially all of which must be paid regardless of whether the Restructuring occurs.

The Bank has incurred significant costs in connection with the Restructuring and will continue to do so until the Restructuring is completed. These costs principally relate to fees payable to the Bank's financial, legal and accounting advisers as well as the advisers to significant stakeholders that have been affected by the Bank's need to restructure. Pursuant to the terms of engagement with these advisers, substantially all of these costs will be paid regardless of whether the Restructuring occurs. As at 26 October 2009, the Bank had incurred costs in relation to the Restructuring of approximately U.S.$8.5 million. The Bank currently expects that the total costs and expenses payable by the Bank in relation to the Restructuring will amount to approximately U.S.$30 million. See "*Additional Information — Costs of the Restructuring*". In the event that the Restructuring is not completed on the terms disclosed in this Information Memorandum, substantial additional costs may be incurred as a result of the likely need to petition for an insolvency procedure.

The Pro Forma Financial Information may not be indicative of the Bank's financial condition had the Restructuring actually been completed at 30 June 2009.

The Pro Forma Financial Information has been prepared by the Bank on the basis of Adjusted IFRS and IFRS to illustrate the effect of the Restructuring as if the Restructuring had been completed as at 30 June 2009 based on data derived from the Unaudited Interim Financial Statements and management accounts prepared on the basis of Adjusted IFRS.

The Pro Forma Financial Information is only partially based on the historic financial information and includes a number of projections and assumptions.

The Bank's management may not have identified all adjustments to the Unaudited Interim Financial Statements and management accounts prepared on the basis of Adjusted IFRS used in the preparation of the Pro Forma Financial Information necessary to address the Allocation and Reallocation of Claims Mechanism and the effect of the Restructuring. In addition, there are significant differences between Adjusted IFRS and IFRS with respect to loan loss provisions, classification of the Bank's loan portfolio, capital adequacy and certain other matters. See "*Presentation of Financial and Other Information — Historical Financial and Other Information*". Not all of the assumptions made in order to prepare the Pro Forma Financial Information may prove to be correct. It is possible that the Bank's audit for 2009 will identify errors and mistakes in preparing the Pro Forma Financial Information.

Claimants are cautioned that pro forma financial information is inherently unreliable and that the Pro Forma Financial Information presented in this Information Memorandum is not necessarily indicative of how the Bank's consolidated capitalisation, balance sheet or capital adequacy as at 30 June 2009 would have been presented had the Restructuring actually been completed at that the date, nor is it necessarily indicative of the Bank's consolidated capitalisation, balance sheet or capital adequacy as at any future date. The unaudited Pro Forma Financial Information should be read in conjunction with the Financial Statements included elsewhere in this Information Memorandum. See "*Presentation of Financial and Other Information — Pro Forma Financial Information*".

The Bank will be subject to various restrictions relating to Money Laundering, Corrupt Practices, Fraudulent Practices, Collusive Practices, Coercive Practices, Obstructive Practices and Financing of Terrorism that may be less onerous than restrictions in financings involving multilateral development banks.

The Bank will be subject, in the New Notes Trust Deed, to various restrictions relating to Money Laundering, Corrupt Practices, Fraudulent Practices, Collusive Practices, Coercive Practices, Obstructive Practices and Financing of Terrorism (each as defined in "*Schedule 8 (Covenants of the Bank)*"). Claimants should note that these restrictions are based upon, although not identical to and in certain respects less onerous than restrictions commonly imposed on borrowers in financings involving multilateral development banks. See "*Schedule 8 (Covenants of the Bank)*, *Clause 1.2 (gg)* (*Money Laundering, Corruption and Terrorism*)".

Risks Relating to the New Notes and Shares

The market value of the New Notes and Shares that the Claimants will receive in connection with the Restructuring may be less than the current value of the Claimants' Claims.

The value of the New Notes and Shares will depend on the public trading price of the New Notes and Shares after the Restructuring. The New Notes and Shares will not trade publicly until the Restructuring is completed. As a result, Claimants will not know the market value of any New Notes and Shares that they may receive in the Restructuring until the Restructuring is completed. There can be no assurance that the trading price of the New Notes and Shares received by any Claimant will be related to the value of its Claims.

Claimants choosing Option 2 may receive no payments under the Recovery Notes if the Bank is unable to recover any amounts from the Asset Pool for the Recovery Notes.

The Asset Pool for the Recovery Notes consists of (i) the Corporate and SME Pool; (ii) amounts recovered by the Bank as a result of litigation related directly or indirectly to the T Bills; and (iii) certain tax assets of the Bank. The amounts of any recovery concerning the T Bills and the amount of any cash benefits from the tax assets of the Bank cannot be estimated as at the date of this Information Memorandum.

The Asset Pool and the Retail Pool for the Recovery Notes is fixed as at 31 May 2009. See "*The Bank — Strategy — Restructuring and Optimisation (2009-2010)*". See "*Schedule 6 (Terms and Conditions of the New Notes), Annex 4 (Terms and Conditions of the Recovery Notes)*". There can be no assurance that the Bank will be successful in recovering any amounts in relation to any of the assets mentioned above and therefore Claimants choosing Option 2 may receive no value for the Recovery Notes they receive as part of Option 2.

Claimants receiving Preference Shares may lose the benefit of an increased dividend if the FMSA changes the treatment of preference shares for the purposes of Tier 1 capital.

The Bank was informed of a potential change to the treatment of preference shares for the purposes of calculation of K1-1 (Tier 1 capital to total assets) and K1-2 (Tier 1 capital to total assets weighted for risk) ratios that is expected to be implemented from 1 January 2010. The change, if enacted, may limit the amount of

preference share capital that may count towards Tier 1 capital. The Bank along with other banks are in discussions with the FMSA regarding the potential change in light of the difficulties faced by the Kazakhstan banking sector. The Bank is hoping that the change will not be implemented, however no formal assurances have been made by the FMSA regarding the matter. If the FMSA implements the change as planned, holders of Preference Shares may be forced to convert their Preference Shares into Common Shares to enable the Bank to comply with the capital adequacy requirements and may therefore lose the benefit of an increased dividend.

Claimants may lose the value of their investment in the Bank's Shares in whole or in part if the FMSA applies to the Bank any of the compulsory restrictive measures under the Banking Law.

Under the Banking Law, the FMSA may apply a number of compulsory restrictive measures to banks in financial distress or if the FMSA discovers a breach of prudential or other mandatory regulations by a bank. Such measures may include restricting such bank's activities, removing the bank's management, mandatory purchase of the bank's shares and forcing the bank into a reorganisation, conservation or liquidation. See "*The Banking Sector in Kazakhstan — Financial Stability and Restructuring Reforms*" and "*The Banking Sector in Kazakhstan — The FMSA's Compulsory Measures under the Banking Law*". If the FMSA applies any such measures to the Bank in the future, the Bank's Share price could decline and Claimants could lose all or part of their investment in the Bank's Shares.

The Bank may be unable to list New Notes on the KASE which may result in adverse tax consequences for the Bank and may prevent or make unattractive investments in the New Notes.

The FMSA's rules establish certain requirements for listing debt securities on the KASE which vary depending on the category of listing sought by an issuer. To be eligible for the "A" category listing, the issuer must have: (i) a minimum credit rating of Baa3 by Moody's or BBB- by S&P or Fitch for the relevant debt securities or (ii) own capital of at least U.S.$3 million (340,000 times the minimum calculation index) and have its own capital exceed its charter capital. The own capital of the Bank is currently less than its charter capital and the Bank has been assigned an "RD" long-term issuer default rating by Fitch. Starting from 1 January 2010, it will no longer be possible to be eligible for the "A" category listing based on the own capital test alone, and issuers will have to comply with the minimum credit rating requirement. There can be no assurance that the New Notes to be issued by the Bank will be assigned a credit rating. Thus, the Bank may be unable to procure the "A" category listing of the New Notes on the KASE, which would result in adverse tax consequences for the Bank. See "*Taxation — New Notes*". The Bank will become subject to withholding tax at the rate of 15.0 per cent. and will be obliged to gross up any payments of interest made to holders of the New Notes, which would in turn have an adverse effect on the Bank's cash flow. In addition, certain types of financial institutions may not be allowed to invest in unlisted instruments and investment in the New Notes may become unattractive.

The large number of Shares eligible for public sale after the Restructuring could cause the price of the Shares to decline and make it difficult for the Bank to issue equity securities in the future.

When the Restructuring is complete, the Claimants will own 33.0 per cent. of the Bank's Shares. Most of these Claimants are not in the business of holding equity on a long-term basis. Sales by these shareholders of a substantial number of Shares after the Restructuring may significantly reduce the market price of the Shares. Moreover, the perception that these shareholders might sell significant amounts of Shares could depress the trading price of the Shares for a considerable period of time after the Restructuring. Sales of these Shares, and the possibility of such sales, could make it more difficult for the Bank to sell equity or equity-related securities in the future at a time and price that the Bank considers appropriate.

Due to the Bank's financial condition and the historical volatility in the price of shares and debt securities in Kazakhstan banks, the market price of the New Notes and Shares is likely to be volatile.

As a result of a number of factors, including the Bank's recent financial condition and its participation in markets that have experienced historical price volatility, the market price for the Bank's Shares has historically been and will remain volatile after the Restructuring. The market price for the New Notes is also likely to be volatile, perhaps even more so than the securities market in general or the market for other Kazakhstan banks. Investors may not be able to sell their Shares or New Notes at the desired terms or at attractive prices as a result of such volatility. Factors that could cause volatility in the market price for the Shares and the New Notes in the future may include, among other things:

- actual or anticipated variations in the Bank's operating results;
- new products or services, whether the Bank's or those of its competitors;

- changes in financial estimates by analysts covering the Bank;
- changes in the market valuations of other Kazakhstan banks;
- large increases or decreases in capital commitments;
- additions to, or departures of, its key personnel; and
- additional issuances of Shares by the Bank.

Due to the Bank's troubled financial history and its participation in historically volatile markets, these factors may negatively affect the market price for the New Notes and Shares to a greater extent than they would securities of other companies, in some cases regardless of the Bank's actual operating performance.

The New Notes denominated in Tenge will be held through Kazakhstan's Central Securities Depository, with which neither Euroclear nor Clearstream have an account.

The New Notes denominated in Tenge will be held through Kazakhstan's Central Securities Depository and will be listed on the KASE on or about the Restructuring Date. Neither Euroclear nor Clearstream has an account with the Central Securities Depository. Therefore, Creditors who choose or are allocated Tenge-denominated New Notes will have to have opened an account in their name with the Central Securities Depository or to have appointed another institution which has such an account by the Distribution Date in order to receive such New Notes. There is therefore a risk that the market for Tenge-denominated New Notes will suffer from reduced liquidity.

There are risks associated with the underdevelopment of Kazakhstan's securities markets.

Kazakhstan has a less developed securities market than the United States, the United Kingdom and the rest of Western Europe, which may hinder the development of the Kazakhstan economy. An organised securities market was established in Kazakhstan only in the mid-to-late 1990s and the procedures for settlement, clearance 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 not as well developed in Kazakhstan, or as strictly enforced, compared to the United States, the United Kingdom and the other Western European countries, and existing laws and regulations may be applied inconsistently.

CAPITALISATION

The following table sets out the consolidated capitalisation of the Bank under IFRS as at 30 June 2009. This information should be read in conjunction with "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*Selected Statistical and Other Information*", the Financial Statements and related notes thereto included elsewhere in this Information Memorandum.

	As at 30 June 2009	
	(U.S.$ millions)[1]	(KZT millions)
Long-term debt:		
Senior long-term liabilities[2]	2,938	442,021
Subordinated long-term liabilities[3]	313	47,037
Total long-term debt:	3,251	489,058
(Deficit)/Equity:		
Share capital[4]	641	96,380
Additional paid-in capital	8	1,222
Retained earnings and reserves[5]	(3,181)	(478,515)
Total (deficit)/equity:	(2,532)	(380,913)
Total (deficit)/equity and liabilities	**719**	**108,145**

Notes:

(1) Translated at the U.S. Dollar exchange rate as at 30 June 2009, as reported by the NBK, of KZT 150.43 = U.S.$1.00.
(2) Senior long-term liabilities represent liabilities that fall due after one year and are not subordinated (ignoring breaches of the relevant covenants), include debt securities issued.
(3) Subordinated long-term liabilities represent subordinated debt that falls due after one year and (ignoring breaches of the relevant covenants) consist principally of U.S. Dollar and Tenge-denominated subordinated notes issued by the Bank and its Preference Shares.
(4) Share capital less Shares held in treasury.
(5) Includes accumulated deficit of KZT 479,996 million, investments available-for-sale fair value deficit of KZT 498 million and property and equipment revaluation reserve of KZT 1,979 million.

Since 30 June 2009, the Bank has received KZT 16,500 million pursuant to its participation in a State Finance Programme relating to the construction industry.

Save as disclosed in this Information Memorandum, there have been no significant changes in the capitalisation of the Bank since 30 June 2009.

PRO FORMA FINANCIAL INFORMATION

The following information should be read in conjunction with "Presentation of Financial and Other Information — Pro Forma Financial Information", "Risk Factors — Risks Relating to the Restructuring — The Pro Forma Financial Information may not be indicative of the Bank's financial condition had the Restructuring actually been completed at 30 June 2009" and the Financial Statements included elsewhere in this Information Memorandum and the notes thereto.

The Pro Forma Financial Information was prepared by the Bank on the basis of Adjusted IFRS and IFRS to illustrate the effect of the Restructuring as if the Restructuring had been completed as at 30 June 2009 and is based on data derived from the Unaudited Interim Financial Statements and management accounts prepared on the basis of Adjusted IFRS. The Pro Forma Financial Information is unaudited and is presented for illustrative purposes only. The Bank's management believes that the Pro Forma Financial Information may be useful in enabling Claimants to assess and understand the Restructuring and to select Options.

The key purpose of the Restructuring is to achieve compliance with the FMSA's regulatory capital adequacy requirements applicable to the Bank. Therefore the Pro Forma Financial Information based on Adjusted IFRS is more indicative of whether the purpose of the Restructuring is likely to be achieved.

The Pro Forma Financial Information is based upon certain assumptions and adjustments which the Bank's management believes are reasonable and necessary for a fair presentation of such information. The assumptions and adjustments are based upon the Bank's preliminary analysis and based upon currently available information. While the Bank has used all reasonable efforts to ensure that the Pro Forma Financial Information is correct, accurate and complete as at the date of this Information Memorandum, no representation or warranty is made (express or implied) as to the reliability, accuracy or completeness of the Pro Forma Financial Information.

The Pro Forma Financial Information does not take into account the potential adverse impact of certain negative developments since 30 June 2009, such as additional loan loss provisions and further operational losses resulting from the deteriorating financial condition of the Bank and instability aggravated by the ongoing restructuring process. See "*Risk Factors — Risks Relating to the Restructuring — Loan loss provisions have increased significantly since 30 June 2009 and whilst measures are being taken to decrease provisioning levels, if these measures are not successful, the Bank's Restructuring may not be completed*".

Claimants are cautioned that pro forma financial information is inherently unreliable and that the Pro Forma Financial Information is not necessarily indicative of how the Bank's consolidated capitalisation, balance sheet or capital adequacy as at 30 June 2009 would have been presented had the Restructuring actually been completed at that the date, nor is it necessarily indicative of the Bank's consolidated capitalisation, balance sheet or capital adequacy as at any future date. The unaudited Pro Forma Financial Information should be read in conjunction with the Financial Statements included elsewhere in this Information Memorandum.

See "*Risk Factors — Risks Relating to the Restructuring — The Pro forma financial information may not be indicative of the Bank's financial condition had the Restructuring actually been completed at 30 June 2009*".

Assumptions

The Pro Forma Financial Information is based on the following assumptions:

- the Restructuring had been completed as at 30 June 2009;
- there have been no material transactions concerning the Bank, other than the transactions discussed herein;
- in order to finance the cash distribution under Option 1 (KZT 75,000 million or U.S.$500 million), the Bank, by the Distribution Date, will have had to have obtained funding from the NBK under repurchase agreements in exchange for all of the Samruk-Kazyna Bonds and will have had to have utilised KZT 24,000 million of Samruk-Kazyna's deposit currently placed in the Bank's account with the NBK, which is subject to Samruk-Kazyna's control;
- pro forma customer accounts have been reduced to exclude KZT 24,000 million of Samruk-Kazyna's deposit to be converted into Common Shares of the Bank;
- Samruk-Kazyna will convert its deposit of KZT 24,000 million into Common Shares and will convert KZT 105,000 million of the Bank Bonds into Preference Shares;

- the total financial debt before the Restructuring is the Designated Financial Indebtedness;
- the total financial debt after the Restructuring (excluding notes issued by Alliance DPR Company) is based on the following allocation of the Designated Financial Indebtedness (expressed as a percentage of the Designated Financial Indebtedness): (i) Option 1 and 1A – 54.0 per cent.; (ii) Option 2 – 15.6 per cent.; (iii) Option 3 – 12.8 per cent.; (iv) Option 4 and 4A – 2.9 per cent. and (v) Option 5 – 14.7 per cent. assuming total Designated Financial Indebtedness of KZT 619,000 million as at 31 December 2009 (pro forma options allocation are based on the Bank's assumptions with respect to the choice of Claimants);
- since it is impossible to predict in advance what Options will ultimately be chosen by the different types of Claimants, the Bank has made an assumed allocation between the Options taking into consideration the following key constraints: (i) the total debt eligible to be restructured amounts to KZT 636,856 million, (ii) the allocation for Options 1 and 1A relies upon a cash-out payment of KZT 75,000 million (U.S.$500 million), which results in the allocation of 54 per cent. of the total debt to these Options at a discount of 77.5 per cent. and 78.5 per cent. on Option 1 and 1A respectively, (iii) Options 4 and 4A have been limited to U.S.$120 million, which represents 2.9 per cent. of the debt eligible to restructuring, (iv) the allocation for the remaining Options has been defined on the basis of the capital needs of the Bank to meet local banking solvency requirements; and
- all amounts in U.S. Dollars are translated at the U.S. Dollar exchange rate as at 30 June 2009, as reported by the NBK, of KZT 150.43 = U.S.$1.00.

Pro Forma Financial Information based on Adjusted IFRS

Balance Sheet

The following table sets out the Bank's historical and pro forma balance sheets prepared in accordance with Adjusted IFRS as at 30 June 2009:

	Historical As at 30 June 2009		As Adjusted to Reflect the Restructuring As at 30 June 2009	
	(KZT millions)	(USD millions)	(KZT millions)	(USD millions)
Cash	20,485	136	20,485	136
Financial assets at fair value	152,953	1,017	146,194[1]	972
Loans to customers	252,092	1,676	252,092	1,676
Due from banks	61,035	406	37,035	246
Fixed and intangible assets	34,448	229	34,448	229
Others	75,025	499	75,025	499
Total Assets	**596,038**	**3,962**	**565,279**	**3,758**
Customer accounts	185,432	1,233	161,432	1,073
Total financial debt	636,856[1]	4,234	145,589[2]	968
Samruk-Kazyna Bonds	105,000	698	—	—
Other liabilities	156,836	1,043	208,051	1,383
Equity	(488,086)	(3,245)	50,207[3]	334
Total Liabilities	**596,038**	**3,962**	**565,279**	**3,758**

Notes:

(1) Pro forma financial assets at fair value after the Restructuring have been reduced by approximately KZT 7,000 million representing the current market value of the Euronotes for the principal amount of approximately KZT 37,000 million bought back by the Bank.

(2) The total financial debt after the Restructuring will be reduced by approximately KZT 7,000 million representing the principal amount of the Euronotes bought back by the Bank.

(3) Pro forma equity after restructuring comprises: (i) conversion of Samruk-Kazyna's deposit of KZT 24,000 million into Common Shares, (ii) conversion of KZT 105,000 million of the Bank Bonds into Preference Shares, (iii) conversion by Claimants of KZT 21,000 million of the Designated Financial Indebtedness allocated into Option 5, (iv) gain obtained from reduction of the Designated Financial Indebtedness pursuant to Options 1, 2 and 5 (approximately KZT 377,000 million based on principal and accrued interest as at 31 December 2009), (v) KZT 30,000 million of gain related to cancellation of the Euronotes bought back by the Bank, (vi) less interest, subject to the Restructuring, accrued between 30 June 2009 and the Restructuring Date on certain debt included in the Designated Financial Indebtedness.

Capital Adequacy

The following table gives information regarding the Bank's total, Tier I and Tier II capital and its capital adequacy ratios calculated in accordance with Adjusted IFRS:

	Historical As at 30 June 2009	As Adjusted to Reflect the Restructuring As at 30 June 2009
	(KZT millions, except percentages)	(KZT millions, except percentages)
Total capital	(490,131)	70,090
Tier I capital	(490,131)	50,207
Tier II capital	—	19,883
K1 (Tier I capital to total assets)	—	8.9%
Total assets weighted for risk	993,604	547,626
K2 (own capital to total assets weighted for risk)	—	12.8%

Pro Forma Financial Information based on IFRS

Capitalisation

The following table sets out the Bank's historical and pro forma consolidated capitalisation in accordance with IFRS as at 30 June 2009:

	Historical As at 30 June 2009		As Adjusted to Reflect the Restructuring As at 30 June 2009	
	(U.S.$ millions)	(KZT millions)	(U.S.$ millions)	(KZT millions)
Long-term debt:				
Senior long-term liabilities[1]	2,938	442,021	848	127,606
Subordinated long-term liabilities[2]	313	47,037	983	147,859
Total long-term debt:	3,251	489,058	1,831	275,465
(Deficit)/Equity:				
Share capital[3]	641	96,380	800	120,380
Additional paid-in capital	8	1,222	8	1,222
Retained earnings and reserves[4]	(3,181)	(478,515)	(807)	(121,337)
Total (deficit)/equity:	(2,532)	(380,913)	2	265
Total (deficit)/equity and liabilities	**719**	**108,145**	**1,833**	**275,730**

Notes:

(1) Senior long-term liabilities represent liabilities that fall due after one year and are not subordinated (ignoring breaches of the relevant covenants) include debt securities issued.

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

(3) Share capital less Shares held in treasury.

(4) Includes accumulated deficit of KZT 479,996 million, investments available-for-sale fair value deficit of KZT 498 million and property and equipment revaluation reserve of KZT 1,979 million.

Balance Sheet

The following table sets out the Bank's historical and pro forma balance sheets prepared in accordance with IFRS as at 30 June 2009:

	Historical As at 30 June 2009		As Adjusted to Reflect the Restructuring As at 30 June 2009	
	(KZT millions)	(USD millions)	(KZT millions)	(USD millions)
Cash	19,713	131	19,713	131
Financial assets at fair value	151,679	1,008	151,679	1,008
Loans to customers	392,762	2,611	392,762	2,611
Due from banks	61,933	412	37,933	252
Fixed and intangible assets	32,677	217	32,677	217
Other assets(1)	10,585	70	10,585	70
Total Assets	**669,349**	**4,450**	**645,349**	**4,290**
Customer accounts	187,655	1,247	163,655	1,088
Total financial debt	602,858	4,008	278,115(2)	1,849
Samruk-Kazyna Bonds	107,650	716	—	—
Other liabilities(3)	152,099	1,011	203,314	1,352
Equity	(380,913)	(2,532)	265(4)	2
Total Liabilities	**669,349**	**4,450**	**645,349**	**4,290**

Notes:

(1) Other assets include investments available for sale totalling KZT 2,272 million, current income tax assets totalling KZT 3,441 million and other assets totalling KZT 4,872 million.

(2) The Bank's total financial debt after the Restructuring will include Preference Shares resulting from a conversion into Preference Shares of (i) the Bank Bonds totalling KZT 105,000 million by Samruk-Kazyna and (ii) KZT 21,000 million of Designated Financial Indebtedness by Claimants allocated into Option 5.

(3) Other liabilities include due to the Government of the Republic of Kazakhstan totalling KZT 22,828 million, financial liabilities at fair value through profit or loss totalling KZT 2,985 million, repurchase agreements totalling KZT 66,083 million, other liabilities totalling KZT 9,106 million, other financing totalling KZT 27,047 million and certain due to banks resulted from early termination of derivative instruments totalling KZT 24,050.

(4) Pro forma equity after (i) the conversion of Samruk-Kazyna's deposit of KZT 24,000 million into Common Shares, (ii) the gain obtained from the reduction of the Designated Financial Indebtedness pursuant to Options 1, 2 and 5 (KZT 377,000 million based on principal and accrued interest as at 31 December 2009) and (iii) less interest, subject to the Restructuring, accrued between 30 June 2009 and the Restructuring Date on certain debt included in the Designated Financial Indebtedness.

Capital Adequacy

The following table gives certain information prepared in accordance with IFRS regarding the Bank's Tier I and Tier II capital and its risk-weighted capital adequacy ratio as at 30 June 2009 based on the methodology established by the BIS:

	Historical As at 30 June 2009	As Adjusted to Reflect the Restructuring As at 30 June 2009
	(KZT millions)	
Tier I capital	(382,394)	(1,216)(1)
Of which hybrid Tier I capital	—	—
Tier II capital	—	—
Gross Tier I + Tier II capital	(382,394)	(1,216)
Less investments	N/A	—
Tier I capital + Tier II	(382,394)	(1,216)
Total risk weighted assets	554,613	530,613
Tier I capital adequacy ratio	—	—
Total risk weighted capital adequacy ratio	—	—

(1) The Bank's pro forma Tier I capital as at 30 June 2009 is negative due to the non-inclusion of Preference Shares in the Bank's equity. The Preference Shares are not included in the Bank's equity due to the unavailability of the fair market cost of the Bank's debt and the resulting difficulty in determining the proportion of Preference Shares that may be included in Tier I capital.

THE BANK

History

The Bank was incorporated on 14 May 1993 as an open joint stock company under the name IrtyshBusinessBank OJSC. In 1999, IrtyshBusinessBank OJSC merged with Semipalatinsk City Bank, another regional bank which was based in Eastern Kazakhstan. The combined bank primarily served large industrial enterprises in the Eastern Kazakhstan and Pavlodar regions.

In October 2001, a consortium of domestic companies led by SAFC acquired a 64 per cent. interest in the Bank. Following the completion of this transaction, the Bank changed its name to JSC Alliance Bank.

The Bank's banking licence number is 250 dated 26 December 2007 and its registration number with the Ministry of Justice is 4241-1900-AO dated 13 March 2004. The head office of the Bank is located at 50, Furmanov Street, Almaty 050004, Republic of Kazakhstan and its telephone number is +7 327 258 4040.

Overview of the Bank and Background to the Restructuring

Alliance Bank was the sixth largest bank in Kazakhstan by total assets with a market share of 4.9 per cent. as at 30 June 2009, compared to 8.7 per cent. as at 31 December 2007.

In the period from 2004 to 2007, the Bank pursued an aggressive growth strategy and grew from being the tenth largest provider of retail loans in Kazakhstan to the largest such lender.

The growth of the Bank's retail portfolio was supported by changes to the Bank's distribution model and an agreement with Kazpost, the state owned postal company, pursuant to which the Bank commenced offering its products through Kazpost outlets in 2006. The Bank also expanded its branch network from nine branches and 25 cash offices as at 31 December 2004 to 24 branches and 199 cash offices as at 31 December 2007.

The Bank's growth from 2004 to 2007 was primarily funded by short-term bank borrowings and debt securities issues in the international capital markets and was aided by the ready availability of credit during that period. The proportion of funding through customer deposits remained relatively low. The external financing obtained by the Bank was used to fund rapid growth in unsecured customer lending using aggressive techniques to acquire customers. The Bank's risk management policies at the time were inadequate to ensure the quality of the rapidly increasing loan portfolio.

Following Kazakhstan's credit rating downgrade in October 2007 by S&P from BBB to BBB- and the general deterioration in the financial markets since August 2007, the Bank became unable to refinance its international debt, which in turn reduced its ability to make loans to customers. Uncollateralised retail lending was discontinued in November 2007. Furthermore, in the second half of 2007, the Kazakhstan banking system experienced a massive outflow of deposits and a migration of deposits within the banking system to banks perceived to be more stable. The Bank's deposits decreased from KZT 235,575 million as at 31 December 2007 to KZT 189,044 million as at 31 December 2008. Throughout 2008, the Bank continued to lose its market share in all sectors. Despite aggressive marketing, the outflow of both corporate and retail deposits continued throughout 2008. The Bank's market share in customer accounts decreased from 6.0 per cent. to 4.4 per cent. from 31 December 2007 to 31 December 2008. Due to the deterioration of its financial condition, the Bank discontinued most of its retail lending in the beginning of 2008 and corporate lending was discontinued in the beginning of 2009. The Bank recognised by the end of 2008 that its liquidity position was poor and that the rapid deterioration of its loan portfolio could significantly damage its capital position.

In October 2008 the Government and the FMSA announced a proposal to recapitalise the Bank as part of a broader plan to stabilise the financial system of the Republic of Kazakhstan. The plan involved Samruk-Kazyna, a Government holding company created to improve the competitiveness and stability of the Kazakhstan economy and alleviate the possible effects of changes in world markets on the economic growth in Kazakhstan, providing financial support to struggling financial institutions. In February 2009, Samruk-Kazyna entered into the Implementation Agreement with SAFC, the Bank and Mr. Margulan Seisembayev by which Samruk-Kazyna agreed to purchase 76.0 per cent. of the Bank's Common Shares and the parties agreed to take measures to stabilise the Bank and increase its capitalisation. In conjunction with this planned acquisition, Samruk-Kazyna and the Bank signed the Deposit Agreement pursuant to which Samruk-Kazyna deposited KZT 24,000 million of its funds with the Bank to support the Bank's financial stability and capitalisation. The Bank has deposited the KZT 24,000 million in an account with the NBK and has transferred the control over such account to Samruk-Kazyna. The Bank's obligations under the Deposit Agreement are secured by a pledge of its Common Shares

pursuant to the Pledge Agreement between Samruk-Kazyna and SAFC and by guarantees from SAFC and Mr. Margulan Seisembayev. As a result of these arrangements and pursuant to the terms of the Pledge Agreement, Samruk-Kazyna has obtained effective voting control over 76.0 per cent. of the Bank's Common Shares. Although the Implementation Agreement expired on 30 June 2009, Samruk-Kazyna's voting control under the Pledge Agreement remains unaffected. See "— *The Role of Samruk-Kazyna*".

As part of the efforts to restore the stability of the Bank, SAFC appointed a new management team at the Bank in February 2009. The new management team commenced an internal due diligence process which included an examination of the majority of the Bank's existing loans as well as the Bank's securities portfolio and derivatives transactions.

As a result of the due diligence and resulting reclassification of loans, the Bank decided to create additional provisions totalling KZT 85,425 million as at 30 June 2009 and KZT 226,263 million as at 31 December 2008, thereby bringing the total amount of provisions to KZT 355,215 million as at 30 June 2009 and KZT 269,790 million as at 31 December 2008, compared to KZT 43,527 million as at 31 December 2007 (on the basis of IFRS). The due diligence also brought to light transactions in the T Bills in which the Bank issued guarantees supported by pledges of its T Bills as security for the borrowings of four offshore companies from two Russian financial institutions. Due to the uncertain prospect of recovery, the Bank recognised a provision for the issued guarantees of KZT 136,972 million as at 31 December 2008. See the discussion on recognition of provisions in "*Presentation of Financial and Other Information — Historical Financial and Other Information*", as well as "*Selected Statistical and Other Information — Lending Policies and Procedures — Provisioning Policies and Write-offs*" and "*Selected Statistical and Other Information — Funding — Treasury Operations and T Bills*".

The provisions against the guarantees and the loan loss provisions caused the Bank to breach the capital adequacy and liquidity requirements of the FMSA in April 2009. Due to the Bank's breach of these regulatory requirements, the Bank was instructed by the FMSA to initiate negotiations with its creditors and to enter into the FMSA Agreement with the FMSA. The FMSA Agreement imposed certain restrictions on the Bank and required the Bank to develop and present to the FMSA a restructuring and recapitalisation plan by 15 July 2009.

In April 2009 the Bank suspended repayment of all outstanding principal amounts under its obligations pending completion of the Restructuring, but continued servicing interest.

Following negotiations with the Steering Committee in April and May 2009, the Bank and the Steering Committee signed the Memorandum of Understanding with respect to the Restructuring on 6 July 2009. The Memorandum of Understanding does not constitute a binding obligation on any of the parties and has no legal effect. The Memorandum of Understanding was followed by a memorandum of understanding entered into between the Bank and Samruk-Kazyna on 14 July 2009 setting out the intended terms of Samruk-Kazyna's support of the Bank's Restructuring. The memorandum of understanding with Samruk-Kazyna does not constitute a binding obligation on any of the parties and has no legal effect.

On 14 July 2009, the Bank submitted an indicative restructuring and recapitalisation plan to the FMSA in accordance with the FMSA Agreement. The FMSA subsequently approved the plan on 21 July 2009.

In light of the results of the management's internal due diligence process and in response to the deteriorating market and the Bank's financial condition, the Bank began downsizing its operations in February 2009. The Bank's branch network was reduced from 223 branches (including cash offices) as at 31 December 2007 to 197 branches (including cash offices) as at 31 December 2008 and 137 branches (including cash offices) as at 30 June 2009, representing 11.7 per cent. and 30.5 per cent. decreases, respectively. As at 30 June 2009, the Bank had reduced its staff by 29.4 per cent. from the level at 31 December 2008.

Following the adoption of the new Restructuring Law in Kazakhstan, which came into effect in August 2009, the Bank submitted an application to the Court to formally initiate the restructuring process under the Restructuring Law. The Bank's application was approved by the Court on 18 September 2009, resulting in an automatic stay of all relevant claims of the Bank's creditors and protection of the Bank's property from execution and attachment until completion of the Restructuring.

On 5 October 2009, the Bank and the Steering Committee signed the Term Sheet setting out key commercial terms of the Restructuring and the Options, and certain other agreements, principally relating to the

Bank's corporate governance and other aspects of its operations and business following the Restructuring. The Term Sheet does not constitute a binding obligation on any of the parties and has no legal effect.

On 6 October 2009, the Bank announced that all interest payments in respect of Designated Financial Indebtedness (as well as late payment donations under Islamic Finance Instruments (in each case excluding the default element of such interest and of such late payment donations)) falling due (as determined in accordance with the relevant documentation constituting such Designated Financial Indebtedness) on or before 8 September 2009 shall be paid in full on or before the Business Day immediately following the Approval Date. All other interest (as well as late payment donations under Islamic Finance Instruments (in each case excluding the default element of such interest and of such late payment donations)) accruing but unpaid up to the Record Date will be included in Designated Financial Indebtedness.

Prior to the beginning of the financial crisis in August 2007, the Bank was rated B+ by S&P and BBB- by Fitch. As a result of the Bank's rapidly deteriorating financial condition, suspension of repayments and its initiation of negotiations with the Claimants concerning the Restructuring, the Bank has been downgraded several times. As at the date of this Information Memorandum, the Bank has been assigned an "RD" long-term issuer default rating by Fitch and a "D" long-term credit rating by S&P.

Strengths

The Bank believes that its strengths are its:

- potential opportunities in the event that Samruk-Kazyna becomes the Bank's controlling shareholder;
- extensive geographical network, including through its relationship with Kazpost;
- centralised information technology platform and collection call centre;
- alternative distribution channels, including active usage of internet banking and mobile banking for individuals;
- salary programmes with major Kazakhstan corporates; and
- experienced management team.

Potential opportunities in the event that Samruk-Kazyna becomes the Bank's controlling shareholder

In the event that Samruk-Kazyna becomes a controlling shareholder of the Bank, its participation in the Bank is expected to improve public perception of the Bank's stability, which may improve repayment rates by customers and result in new customer deposits. Furthermore, since the primary corporate depositors in Kazakhstan are state-controlled companies, the Bank's management expects that the Bank would obtain additional corporate deposits of state-controlled companies.

Extensive geographic network, including through its relationship with Kazpost

Even after the recent downsizing of its operations, the Bank has one of the largest and most extensive geographic networks in Kazakhstan, with 137 branches (including cash offices) and 1,084 ATMs as at 30 June 2009. In addition the Bank has access to 3,246 Kazpost outlets through its partnership with Kazpost. The Kazpost network gives the Bank the opportunity to obtain repayment from its customers in remote locations where it otherwise has no presence. Since the Bank is not currently providing loans or accepting deposits, its extensive network is used primarily for collection purposes. In the event the Restructuring is successful and the Bank resumes its lending operations, this network will be used to provide loans and accept deposits.

Centralised information technology platform and collection call centre

The Bank has a centralised information technology platform which connects the Bank's head office and its branches and cash offices throughout Kazakhstan and permits real time communications between them. As soon as the Bank determines the parameters of its future lending products, this system will allow the Bank to provide loans expediently through branches and cash offices without compromising the Bank's centrally established risk management standards.

The Bank has also established a dedicated collection call centre to focus exclusively on non-performing retail loans. As at 30 June 2009, the call centre had 62 employees. In the period from 1 January 2009 to 30 June

2009, the call centre handled 379,256 overdue loans, of which 226,442, or 59.7 per cent., were either repaid fully or to the extent that they were no longer overdue. If the Restructuring is successfully completed and the Bank resumes its normal lending operations, the call centre could be used to assist the Bank with marketing of its products and provide technical support to the Bank's customers.

Active usage of internet banking and mobile banking for individuals

The Bank's usage of alternative distribution channels, such as internet and mobile banking for individuals, allowed the Bank to achieve a wide geographical reach and to gain access to customers in areas with low population density without incurring the cost of setting up branches in those areas.

The Bank intends to develop internet and mobile distribution channels further and to outsource selected IT systems and processes. The Bank's usage of alternative distribution channels, such as internet and mobile banking for individuals, allows the Bank to serve "white collar" clients with access to the internet from their offices and homes. The Bank provides a wide range of retail banking services through the internet, including account management, cash operations, utility and mobile phone operator payments and money transfers. The Bank has also upgraded its internet and mobile banking systems. The Bank's internet banking system became completely integrated with Athena, the core banking system and the Compass Plus system. See "*The Bank — Distribution Channels — Technology" and "The Bank — Business of the Bank — Retail Banking — Retail Distribution Channels*".

Salary programmes with major domestic corporates

The Bank launched its salary programmes in 2005. Under the programmes the Bank issues Visa and Mastercard cards to the staff of participating companies who, in return for signing a salary deposit agreement with the Bank, receive benefits (such as pre-approved credit lines) and reduced commissions on card payments. As at 30 June 2009, the Bank operated salary programmes with 2,316 companies under which the Bank provided services to 55,263 employees through 133,528 issued and activated cards. The salary programmes encourage customer loyalty towards the Bank and provide cross-selling opportunities for the Bank's payment cards services and internet banking.

Experienced management team

The Bank's new management has considerable experience in Kazakhstan's banking sector. In particular, a number of senior members of the management have significant experience in key areas, such as the management of distressed assets and risk management, SME lending, retail development and information technology development. The new team also has extensive experience with foreign banks and plans to use this knowledge to improve the Bank's credit procedures.

Strategy

The strategy discussed below represents the Bank's management's view as at the date of this Information Memorandum. The Bank is currently reviewing and developing its strategy further and the Bank's strategy may therefore change after the date of this Information Memorandum.

The Bank's strategy is currently split in two stages. The Bank's strategy for 2009 and 2010 is focused on restructuring and optimisation of the Bank's operations. The Bank's strategy for 2010 to 2013 is focused on the development of the Bank's business.

Restructuring and Optimisation (2009-2010)

Key elements of the Bank's restructuring and optimisation plan include:

- restructuring the Bank's loan portfolio and the identification of a "good bank" and a "bad bank" in the Bank's loan portfolio; and
- optimising the size of the Bank.

The Bank expects the restructuring and optimisation phase to be completed by the end of 2010.

Restructuring the Bank's loan portfolio and the identification of a "good bank" and a "bad bank" in the Bank's loan portfolio

As at 30 June 2009, loan loss provisions represented 47.5 per cent. of the Bank's loans to customers. To cope with the increasing deterioration of the Bank's loan portfolio, in March 2009 the Bank's management introduced a notional division of the Bank's loan portfolio into a "good bank" and a "bad bank" and segregated all of the Bank's non-performing loans into the Bad Bank. The Bank allocates non-performing loans to the Bad Bank on a case by case basis depending on the level of provisioning of a loan, the financial condition of the borrower and other factors. The Bank appointed a dedicated team to focus solely on recovery of the Bad Bank's assets, including the corporate, retail, security and legal departments of the Bad Bank.

As at 30 June 2009, the Bad Bank's gross loan portfolio was worth KZT 486,602 million, of which KZT 293,202 million represented corporate loans, KZT 137,831 million represented retail loans and KZT 55,569 million represented SME loans.

The Asset Pool for the Recovery Notes includes: (i) the Corporate and SME Pool; (ii) amounts recovered by the Bank as a result of litigation related directly or indirectly to the T Bills; and (iii) certain tax assets of the Bank. See "*Schedule 6 (Terms and Conditions of the New Notes), Annex 4 (Terms and Conditions of the Recovery Notes*)".

The following table shows the Corporate and SME Pool as at 31 May 2009. These figure are subject to verification by Ernst & Young LLP who are expected to conduct the initial review of the asset pool before the Restructuring Date.

	Number of Loans	Outstanding Amount	Provisions	Net Book Value
		(KZT millions)	(KZT millions)	(KZT Millions)
Corporate	135	294,287	251,207	43,080
SME Loans	2,053	53,771	41,243	12,528
Total	**2,188**	**348,058**	**292,450**	**55,608**

The Bad Bank's corporate and SME portfolio and the Corporate and SME Pool may not necessarily correlate at all times. The Corporate and SME Pool is fixed as at 31 May 2009 by reference to specific loan agreements and no additional loans can be added to it in the future or removed. The Bad Bank is a notional segregation of the Bank's assets to assist the Bank in managing its loan portfolio and recovery process. The composition of the Bad Bank constantly changes depending on the success of the Bank's recovery process and the financial condition of the Bank's clients. As of the date of this Information Memorandum, most of the Bad Bank's SME and corporate portfolio are the Corporate and SME Pool. If the Bad Bank's SME and corporate loan portfolio changes in the future, it will not correlate to the Corporate and SME Pool.

The Bank's strategy in relation to the Bad Bank includes:

- achieving repayment of non-performing loans;
- writing off non-performing loans which have no prospect of recovery;
- restructuring the remaining non-performing loans and subsequently transferring them to the Good Bank; and
- closing the Bad Bank by 2011.

The Bank's approach to the recovery of the Bad Bank's assets depends on the quality and nature of the underlying client base and its importance to the Bank's new business plan and its future development strategy. Based on these criteria, the Bank divided the Bad Bank's corporate and SME client base into active clients and businesses, inactive clients and businesses and clients involved in real estate speculation. The Bank's objective is to preserve relationships with the active corporate and SME clients of the Bad Bank after transforming those clients' non-performing loans into performing loans and to terminate relationships with the inactive clients and clients involved in real estate speculations.

According to the Bank's estimates, approximately 49.9 per cent. of the Bad Bank's corporate and SME loan portfolio represents active clients and businesses, with the remainder representing inactive clients and businesses and clients involved in real estate speculations.

Bad Bank's Corporate and SME Portfolio / Active Clients and Businesses. Active clients and businesses are companies maintaining their operations with a positive cash flow. The Bank intends to prevent further

deterioration of such clients' loans and transform them into performing loans through restructurings, advancing further funding to allow the clients to complete their projects, providing working capital facilities and the recovery process generally. See "*Selected Statistical and Other Information — Lending Policies and Procedures — Recovery Policies and Procedures*". In line with the Bank's collateral policy, any such restructuring may also require the relevant clients to improve the quality of their existing collateral or provide additional collateral.

Bad Bank's Corporate and SME Portfolio / Inactive Clients and Businesses and Real Estate Speculations. Inactive clients and businesses include dormant and shell companies not carrying out any substantive business activity. In relation to this category of clients, the Bank's recovery measures are aimed primarily at foreclosure of any available collateral and investigations regarding any assets or accounts at other banks which could be attached to recover outstanding amounts. If such measures are unsuccessful, the Bank intends to pursue recovery through court proceedings or out-of-court settlements.

Bad Bank's Retail Portfolio. The retail portfolio of the Bad Bank consists of PILs, car loans, mortgages, instant need loans and other loans. The Bank implemented a number of measures to improve repayments of the Bad Bank retail loans. In December 2007, the Bank established a dedicated collection call centre to focus exclusively on non-performing retail loans. In the period from 1 January 2009 to 30 June 2009, the call centre handled 379,256 overdue loans, of which 226,442, or 59.7 per cent., were either repaid fully or to the extent they were no longer overdue, in which case they were transferred to the Good Bank.

To provide borrowers an additional incentive to repay amounts owed, repayment, from 1 September 2009 to 31 October 2009, the Bank agreed to forgive penalties on overdue amounts on all retail products except credit cards if the borrower repays all overdue amounts owing during such time.

The Bank has standardised policies and procedures relating to the recovery of retail loans. See "*Selected Statistical and Other Information — Lending Policies and Procedures — Recovery Policies and Procedures*".

Optimising the size of the Bank

The Bank has taken steps to optimise the number of its branches and ATMs, to streamline its organisational structure and headcount, and to adjust its IT systems to ensure a more efficient use of resources.

The Bank has closed 60 cash offices since the beginning of 2009 and may close additional branches in the future. The Bank intends to maintain its partnership with Kazpost, giving customers of the Bank access to approximately 3,246 additional branches through Kazpost.

As a part of its optimisation, the Bank has decreased the number of its ATMs to 1,084 as at 30 June 2009 from 1,125 as at 31 December 2008. The Bank may reduce the number of its ATMs further in unprofitable locations.

In the first six months ending 30 June 2009, the Bank reduced its personnel by 29.4 per cent. to 3,907 employees as at 30 June 2009 compared to 5,536 employees as at 31 December 2008. The Bank expects that this staff reduction will result in monthly cost savings of approximately KZT 191 million and will improve the efficiency of the Bank's operations.

The Bank's internet banking services were launched in November 2008, and currently the Bank offers a wide range of internet banking services in Kazakhstan. See "*The Bank — Business of the Bank — Retail Banking — Retail Distribution Channels*". The Bank intends to develop internet and mobile distribution channels further and to outsource selected IT systems and processes.

Development (2010-2013)

After the restructuring and optimisation of the Bank's operations are completed, the Bank expects that its longer term strategy will focus on the following key elements:

- relying on domestic sources of funding for the Bank's development;
- developing a diversified and balanced loan portfolio and achieving profitability based on a relatively equal split between corporate, SME and retail sectors; and
- improving the Bank's operating, credit and risk control procedures.

Relying on domestic sources of funding for the Bank's development

Due to the ongoing financial crisis and the unavailability of funds in the international capital markets, the Bank intends to rely on domestic funding sources for its development. The Bank anticipates that Samruk-Kazyna's participation in the Bank's share capital will help the Bank to achieve a growth of domestic funding sources in 2010 and beyond.

Developing a diversified and balanced loan portfolio and achieving profitability with a relatively equal allocation among the corporate, SME and retail sectors

Prior to the end of 2007, the Bank's business model was based on unsecured retail lending sourced by inexpensive international funding. Following the economic downturn and the resulting unavailability of international funding, this model has become unsustainable. The Bank's new business plan is aimed at developing a more balanced business model based on an approximately equal split between its corporate, retail and SME loan portfolios. The Bank's objective is to become a major participant in the SME and retail sectors of the market while maintaining its position in the corporate sector and maximising cross-selling opportunities.

Improving the Bank's operating, credit and risk control procedures

The Bank intends to improve its operating, credit and risk control procedures. The Bank is in the process of revising certain important documents and credit procedures to improve banking procedures, taking into account identified deficiencies of the previously existing processes and the experience of the EBRD and other large Western banks. The Bank also intends to introduce a revised set of its corporate lending guidelines which state the order, sequence and format of credit transactions and the Bank's Lending Policy which determines the Bank's lending strategy and lending criteria. Furthermore, the Bank is in the process of reviewing all existing regulations and instructions for loan product origination and model agreements for loan product origination with the aim of reducing operating risks and losses and improving the quality of the Bank's loan portfolio. The Bank intends to improve its credit analysis, which will include the assessment of business-related and financial risks, particularly in relation to cash flow, collateral value and other structuring factors, by demanding more stringent requirements of potential borrowers and collateral accepted as security. Improved credit procedures in relation to corporate and retail banking will consist of the improvement of the Bank's IT systems, the launch of a collateral database, which will simplify tracking changes in valuations of collateral, the development and introduction of an operational loss event database, the introduction of a rating model to provide better analysis for decision-making and pricing and the improvement of procedures in relation to working with non-performing loans and the implementation of tight monitoring schedules.

The improvement of credit procedures will enable the Bank to develop a commercially viable product range based on the current risk appetite, cost of credit and operational risk.

The Role of Samruk-Kazyna

Samruk-Kazyna is wholly owned by the Government and is the national management holding company for substantially all state enterprises. Samruk-Kazyna's primary objective is to improve the competitiveness and stability of the Kazakhstan economy and alleviate the possible effects of changes in world markets on economic growth in Kazakhstan.

Liquidity Support

As at 30 June 2009, Samruk-Kazyna has provided liquidity support to the Bank since January 2009 through the following measures:

- the Bank's participation in the State Finance Programmes whereby the Bank has received KZT 33,000 million, of which the Bank has utilised KZT 28,810 million and returned KZT 3,100 million to the Government;
- the opening of a current account by Samruk-Kazyna with the Bank with a current balance of KZT 41,507 million;
- the opening of a current account with the Bank by "Fund of Immovable Property Samruk-Kazyna" with a current balance of KZT 3,192 million;
- depositing KZT 24,000 million in a demand deposit account with the Bank pursuant to the Deposit Agreement which the Bank has deposited with the NBK in an account controlled by Samruk-Kazyna; and

- exchanging the Bank Bonds into Samruk-Kazyna Bonds for a total value of KZT 105,000 million, allowing the Bank to use the Samruk-Kazyna Bonds as collateral for repurchase transactions with the NBK. See "*Selected Statistical and Other Information — Funding — NBK*".

As at 30 June 2009, the total support provided by Samruk-Kazyna to the Bank since January 2009 amounted to KZT 206,699 million, out of which KZT 82,810 million has already been utilised.

Since 30 June 2009, the Bank has received KZT 16,500 million relating to the Bank's participation in a State Finance Programme relating to the construction industry.

Legal Framework

In October 2008, the Government and the FMSA announced a proposal to strengthen the capital of the Bank as part of a broader plan to stabilise the financial system of the Republic of Kazakhstan. The plan was announced in a public statement entitled "On Further Measures to Stabilise the Banking Sector" dated 28 October 2008.

In December 2008, the Government signed a memorandum of understanding with the NBK, the FMSA, Samruk-Kazyna, the Bank and SAFC. Under the memorandum, the Bank and SAFC agreed to increase the capitalisation of the Bank and implement stabilisation measures aimed at sustaining the financial condition and business of the Bank. The implementation of the memorandum, however, has not been completed due to the subsequent execution of the Implementation Agreement.

In February 2009, SAFC agreed to sell 7,324,548 Common Shares of the Bank representing 76.0 per cent. of the Bank's share capital to Samruk-Kazyna for a total consideration of KZT 100, subject to the Implementation Agreement between SAFC, Samruk-Kazyna, the Bank and Mr. Margulan Seisembayev dated 2 February 2009. The parties to the Implementation Agreement agreed to coordinate their efforts to increase the capitalisation of the Bank and to take stabilisation measures to support the Bank in the current market conditions.

In conjunction with the execution of the Implementation Agreement, Samruk-Kazyna and the Bank signed the Deposit Agreement pursuant to which Samruk-Kazyna deposited approximately KZT 24,000 million with the Bank. The Bank's obligations under the Deposit Agreement are secured by a pledge of 76.0 per cent. of the Bank's Common Shares pursuant to the Pledge Agreement between Samruk-Kazyna and SAFC and by guarantees from SAFC and Mr. Margulan Seisembayev. Pursuant to the terms of the Pledge Agreement, Samruk-Kazyna has obtained the right to exercise the voting rights attached to 76.0 per cent. of the Bank's Common Shares as well as other rights, including the right to receive dividends paid on the Shares for the entire term of the Pledge Agreement.

Although the Implementation Agreement expired on 30 June 2009, Samruk-Kazyna's voting control under the Pledge Agreement remains unaffected. On 14 July 2009, the Bank and Samruk-Kazyna entered into a non-binding memorandum of understanding whereby Samruk-Kazyna expressed its agreement, subject to the successful Restructuring, to purchase a controlling stake in the Bank, to provide its support to the restructuring process, to convert its deposit of KZT 24,000 million provided to the Bank under the Deposit Agreement into Common Shares of the Bank and to convert the Bank Bonds in the amount of KZT 105,000 million into Preference Shares of the Bank.

On 5 October 2009, Samruk-Kazyna issued a letter confirming its support of the arrangements set out in the Term Sheet and its agreement in principle to those provisions of the Term Sheet that relate to Samruk-Kazyna and a letter confirming that it will use its reasonable endeavours to support efforts made by the Bank to obtain recoveries in relation to the asset pool of the Recovery Notes. Both letters expressly state that they shall have no legal effect and that neither of them shall constitute any binding obligation on Samruk-Kazyna.

Business of the Bank

Following the Bank's breach of capital adequacy requirements, the FMSA has temporarily prohibited the Bank from marketing and accepting retail deposits over a certain size. Additionally, the Bank's lending operations currently are limited to student loans provided pursuant to the Student Loans State Finance Programme, as well as mortgages under the Mortgage State Finance Programme and SME loans under the SME State Finance Programme to the extent it receives repayment proceeds of previously made Mortgage State Finance Programme loans and SME State Finance Programme loans. Repayment proceeds of any other loans previously made by the Bank are used to cover the Bank's operating expenses and repay funds extended to the

Bank by the NBK as part of the NBK's liquidity support. See "*Selected Statistical and Other Information — Funding — NBK*". The Bank continues to provide certain other banking services, including payment cards, foreign currency exchange operations, custody, clearing and safe-keeping operations, correspondent banking, cash operations, remittances and trust operations.

From 2004 to 2007, the Bank offered most traditional retail and corporate banking products and services, including deposit taking, lending, issuing letters of credit, guarantees and promissory notes and payment cards, foreign currency exchange operations, broker-dealer transactions, custody, clearing and safe-keeping operations, financial leasing, correspondent banking, precious metal brokering, cash operations, remittances, trust, factoring and forfeiting operations and issuing securities.

The following table presents a breakdown of the Bank's net loan portfolio into the retail, SME and corporate banking sectors as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009		As at 31 December			
			2008		2007	
	(KZT million)	(per cent.)	(KZT million)	(per cent.)	(KZT million)	(per cent.)
Retail[1][2][3]	191,756	48.8	226,860	52.3	405,058	49.4
Corporate[2][3]	142,985	36.4	157,247	36.3	339,957	41.5
SME[2]	58,021	14.8	49,368	11.4	74,179	9.1
Total	392,762	100.0	433,475	100.0	819,194	100.0

Notes:

(1) Retail loans are defined as "loans to individuals" in the Financial Statements. See Note 16 to the Annual Financial Statements and Note 15 to the Unaudited Interim Financial Statements.
(2) The breakdown in this table is different from the segment reporting in the Financial Statements. In the Financial Statements, the Bank's loan portfolio is divided into the retail and corporate sectors, with the SME sector reporting being included in the corporate sector reporting. See Note 36 to the Annual Financial Statements and Note 31 to the Unaudited Interim Financial Statements.
(3) Retail and corporate loans presented in this table are calculated based on a different classification from the one used in the Financial Statements.

The Bank offers its products and services through its own branch network as well as through alternative distribution channels, including the sales outlets of Kazpost.

Retail Banking

Since the second half of 2007, the Bank has experienced an outflow of customer deposits. In April 2009, the Bank and the FMSA entered into an agreement whereby the Bank acknowledged that it had infringed certain capital adequacy requirements and agreed to take certain remedial measures, including discontinuing marketing to attract new deposits from individuals or accepting new deposits exceeding KZT 5 million or the equivalent in any foreign currency. The restrictions will remain in effect until the Bank is in compliance with applicable regulatory requirements of the FMSA. The Bank had retail deposits of KZT 60,341 million as at 30 June 2009 compared to KZT 91,004 million as at 31 December 2008 and KZT 97,652 million as at 31 December 2007.

Currently the Bank provides only two retail banking products — loans under the Student Loans State Finance Programme and mortgages under the Mortgage State Finance Programme to the extent it receives repayment proceeds of previously made Mortgage State Finance Programme loans, which represents a significant decrease from the number of products that the Bank marketed and sold prior to 2009. The Bank had a net portfolio of retail loans of KZT 191,756 million (classified as "loans to individuals" in the Bank's Financial Statements) as at 30 June 2009 compared to KZT 226,860 million as at 31 December 2008 and KZT 405,058 million as at 31 December 2007.

The following table provides certain information relating to the Bank's retail banking activities as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009	As at 31 December 2008	As at 31 December 2007
Retail loans			
Number of retail loans	665,761	790,150	1,256,214
Retail loans (net) *(KZT million)*[1]	191,756	226,860	405,058
Market share of retail loans *(per cent.)*[2]	13.0	13.4	18.6
Retail deposits			
Retail deposit accounts[3]	1,108,801	1,141,888	2,718,910
Retail deposits[3][4] *(KZT million)*	60,341	91,004	97,652
Market share of retail deposits *(per cent.)*[2]	3.7	6.0	6.7

Notes:

(1) Retail loans are defined as "loans to individuals" in the Bank's Financial Statements.
(2) Includes loans to individuals classified as SMEs.
(3) Includes time deposits and demand deposits.
(4) Retail deposits are defined as "individuals" within "customer accounts" in the Bank's Financial Statements.

The Bank offers a wide range of retail banking services, including cash operations, safe deposit boxes, traveller's checks, utility and mobile phone operator payments, payment cards, money transfers and currency exchange. The Bank is seeking to expand its retail banking services as a part of its business strategy since these services provide consistent fee generation.

Customer Segmentation

The Bank divides its retail customers into the following segments — VIP, B2 and MASS. The VIP customers are depositors of over KZT 10 million. The Bank provides its VIP customers with certain services including deposit services, payment card services, safe deposit boxes and property insurance products. The B2 customers include depositors of KZT 1 million to KZT 10 million. The Bank offers the B2 customers with certain services including deposits, payment cards and insurance products. The MASS customers are all other customers, which typically include employees of companies participating in the Bank's salary programmes, pensioners, young professionals and students. The Bank offers the MASS customers deposits, payment cards services, insurance products and PILs. The Bank employs a relationship manager to service its VIP customers and pursues an active sales approach with such customers.

Deposits

The Bank faced a significant outflow of deposits as a result of the deterioration in its financial condition and the announcement of the envisaged restructuring of the Bank's financial obligations. Retail deposits decreased to KZT 60,341 million as at 30 June 2009 compared to KZT 91,004 million as at 31 December 2008. The Bank had 1,108,801 retail deposit accounts as at 30 June 2009. Of the deposits from individuals (less guarantee deposits and interest accrued), 11.4 per cent. were demand deposits and 88.6 per cent. were time deposits with terms typically ranging from 12 to 37 months. As at 30 June 2009, KZT 37,846 million (representing 62.7 per cent. of the Bank's retail deposit base) was denominated in Tenge, with the remaining 37.3 per cent. denominated in foreign currencies, primarily U.S. Dollars. The decrease in retail deposits was due to the financial difficulties experienced by the Bank and the ongoing financial crisis that caused severe instability and loss of confidence in the Bank and the banking sector in Kazakhstan in general.

Pursuant to an agreement with the FMSA entered into in April 2009, the Bank currently does not carry out any advertising campaigns to attract individual depositors and does not accept deposits from individual depositors in excess of KZT 5 million or the equivalent in any foreign currency. See "*Risk Factors — Risks Relating to the Bank — The Bank entered into an agreement with the FMSA which restricts certain activities of the Bank*".

Retail Lending

The following table provides a breakdown of retail loans after provisions by product as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009		As at 31 December 2008		As at 31 December 2007	
	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)
Student loans, under Student Loans State Finance Programme	36	—	—	—	—	—
Mortgages under Mortgage State Finance Programme	10,691	5.6	—	—	—	—
Mortgages	51,024	26.6	57,230	25.2	64,473	15.9
PILs	32,375	16.9	72,221	31.8	227,366[1]	56.1
Loans for "Instant Consumer Needs"[2]	79,168	41.3	77,619	34.2	86,365	21.3
Car Credits	7,631	4.0	6,935	3.1	10,740	2.7
Other consumer loans	10,831	5.6	12,855	5.7	16,114	4.0
Total	191,756	100.0	226,860	100.0	405,058	100.0

Notes

(1) This figure represents as sum of KZT 19,365 million of "unsecured consumer loans" and KZT 207,731 million of "loans insured by related party" recorded in the Bank's Financial Statements.
(2) These loans are recorded as "secured consumer loans" in the Bank's Financial Statements.

The Bank currently offers only two retail lending products — student loans pursuant to the Student Loans State Finance Programme and mortgages under the Mortgage State Finance Programme to the extent it receives repayment proceeds of the previously made Mortgage State Finance Programme loans. Prior to 2008, when all retail lending unrelated to the State Finance Programmes was discontinued, the Bank offered a comprehensive range of other consumer lending products, including "Personal Instalment Loans" or "PILs" (formerly known as "Express" Loans), car loans, mortgages and instant need loans, among others.

Student Loans. Since March 2009, the Bank has issued student loans under the Student Loans State Finance Programme. Pursuant to this Programme, the Bank must issue student loans to students residing in Kazakhstan, who are studying in Kazakhstan at certain universities. The loans carry an interest rate of 9 per cent. per annum and have a maximum term of 17 years. The loans are subject to grace periods during the period of the student's education and for six months following graduation. The grace period is extended for one additional year in the event that the student joins the military and for up to three years for mothers following the birth of a child. The borrowers are required to provide collateral in the form of real estate or a guarantee by JSC Financial Centre, a state-owned company, of between 65 per cent. to 95 per cent. of the loan amount and to obtain a guarantee from the relevant university for the remaining 5 per cent. to 35 per cent. of the loan amount.

As at 30 June 2009, the Bank had issued student loans totalling KZT 36 million (after provisions).

Mortgages under Mortgage State Finance Programme. From February to June 2009, the Bank issued mortgage refinancing loans under the Mortgage State Finance Programme. See "*Selected Statistical and Other Information — Funding — State Finance Programmes — Mortgage State Finance Programme*". Pursuant to this Programme, the Bank made loans to individuals to refinance existing mortgages, provided that the collateralised real estate was the only real property owned by the individual and that the real estate amounted to less than 120 square metres. The loans carried an interest rate of between 9 per cent. and 11 per cent. and had a maximum term of 20 years.

As at 30 June 2009, the Bank had issued mortgage refinancing loans pursuant to the Mortgage State Finance Programme totalling KZT 10,738 million (KZT 10,691 million after provisions) and had fully utilised the funds allocated under the Programme. Currently, the Bank provides mortgages under the Mortgage State Finance Programme only to the extent it receives repayment proceeds of the previously made Mortgage State Finance Programme loans.

Mortgages. Prior to February 2009, the Bank offered residential mortgages to its customers with a maximum term of 30 years with interest at rates between 6.0 per cent. and 14.0 per cent. (depending on the size of the deposit). These mortgages required a down-payment equal to at least 15 per cent. of the purchase price of

the real estate. The Bank also charged commissions of 0.5 per cent. of the loan amount. As at 30 June 2009, net residual amount of outstanding residential mortgages was KZT 51,024 million. Non-performing mortgages as at 30 June 2009 represented 48.5 per cent. of the Bank's total gross residual portfolio of mortgage loans.

PILs. From 2004 until 2008, the Bank offered PILs on an unsecured basis to customers. PILs were offered in amounts up to three times the borrower's monthly net salary subject to a maximum limit of KZT 1.5 million. The term of the PILs varied from three months to 42 months and the average effective interest rate was 16.9 per cent. per annum as at 30 June 2009. The average effective interest rate is significantly higher compared to other products because the interest is accrued throughout the life of the loan based on the full original principal amount of the loan rather than the remaining balance of the loan.

PILs were provided through the Bank's branches or cash offices and Kazpost outlets. Analysis of a borrower's application and loan decisions were made within 30 minutes on the basis of the Bank's automated scoring system. The system was based on confirmed income as reported through the SPPC, evaluating credit risk using the frequency of pension contributions by the potential customer to calculate average monthly salary and the ratio of revenue to the requested loan amount. If a loan was approved, the Bank disbursed funds to the customer immediately.

The Bank discontinued providing PILs in 2008. As at 30 June 2009, the net residual amount of outstanding PILs was KZT 32,375 million. The percentage of non-performing PILs as at 30 June 2009 was 53.9 per cent. of the gross residual portfolio of PILs. A PIL, unlike other consumer loans, is deemed to be non-performing when the interest on such loan is overdue for more than 120 days.

Loans for "Instant Consumer Needs". Loans for "Instant Consumer Needs" were collateralised loans for a minimum amount of KZT 150,000 (or the U.S. Dollar equivalent) and a maximum amount determined by the value of the collateral provided by the prospective borrower. The Bank lent up to 70.0 per cent. of the market value of real estate collateral and up to 50 per cent. of the market value of vehicles provided as collateral. The maximum term of Loans for "Instant Consumer Needs" was 15 years. Loans for "Instant Consumer Needs" were issued with interest rates between 14.5 per cent. and 20.0 per cent. per annum. In addition, the Bank charged a commission of 1.5 per cent. of the principal amount for drawing down the loan. As at 30 June 2009, the net residual amount of outstanding Loans for "Instant Consumer Needs" was KZT 79,168 million. Non-performing Loans for "Instant Consumer Needs" represented 34.9 per cent. of the gross residual portfolio of Loans for "Instant Consumer Needs" as at 30 June 2009.

Car credits. The Bank issued loans to individuals to purchase cars, including second-hand cars, from September 2003 to September 2008. These loans had a maximum term of eight years and an interest rate of 15.0 per cent. per year. The Bank charged a commission of 1.5 per cent. of the amount of the car loan. As at 30 June 2009, the net residual amount of outstanding car loans was KZT 7,631 million. Non-performing car loans represented 43.8 per cent. of the gross residual portfolio of car loans as at 30 June 2009.

Payment Cards

The Bank began issuing Visa cards in 2004 and Mastercards in 2006. As at 1 September 2009, the Bank had issued 566,771 Visa cards and 91,066 Mastercards. As at 1 September 2009, the Bank had issued a total of 657,837 cards, of which over 26.0 per cent. were salary cards. Some salary cards included an overdraft facility up to the amount of one month's salary of the relevant employee and were issued by the Bank to employees of companies participating in the Bank's salary programmes. As at the date of this Information Memorandum, the Bank does not offer an overdraft facility for payment cards but continues to issue Visa and Mastercard cards.

Since June 2006, the Bank began to operate its own processing centre and its own ATM network, which in addition to supporting its issuance of a greater number of payment cards to its customers enabled the Bank to provide payment card processing services to other banks. As at 30 June 2009, the Bank had 1,084 ATMs. See "*The Bank — Business of the Bank — ATM Network*".

As at 30 June 2009, the Bank had installed 450 POS terminals located in trade service outlets, such as furniture and electrical goods stores, car dealerships and other types of retailers.

Salary Programmes

The Bank launched its salary programmes in 2005. Under the programmes, the Bank issues Visa and Mastercard cards to the staff of participating companies who, in return for signing a salary deposit agreement

with the Bank, receive benefits (such as pre-approved credit lines) and reduced commissions on card payments. As at 30 June 2009, the Bank operated salary programmes with 2,316 companies under which the Bank provided services to 55,263 participating companies' employees through 133,528 issued and activated cards.

Retail Distribution Channels

In addition to the Bank's own branch network, through its partnership with Kazpost the Bank has access to Kazpost outlets including those in remote parts of Kazakhstan. Since the Bank is not currently providing loans or accepting deposits, its extensive network is used primarily for collection purposes. However, this network may be used by the Bank in the event of the successful completion of the Restructuring, after which the Bank will restore its lending and deposit-taking operations. The Bank's branches also service residual retail loans issued by the Bank in previous years.

The Bank's usage of alternative distribution channels, such as internet and mobile banking for individuals, allows the Bank to serve "white collar" clients with access to the internet from their offices and homes. The Bank provides a wide range of retail banking services through the internet, including account management, cash operations, utility and mobile phone operator payments and money transfers. — See "*The Bank — Strengths — Active usage of internet banking and mobile banking for individuals*".

SME Banking

The Bank currently offers only one SME lending product - SME loans under the SME State Finance Programme. To the extent the Bank receives repayment proceeds of previously placed SME State Finance Programme loans, the Bank may make new loans. The Bank had KZT 92,324 million in gross SME loans, which represented 12.3 per cent. of its total loan portfolio as at 30 June 2009, compared to KZT 62,269 million, which represented 8.9 per cent. of its total loan portfolio as at 31 December 2008 and KZT 80,121 million, which represented 9.3 per cent. of its total loan portfolio as at 31 December 2007. As at 30 June 2009, the Bank posted KZT 34,303 million of provisions in respect of SME loans compared to KZT 12,901 million and KZT 5,942 million as at 31 December 2008 and 31 December 2007. The percentage of non-performing SME loans as at 30 June 2009 represented 39.0 per cent. of the SME loan portfolio. As at the date of this Information Memorandum, the Bank is unable to provide a breakdown of the net SME loan amounts in IFRS so descriptions shown below will not include loan amounts for each category.

Customer Segmentation

In order to better serve SMEs, the Bank established its SME Business Department in early 2005. The Bank developed its SME classification to distinguish SMEs from large corporates which the Bank targets with more tailored products. Prior to 18 February 2009, the Bank considered all loans to corporates for less than U.S.$3 million as SME. On 18 February 2009, the Bank introduced a new definition of SME clients, defining them as those entities with assets of no more than KZT 1,500 million, annual sales of no more than KZT 3,000 million, fewer than 250 employees and aggregate outstanding loans of no more than KZT 750 million. The Government provides a different segmentation for SMEs under its SME State Finance Programme as discussed below.

Deposits

The Bank's IT system currently does not allow the Bank to report SME deposits separately from deposits of corporate clients. The SME deposits are reported as part of the corporate clients' deposits. See "*The Bank — Business of the Bank — Corporate Banking — Deposits*".

SME Lending

SME State Finance Programme Loans. In December 2007, the Bank received the first tranche of the SME State Finance Programme funding and started providing financing to SMEs in accordance with the programme. The second and third tranches of the SME State Finance Programme funding were received by the Bank in November 2008 and February 2009.

According to the financing agreements with Damu Fund for loans under the SME State Finance Programme, the Bank was obliged to make loans to SMEs as defined under Kazakhstan law. Small businesses are defined as businesses with fewer than 50 employees and average annual assets of less than KZT 76.4 million. Medium businesses are defined as businesses with between 50 and 250 employees and average annual assets of KZT 413.7 million or less.

Under the terms of the SME State Finance Programme, the annual effective interest rate charged by the Bank to its customers may not exceed 12.5 per cent. The loans have a maturity period of up to seven years and a grace period of from six to 12 months. The total amount of indebtedness of each particular SME may not exceed KZT 750 million from each bank participating in the Programme.

Apart from loans under the SME State Finance Programmes, the Bank provided the following loan products to SMEs until December 2007: Business Impulse Loans, Small Business Loans, car loans, business mortgages, Small Business "Express" Loans and EBRD "Express" Loans.

Business Impulse Loans. Business Impulse Loans were loans with an accelerated application process. The maximum term of Business Impulse Loans varied from 15 to 20 years, although they were typically granted for terms of between three and five years. Interest rates ranged from 7.5 per cent. to 15.0 per cent. per annum. The financial condition of the borrower was not the primary consideration in granting Business Impulse Loans; rather, the Bank placed greater emphasis on the assessment of the value of the collateral provided. In general, the entire principal amount of each Business Impulse Loan was secured by real estate, cash deposits, automotive vehicles and/or goods in circulation.

Small Business Loans. The Bank granted Small Business Loans to SMEs and individual entrepreneurs. The maximum term of Small Business Loans was seven years, although these types of loans were typically granted for a term of between three and five years. Interest rates ranged from 14.5 per cent. to 18.0 per cent. per annum. The Bank focused on the financial condition of the customer when granting Small Business Loans, as compared to the greater focus on valuation of the collateral for Business Impulse Loans. For Small Business Loans, although the entire principal amount of each loan was secured by real estate, cash deposits, automotive vehicles and goods in circulation, the Bank was more flexible with regard to the type of collateral. Only 50.0 per cent. of the loan was required to be secured by real estate for Small Business Loans.

Car Loans. Car loans were loans for the purchase of cars, buses, lorries and special machinery for businesses up to a maximum of U.S.$3 million (or KZT equivalent). These loans were secured by the vehicles acquired with the proceeds of the loan or by real estate. Car loans had a maximum term of 20 years and an interest rate of 15.0 per cent. per annum. As at 30 June 2009, car loans had an effective interest rate of 10.8 per cent. per annum.

Business Mortgages. Business mortgages were loans for the purchase of commercial real estate up to a maximum of U.S.$3 million (or the KZT equivalent). The maximum term of business mortgages ranged from 15 to 20 years. The maximum interest rate was 14.5 per cent. per annum. The maximum amount of a loan as a percentage of the value of the real estate by which it was secured is 40.0 per cent. in the case of commercial real estate and 50 per cent. in the case of other real estate.

Small Business "Express" Loans. Small Business "Express" Loans were loans of between U.S.$100 and U.S.$10,000 (or the KZT equivalent) with a maximum term of 18 months, at interest rates of between 26.0 per cent. and 32.0 per cent. per annum. These loans were targeted at small companies, such as family-run grocery stores, and were generally secured by merchandise, trade and production equipment and personal belongings, such as cars, as well as third-party guarantees. As at 30 June 2009, the entire portfolio of these loans was secured.

EBRD "Express" Loans. EBRD "Express" Loans were loans of between U.S.$100 and U.S.$10,000 (or the KZT equivalent) with a maximum term of 12 months, at interest rates of between 26.0 per cent. and 30.0 per cent. per annum. The funding source of these loans was the loan provided to the Bank by the EBRD. See "*Selected Statistical and Other Information — Funding — Foreign Currency Bank Borrowings*". These loans were targeted at small companies, such as family-run grocery stores, and were generally secured by merchandise, trade and production equipment and personal belongings, such as cars, as well as third-party guarantees. As at 30 June 2009, the entire portfolio of these loans was secured.

SME Distribution Channels

The Bank services its SME customers primarily through its own branch network. As at 30 June 2009, the Bank had 169 SME-dedicated specialists, of whom 19 were employed in the head office and 150 were employed in the Bank's branches. For further detail on the Bank's distribution channels, see "*The Bank — Distribution channels*" below.

The Bank's new management has commenced training programmes at the branch level to familiarise personnel with the requirements of the SME loan products offered under the SME State Finance Programme, as well as with SME loan products to be launched in the future. The training programme also focuses on integrating

the EBRD principles into the Bank's SME lending practices. See "*The Bank — Strategy — Development (2010 – 2013) — Developing a diversified and balanced loan portfolio and achieving profitability with a relatively equal allocation among the corporate, SME and retail sectors*".

Corporate Banking

As at 30 June 2009, the Bank's corporate loan portfolio included KZT 372,243 million in loans to corporate customers (excluding SME customers), which represented 49.8 per cent. of its gross loan portfolio. As at 30 June 2009, the Bank posted KZT 229,258 million of provisions in respect of corporate loans (excluding SME loans). Of the gross corporate loan portfolio, loans totalling KZT 293,202 million, representing 39.2 per cent. of the gross corporate loan portfolio, have been designated as Bad Bank loans. See "*The Bank — Strategy — Restructuring and Optimisation (2009 – 2010)*" for details of Bad Bank corporate loans.

Customer Segmentation

The Bank classifies corporate loans as loans of more than U.S.$5 million (or the KZT equivalent) made to companies. In addition, as described below, the Bank grants certain other financing products to its corporate clients, including factoring and forfeiting and trade finance products. A significant portion of the Bank's large corporate customers are former SME customers which have grown in size and now qualify as corporate customers.

Deposits

The deposit accounts of corporate clients decreased by 53.9 per cent. to KZT 42,814 million as at 30 June 2009 from KZT 92,897 million as at 31 December 2008. This decrease was due to the significant outflow of deposits from the Bank and the Kazakhstan banking sector as a whole during this period. Of the private corporate clients' deposit accounts (less guarantee deposits and interest accrued), 53.9 per cent. were demand deposits and 46.1 per cent. were time deposits with terms ranging from one to more than 24 months. As at 30 June 2009, KZT 127,314 million, representing 94.6 per cent. of the Bank's private corporate deposit base, was denominated in Tenge, with the remaining 5.4 per cent. denominated in foreign currencies, primarily U.S. Dollars. The Bank does not break down deposit accounts by SME and corporate clients and provides information on an aggregate basis.

Corporate Lending and Trade Finance

The Bank currently is not offering corporate loans. Prior to 2009, the Bank provided services to large corporate clients, including lending, leasing, financial leasing, project finance, overdrafts (for preferred clients) and unsecured tender guarantees for corporate customers.

Part of the Bank's corporate banking activities consisted of providing trade finance and short-term credit facilities, including letters of credit, guarantees and working capital facilities. Currently, the majority of the Bank's trade finance loans will mature within the next 12 months, however, their maturities may be extended an additional 12 months pursuant to the Restructuring. As part of its trade finance activities, the Bank maintains correspondent banking relationships with many leading international banks.

Corporate Distribution Channels

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

Capital Markets

The Bank's primary activities in the capital markets consisted of the purchase of highly liquid securities (see "*Selected Statistical and Other Information — Trading and Investment Portfolio*") primarily in connection with the management of liquidity and other types of risk. The Bank has established an internal dealing department which conducts operations to manage the Bank's liquidity requirements (see "*Asset and Liability Management*"). The Bank conducted repurchase transactions using its securities portfolio as collateral. These operations were conducted within the framework of established limits for bank counterparties in the stock, and over-the-counter, markets. Following the Bank's credit rating downgrade, however, the Bank no longer conducts such operations with counterparties other than the NBK.

In March 2009, Samruk-Kazyna and the Bank entered into a purchase and sale agreement for the Samruk-Kazyna Bonds for the total price of KZT 105,000 million. Samruk-Kazyna and the Bank simultaneously entered into a purchase and sale agreement for the Bank Bonds for the total price of KZT 105,000 million. The Samruk-Kazyna Bonds may be used by the Bank exclusively for the purposes of repurchase transactions with the NBK. Any other transactions involving the Samruk-Kazyna Bonds are prohibited unless Samruk-Kazyna provides its written consent.

Distribution Channels

The Bank offers its products and services through its own branches and cash offices, as well as through Kazpost. Following the change of management in February 2009, the Bank pursued an optimisation plan whereby it reduced branches and staff levels. See "*The Bank — Employees*". Also, as at 30 June 2009, the Bank no longer provided services through credit brokers or retail partners. The Bank continues to receive repayments under residual loans through Kazpost outlets and provides additional services through the internet and mobile banking channels.

Branch Network

As at 30 June 2009, the Bank had 21 branches and 116 cash offices located throughout Kazakhstan, a decrease from 21 branches and 176 cash offices as at 31 December 2008. The operations of each branch and cash office are subject to internal regulation and to oversight by the head office. Following the deterioration of the Bank's financial condition, the Bank has centralised many of its functions in its head office, including credit decisions even in respect of its retail products. The Bank anticipates that credit decisions will be decentralised following the Restructuring and the Bank's financial stabilisation. In comparison to branches, cash offices offer limited services appropriate to the geographical area in which they are located. Cash offices provide only basic operational services such as cash withdrawal, currency exchange and account services. Certain types of activities, including discount operations, trust operations, clearing operations, mortgage operations, issuance of payment cards, guarantee operations, issuance of securities, factoring and forfeiting and transactions in precious metals, are conducted by the Bank's head office only.

The Bank has branches and cash offices in all regions across Kazakhstan. The following table provides details on the location of its branches as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009		As at 31 December			
			2008		2007	
	Branches	Cash offices	Branches	Cash offices	Branches	Cash offices
Almaty	1	18	1	32	3	42
Atyrau	1	4	1	7	1	9
Astana	1	8	1	10	2	8
Aktau	1	6	1	8	1	7
Aktobe	1	5	1	9	1	10
Oskemen	1	11	1	14	1	16
Karaganda	1	8	1	10	1	17
Shymkent	1	14	1	17	1	15
Kostanay	1	7	1	9	1	11
Pavlodar	1	4	1	7	1	8
Petropavlovsk	1	1	1	5	1	5
Semipalatinsk	1	6	1	9	1	9
Ekibastuz	1	3	1	7	1	8
Zhezkazgan	1	4	1	7	1	10
Uralsk	1	4	1	8	1	9
Taldykorgan	1	4	1	5	1	5
Talgar	—	—	—	—	1	3
Taraz	1	2	1	1	1	1
Temirtau	1	—	1	—	—	—
Kyzylorda	1	2	1	2	1	1
Kaskelen	1	2	1	5	1	1
Kokshetau	1	3	1	4	1	4
Total	21	116	21	176	24	199

As of the date of this Information Memorandum, the branch in Temirtau has ceased operations and the Bank is in the process of completing the branch's legal closure. The Bank intends to continue monitoring the performance of the branch network and may close certain branches or cash offices in the future.

Kazpost

Kazpost is a state-owned postal services company with a network of approximately 3,246 outlets throughout Kazakhstan. In 2004, the Bank became the first bank to enter into a non-exclusive strategic partnership agreement with Kazpost. This arrangement allows the Bank to provide retail lending and deposit-taking services through Kazpost outlets. Since the Bank is not currently providing loans or accepting deposits over KZT 5 million, Kazpost's extensive network is used primarily for collection purposes. Nonetheless, this network may be used more fully by the Bank when the Bank restores its lending operations and starts to accept deposits after the successful completion of the Restructuring. Kazpost outlets are linked to the Bank's head office.

The Kazpost network gives the Bank the opportunity to offer its products to customers in remote locations where it otherwise has no presence and also provides further cross-selling opportunities.

ATM Network

The Bank began establishing its own ATM network during 2006. As a part of its optimisation plan, the Bank has decreased the number of its ATMs to 1,084 as at 30 June 2009 from 1,125 as at 31 December 2008. The Bank expects to further reduce the number of its ATMs in the least profitable locations with the aim of having a network of approximately 1,000 ATMs by 31 December 2009.

Technology

The Bank has a centralised information technology platform which connects the Bank's head office and its branches and cash offices throughout Kazakhstan and permits real time communications between them. The Bank considers this centralised information technology platform to be one of its strengths. See "*The Bank — Strengths*". As soon as the Bank determines the parameters of its future lending products, this system will allow the Bank to provide loans expediently through branches and cash offices without compromising the Bank's centrally established risk management standards.

The Bank's information technology systems relating to management and financial reporting, risk management and client relationship management are not fully automated. The Bank is in the process of improving such systems and also plans to make additional investments in its IT and communications technology. In addition, it is considering upgrading its current Athena system, which is its basic system for storing customer and product data, in order to improve its overall performance.

The Bank expects to develop new proprietary scoring systems in conjunction with its new loan products that will aid the Bank in evaluating credit risk. Following the development of the scoring systems, the Bank can develop and adopt a new automated scoring model and, using the existing Athena system, deploy the model throughout the Bank's existing information technology network.

The Bank has developed several new IT initiatives, including the introduction of a Compass Plus system (IT support for payment cards), a new software system for recovery of non-performing loans, a collection call centre and internet banking. The Compass Plus system covers all functional needs of the Bank relating to payment cards. It includes TranzWare On-line, a system for processing credit card transactions in real time, TranzWare Card Factory, a customised module, and TranzWare Card Management System, a back office system for payment cards, as well as certain other modules. The migration to Compass Plus allowed faster processing of revolving cards and flexibility in the Bank's card management system. The Bank has also upgraded its internet and mobile banking systems. The Bank's internet banking system became completely integrated with Athena, the core banking system and the Compass Plus system.

The Bank also implemented the new software system for recovery of non-performing loans during 2008. The new software helps the Bank to monitor accounts receivable on non-performing loans, the effectiveness of the Bank's relevant departments and external collection agencies. In December 2007, the Bank introduced a dedicated collection call centre to assist the Bank in the recovery process and collect information about each individual debtor's circumstances and agree on a realistic timeframe for repayment.

The Bank also implemented DataWareHouse (MIS) during 2008 and 2009 in order to consolidate all regulatory and management reporting. This system is based on enterprise technologies of Oracle, Informatica and Business Objectives.

The Bank's IT systems are equipped with internationally reputable and up-to-date anti-virus and security systems. The Bank's disaster recovery procedures comply with all national requirements. The Bank maintains two up-to-date data centres located in two different locations in Almaty and backs up data every 24 hours. In addition, on a weekly basis, data is recorded on magnetic tapes that are then transported for safe-keeping to a location in Astana and placed on two separate back-up servers. Due to the difficult financial conditions, the Bank's plan to establish an additional back-up server in Astana (which is considered to be in a seismically safe zone) has been delayed until 2010.

Employees

Given the deteriorating financial condition of the Bank, the Bank's management decided to reduce the Bank's salary costs by reducing both staff levels and salaries. The Bank had 3,907 full-time employees as at 30 June 2009, of which 2,757 were employed at the Bank's branches and cash offices, compared to 5,536 full-time employees as at 31 December 2008, of which 4,079 were employed in branches and cash offices. As at 31 December 2007, the Bank had 5,807 full-time employees, of which 4,335 were employed in the Bank's branch network. The decrease in employees employed in the Bank's branch network is part of the Bank's optimisation plan to support the Restructuring and to reduce the Bank's costs. The Bank expects that this staff reduction will result in monthly cost savings of approximately KZT 191 million and will improve the efficiency of the Bank's operations. The reduction of staff did not result in significant amounts of severance payments or pension contributions by the Bank due to short notice requirements for termination under Kazakhstan law and a small number of departing employees of a retirement age.

The following table presents a breakdown of the Bank's employees by head office and branches and cash offices as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009	As at 31 December 2008	As at 31 December 2007
Head office	1,150	1,457	1,472
Branches and cash offices	2,757	4,079	4,335
Total	3,907	5,536	5,807

Based on a review of competitor banks, the Bank reduced salary levels for specific positions. Overall, the Bank reduced monthly salary expenditure at its head office from KZT 274.2 million as at 31 December 2008 to KZT 197.3 million as at 30 June 2009. The Bank reduced monthly salary expenditure at its branch offices from KZT 359.2 million as at 31 December 2008 to KZT 224.6 million as at 30 June 2009.

In light of decreased staff levels and in order to further streamline the Bank's operations, the Bank's management reduced the number of units and divisions within the Bank to 707 as at 30 June 2009 from 1,124 as at 31 December 2008.

The Bank has developed internal training programmes for employees at all levels covering topics such as the collection of non-performing loans, government social programs, ATM network service and client service.

The Bank has never experienced industrial action or other work stoppages resulting from labour disputes. None of the employees of the Bank are members of a trade union.

Security and Anti-Money Laundering

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

The Bank maintains an anti-money laundering policy in relation to all of its customers. It has a Control Compliance Service which is responsible for the prevention of money laundering and financing of terrorism. This Service monitors and analyses accounts and transactions of customers, investigates unusual and suspicious

transactions and establishes compliance procedures for all internal standards and external bank regulation. The Bank has also recently introduced programmes for customer identification and the examination of customers' data upon the opening of a new account.

Insurance Cover

The Bank has a policy provided by JSC "Oil Insurance Company" covering insurance of employees, as required by law. The Bank also insures risks related to its fixed assets and its cash balances, including risks resulting from burglary and robbery of money or equipment and cash transportation risks, as well as accident insurance, motor insurance and motor third-party liability insurance. All policies are renewable annually. The Bank does not have any credit risk insurance in relation to default by its customers and does not have insurance coverage against business interruption and IT failures. The Bank also does not have insurance policies covering premises owned or leased by the Bank. See also *"Selected Statistical and Other Information — Loan Portfolio — Insurance of the Bank's Loan Portfolio"*.

Competition

Prior to 2007, international funding for domestic banks was readily accessible, creating an environment in which banks competed aggressively for retail, SME and corporate clients. These banks competed by increasing the size of available facilities, increasing their networks, expanding their influence and increasing their sophistication.

Over the last 18 months, the competitive environment in Kazakhstan has changed significantly. Due to the global financial crisis, Kazakhstan banks no longer have ready access to international financing. As a result, many banks could not refinance their facilities or refinance the loans made to their customers, resulting in a liquidity deficit among corporate clients. At the same time, due to the negative public perception about domestic banks and fear of the effects of the global financial crisis, the banking system has experienced significant outflows of deposits from both retail and corporate clients which has exacerbated the liquidity deficit. The competitive landscape therefore shifted from banks competing for customers to banks competing for domestic funding. Domestic funding comes from primarily two sources: retail deposits, and corporate and state-controlled company deposits.

Retail Market

As the size of the domestic retail deposit market is contracting, the competition for a share in this market has become fiercer. For retail deposits, the Bank competes primarily with Halyk Bank, Kazkommertsbank and Bank CenterCredit. Halyk Bank has been able to take advantage of its legacy as the Savings Bank of the Union of the Soviet Socialist Republics and of its large branch network to obtain approximately a 22.5 per cent. share of retail deposits as at 30 June 2009 compared to a 21.7 per cent. share of retail deposits as at 31 December 2008. Kazkommertsbank, another major competitor, had approximately an 18.7 per cent. share of retail deposits as at 30 June 2009 compared to a 17.7 per cent. share of retail deposits as at 31 December 2008. Bank CenterCredit has also been successful in attracting retail deposits and had approximately a 14.3 per cent. share of retail deposits as at 30 June 2009 compared to a 13.2 per cent. share of retail deposits as at 31 December 2008. The Bank's market share has decreased over the first six months of 2009 to a 3.7 per cent. share of retail deposits as at 30 June 2009 from approximately a 6.0 per cent. share of retail deposits as at 31 December 2008. In the event of the successful completion of the Restructuring, the Bank expects to increase its share in the retail deposits market as a result of the improved public perception of the Bank's stability based on Samruk-Kazyna's control.

To date, the Bank has not experienced significant competition in the retail sector from foreign banks operating in Kazakhstan. The number of commercial banks in Kazakhstan has decreased from 130 in 1995 to 37 as at the date of this Information Memorandum, and the six largest banks accounted for 80.0 per cent. of the total assets of the Kazakhstan banking sector as at 30 June 2009. In the past, foreign banks present in Kazakhstan, including RBS Kazakhstan, Citibank Kazakhstan and HSBC Bank Kazakhstan, were not able to utilise their lower cost of funding as they were held to the same reserve requirements for foreign debt as domestic banks. However, HSBC Kazakhstan has revised its strategy in the local market and intends to strengthen its competitive position by building a branch network and servicing retail customers in Kazakhstan.

Prior to 2007, Halyk Bank and Bank CenterCredit were the Bank's primary retail lending competitors. The proportion of retail loans in Halyk Bank's total loan portfolio was 32.3 per cent. as at June 2009, 35.5 per cent. as at 31 December 2008 and 38.2 per cent. as at 31 December 2007. The proportion of retail loans in Bank CenterCredit's total loan portfolio was 36.4 per cent. as at 30 June 2009, 39.8 per cent. as at 31 December 2008 and 43.3 per cent. as at 31 December 2007.

SME and Corporate Market

Companies in which the state owns a controlling stake are required by law to keep their working capital in certain financial products, including deposit accounts with at least three second-tier banks. As mentioned above, in the event of the successful completion of the Restructuring, Samruk-Kazyna's majority ownership of the Bank is expected to improve public perception of the Bank's stability and to enhance the Bank's competitive advantage for obtaining deposits of state-controlled companies.

For state-owned companies' deposits, the Bank competes primarily with Halyk Bank, BTA Bank, Kazkommertsbank, Bank CenterCredit and ATF Bank.

Within corporate lending, the Bank has in the past competed primarily with smaller banks, such as ATF Bank and Bank CenterCredit, as well as with banks that have expertise in the SME market, such as BTA Bank. The Bank has not competed to a significant degree with banks focused on lending to large companies. However, banks in Kazakhstan began to focus increasingly on lending to SMEs, which offer comparatively high interest margins as opposed to large corporate customers. ATF Bank and Kazkommertsbank, which were traditionally focused on large corporate customers, have announced their intention to become more active in lending to SMEs.

Property

The Bank owns its head office in Almaty. The Bank owns or leases the buildings used by its branches and cash offices depending on the specific circumstances of different locations. At the date of this Information Memorandum, the Bank owns the premises in which 17 of its branches and 35 of its cash offices are located and leases the premises where two branches and 79 cash offices are located. The Bank partly owns and partly leases the buildings in which one branch and two cash offices are located. The branch in Temirtau has been closed as at the date of this Information Memorandum and the Bank no longer has any ownership interest in its former premises.

Legal Proceedings

From time to time, and in the ordinary course of business, the Bank is subject to legal actions and complaints. At the date of this Information Memorandum, however, the Bank was not and had not in the 12 months preceding the date of this Information Memorandum been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Bank is aware) which may have, or have had in the 12 months preceding the date of this Information Memorandum, a significant effect on the financial position or profitability of the Bank, except as set forth below and described elsewhere in this Information Memorandum.

On 6 October 2009, LLC Management Consulting, a holder of RUB 99.9 million Rouble Notes filed a suit against Alliance Finance with the Moscow Arbitration Court requesting early termination of the loan agreement represented by the RUB 99.9 million Rouble Notes, redemption of the Rouble Notes at par and a penalty for the delay in payment of the fourth coupon, accrued interest and other expenses. The total amount of the claim is RUB 102 million.

On 19 June 2009, Kazkommertsbank filed a lawsuit with the Court for non-payment of principal and interest in respect of domestic bonds of the Bank with a coupon rate of 8.5 per cent. due 10 April 2009. The amount of the claim is KZT 643 million plus court fees of KZT 19 million.

On 12 November 2008, the Bank filed a lawsuit with the Specialised Interregional Economic Court of Western-Kazakhstan Region against its debtor JSC "KazRuno". The lawsuit consisted of seven claims under different agreements. The total amount of the Dollar-denominated and Tenge-denominated claims were U.S.$8,685,028 and KZT 55,945,145.57. On 2 February 2009, the court held in favour of the Bank and ordered JSC "KazRuno" to satisfy the full amount of the claims of the Bank.

The Bank brought a lawsuit against its debtor, LLP "Vostok Toss-Complect", for KZT 660,350,395 owed to the Bank. On 27 May 2009, the Specialised Interregional Economic Court of Western-Kazakhstan Region decided to commence rehabilitation procedures in respect of the debtor. The term of the rehabilitation is three years. Pursuant to the rehabilitation plan, the Bank expects to recover the full amount within the time allotted by the court for the rehabilitation.

The Bank brought a lawsuit against its debtor, JSC "Transstroimost", for Tenge-denominated claims of KZT 9,671,112,758.65 and Euro-denominated claims of EUR 5,053,613.76, owed to the Bank. On 27 May 2009,

the Specialised Interregional Economic Court of Almaty decided to commence rehabilitation procedures in respect of the debtor. The term of the rehabilitation is three years. Pursuant to the rehabilitation plan, the Bank expects to recover the full amount within the time allotted by the court for the rehabilitation.

Certain members of the Bank's Board of Directors and the Bank's former management are currently under investigation and/or were arrested by Kazakhstan's law enforcement agencies in connection with the identified guarantees supported by pledges of its T Bills described in "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future.*" and "*Selected Statistical and Other Information — Funding — Treasury Operations and T Bills*". On 14 October 2009, the Economic Crime and Corruption Agency of Kazakhstan formally accused Mr. Margulan Seisembayev, the Chairman of the Board of Directors of the Bank, Mr. Erlan Seisembayev, a shareholder of SAFC, and Mr. Arsen Saparov, the former Chairman of the Bank's Credit Committee, of stealing KZT 16,919 million from the Bank. According to press reports, a court order has been issued for the arrests of these individuals. At the same time, another investigation was launched by the Kazakhstan financial police in relation to Mr. Askar Galin, a shareholder of SAFC, who is accused of stealing EUR 1.7 million from the Bank. According to press reports, the Kazakhstan authorities have declared to international police agencies that these individuals are sought by the Kazakhstan authorities in relation to these matters. Mr. Margulan Seisembayev effectively discontinued his involvement in the activities of the Board of Directors after 4 June 2009 and his current location is unknown to the Bank. The Bank's former Chairman of the Management Board, Mr. Zhomart Yertaev, was arrested in August 2009, and the Bank's former Chief Accountant, Mr. Abylkassym Mamyrbekov, was arrested in September 2009. The Bank has no further information about the status of the investigations. See "*Management and Corporate Governance — Current Management and Corporate Governance — Board of Directors*".

SELECTED CONDENSED CONSOLIDATED FINANCIAL DATA

Selected Condensed Financial Data

The selected condensed consolidated financial data presented below as at and for the six-month period ended 30 June 2009 and 2008 and as at and for the years ended 31 December 2008 and 2007 have been derived from, and should be read in conjunction with, the Financial Statements, including the notes thereto, contained elsewhere in this Information Memorandum.

The selected condensed consolidated financial data presented below have been extracted from the Annual Financial Statements, which were prepared in accordance with IFRS and audited by Deloitte, LLP (Kazakhstan) in accordance with International Standards on Auditing, and from the Unaudited Interim Financial Statements, which were prepared in accordance IAS 34 and reviewed by Deloitte, LLP (Kazakhstan).

Reference is made to the auditor's review report with respect to the Unaudited Interim Financial Statements and the independent auditors' report with respect to the Annual Financial Statements as at and for the year ended 31 December 2008. Both such reports outline the basis for qualified opinions set out therein, including: (i) the Bank's failure to properly record the guarantees issued to support the borrowings of certain offshore companies (as discussed in "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition — Factors Affecting the Bank's Results of Operations — T Bills Transactions*" and "*Selected Statistical and Other Information — Funding — Treasury Operations and T Bills*"; (ii) the fact that certain customers and counterparties may not have been properly identified as related parties and the associated tax effects may not have been properly reflected (as discussed in "*Risk Factors — Risks Relating to the Bank — Transactions with unidentified related parties may cause future losses*" and "*Related Party Transactions*"); (iii) the Bank's failure to perform required valuations of material assets, land and buildings; and (iv) the Bank's inability to estimate the value of the Bank's credit default cross-currency swaps. In addition, the auditors' report includes emphasis of matter paragraphs in respect of the material uncertainty which exists in respect of the Bank continuing as a going concern and the absence of corresponding figures relating to guarantees and related parties.

Claimants should read this condensed financial information in conjunction with the information contained in "*Presentation of Financial and Other Information*", "*Risk Factors*", "*Capitalisation*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*" and the Financial Statements, including the notes thereto, and the other financial data contained elsewhere in this Information Memorandum.

In the Annual Financial Statements, the comparatives as at and for the year ended 31 December 2007 are presented as corresponding figures.

Consequently, the amounts and other disclosures for the year ended 31 December 2007 are included as part of the Annual Financial Statements, and are intended to be read in relation to the amounts and other disclosures relating to the current period. The corresponding amounts and other disclosures for the year ended 31 December 2007 are not presented as complete financial statements capable of standing alone, but are an integral part of the Annual Financial Statements intended to be read only in relation to the current period figures. Therefore, in accordance with IAS 710, the auditors' opinion on the Annual Financial Statements refers solely to that period.

Condensed Income Statement

	For the six-month periods ended 30 June			For the years ended 31 December		
	2009		2008	2008		2007
	(U.S.$ millions)[1]	(KZT millions)	(KZT millions	(U.S.$ millions)[1]	(KZT millions)	(KZT millions)
Interest income	418	60,558	88,896	1,359	163,488	181,768
Interest expense	(331)	(47,975)	(49,869)	(837)	(100,677)	(92,889)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	87	12,583	39,027	522	62,811	88,879
Provision for impairment losses on interest-bearing assets	(440)	(63,745)	(15,838)	(2,014)	(242,273)	(25,571)
NET INTEREST (LOSS)/ INCOME	(353)	(51,162)	23,189	(1,492)	(179,462)	63,308
Net (loss)/gain on financial assets at fair value through profit or loss	(321)	(46,464)	6,408	(273)	(32,882)	14,792
Net gain on derecognition of liabilities	—	7	13	—	—	—
Net (loss)/gain on investments-available-for-sale	—	—	2	—	(1)	108
Net/(loss)/gain on foreign exchange operations	(335)	(48,496)	(6,685)	129	15,564	(9,474)
Fee and commission income	29	4,234	7,028	107	12,817	12,629
Fee and commission expense	(7)	(954)	(7,113)	(204)	(24,584)	(10,508)
Special provision for guarantees	—	—	—	(1,139)	(136,972)	—
(Provision)/recovery of provision for impairment losses and other transactions	(9)	(1,345)	(1,241)	(226)	(27,175)	79
Other income	5	785	2,488	67	8,028	8,056
NET NON-INTEREST (LOSS)/INCOME	(638)	(92,233)	900	(1,539)	(185,205)	15,682
OPERATING (LOSS)/INCOME	(991)	(143,395)	24,089	(3,032)	(364,667)	78,990
OPERATING EXPENSES	(68)	(9,869)	(10,654)	(182)	(21,889)	(22,401)
(LOSS)/PROFIT BEFORE INCOME TAX	(1,059)	(153,264)	13,435	(3,214)	(386,556)	56,589
Income tax benefit/expense	—	—	(3,226)	3	346	(13,906)
NET (LOSS)/PROFIT	(1,059)	(153,264)	10,209	(3,211)	(386,210)	42,683
OTHER COMPREHENSIVE INCOME:						
Unrealised (loss)/gain on revaluation of investments available-for-sale	(3)	(469)	(68)	—	5	(115)
Gain transferred to statement of comprehensive income on sale of investments available-for-sale (unaudited)	—	—	(2)	—	(1)	2
Other transfers	—	—	3	—	51	—
TOTAL COMPREHENSIVE (LOSS)/INCOME	(1,056)	(153,733)	10,142	3,211	(386,155)	42,570
Net (loss)/profit attributable to:						
Preference shareholders	—	—	215	—	—	1,512
Ordinary shareholders of the parent	1,059	(153,264)	9,994	(3,211)	(386,210)	41,171
	1,059	(153,264)	10,209	3,211	(386,210)	(42,683)
(LOSS)/EARNINGS PER SHARE Basic and diluted *(KZT or U.S.$)*	(110)	(15,903)	1,037	(333)	(40,074)	4,780

Notes:

(1) Translated at the average U.S. Dollar exchange rate for the six-month period ended 30 June 2009, as reported by the NBK, of KZT 144.76 = U.S.$1.00.

(2) Translated at the average U.S. Dollar exchange rate for the year ended 31 December 2008, as reported by the NBK, of KZT 120.29 = U.S.$1.00.

Condensed Balance Sheet

	As at 30 June			As at 31 December		
	2009		2008	2008		2007
	(U.S.$ millions)[1]	(KZT millions)	(KZT millions)	(U.S.$ millions)[2]	(KZT millions)	(KZT millions)
ASSETS						
Cash and balances with the NBK	131	19,713	55,897	176	21,217	69,795
Financial assets at fair value through profit or loss	1,008	151,679	203,076	1,672	201,973	179,620
Reverse repurchase agreements	—	—	—	1	132	—
Due from banks	412	61,933	16,794	381	45,956	37,079
Loans to customers, net of allowances	2,611	392,762	721,193	3,589	433,475	819,194
Investments available-for-sale	15	2,272	2,692	23	2,741	3,057
Property, equipment and intangible assets	217	32,677	34,026	283	34,197	31,049
Current income tax assets	23	3,441	—	22	2,677	—
Other assets	33	4,872	35,418	49	5,940	21,137
TOTAL ASSETS	4,450	669,349	1,069,096	6,195	748,308	1,160,931
LIABILITIES AND DEFICIT						
Due to the NBK	—	—	8,036	124	15,026	5,569
Due to the Government of the Republic of Kazakhstan	152	22,828	2,479	37	4,460	6,242
Financial liabilities at fair value through profit or loss	20	2,985	19,752	415	50,168	6,280
Due to banks	1,300	195,595	210,959	1,138	137,377	292,565
Due to other financial institutions	229	34,470	33,179	296	35,741	48,533
Customer accounts	1,247	187,655	206,177	1,565	189,044	235,575
Other financing	180	27,047	30,282	244	29,449	31,051
Repurchase agreements	439	66,083	27,802	347	41,945	6,357
Debt securities issued	3,041	457,456	312,024	2,373	286,584	328,265
Deferred income tax liabilities	—	—	2,029	—	—	1,554
Current income tax liabilities	—	—	611	—	—	1,860
Other liabilities	61	9,106	5,208	58	6,962	3,307
Special provisions for guarantees	—	—	—	1,134	136,972	—
Subordinated debt	313	47,037	41,441	346	41,760	34,798
TOTAL LIABILITIES	6,982	1,050,262	899,979	8,077	975,488	1,001,956
DEFICIT						
Share capital	641	96,380	96,380	798	96,380	96,380
Additional paid-in-capital	8	1,222	1,222	10	1,222	1,222
Investments available-for-sale fair value reserve	(3)	(498)	(103)	—	(29)	(33)
Property and equipment revaluation reserve	13	1,979	2,038	17	2,023	2,109
General reserves on banking activities	—		17,160	—		
(Accumulated deficit)/retained earnings	(3,191)	(479,996)	52,420	(2,706)	(326,776)	59,297
Total (deficit)/equity	(2,532)	(380,913)	169,117	(1,881)	(227,180)	158,975
TOTAL LIABILITIES AND DEFICIT	4,450	669,349	1,069,096	6,196	748,308	1,160,931

Notes:

(1) Translated at the U.S. Dollar exchange rate as at 30 June 2009, as reported by the NBK, of KZT 150.43 = U.S.$1.00.

(2) Translated at the U.S. Dollar exchange rate as at 31 December 2008, as reported by the NBK, of KZT 120.79 = U.S.$1.00.

	As at or for the six-month period ended 30 June		As at or for the years ended 31 December	
	2009	2008	2008	2007
	(per cent. unless otherwise noted)		(per cent. unless otherwise noted)	
COMBINED KEY RATIOS				
Return on shareholders' equity[1]	— [2]	12.4[6]	— [2]	35.7
Net earnings per common share (KZT)	(15,903)	1,037	(40,074)	4,780
Cost/income ratio[3]	(12.4)	26.7	(17.9)	21.4
Operating expenses/operating (loss)/income	— [2]	44.2	— [2]	28.4
Effective provisioning rate on average gross loans[1][7]	17.6	3.9	30.9	3.4
Effective tax rate[8]	0.0	24.0	0.1	24.6
PROFITABILITY RATIOS				
Net interest margin (before provisions)[1][9]	3.9	7.9	7.3	9.7
Net interest margin (after provisions)[1][10]	(15.8)	4.7	(20.9)	6.9
Operating expenses as a percentage of net interest income before provisions	78.4	27.3	34.8	25.2
Annualised operating expense as a percentage of average total assets[1]	2.8	1.9	2.3	2.2
Annualised net (loss)/profit as a percentage of average total assets[1]	(43.2)	1.8	(40.5)	4.1
BALANCE SHEET RATIOS				
Customer accounts as a percentage of total assets	28.0	19.3	25.3	20.3
Net loans to customers as a percentage of total assets	58.7	67.5	57.9	70.6
Total equity as a percentage of total assets	(56.9)	15.8	(30.4)	13.7
Liquid assets as a percentage of customer accounts[4]	123.9	313.1	122.3	118.0
Liquid assets as a percentage of liabilities of up to one month[4]	26.2	180.7	36.2	246.9
CAPITAL ADEQUACY RATIOS[5]				
Total capital	— [2]	19.1	— [2]	20.3
Tier I capital	— [2]	20.8	— [2]	18.5
ASSET QUALITY RATIOS				
Non-performing loans as a percentage of total gross loans	37.3	7.6	9.6	3.8
Loan loss reserves as a percentage of non-performing loans	127.4	91.8	399.0	133.1
Loan loss reserves as a percentage of gross loans	(47.5)	(6.9)	(38.4)	(5.0)

Notes:

(1) Based on the average of the opening and closing balances of the relevant balance sheet item for the period.
(2) Relevant ratio for this period was negative.
(3) Cost to income ratio is calculated by dividing total operating expenses by the sum of net interest income before provisions and non-interest income.
(4) Liquid assets include cash and balances with NBK, due from banks (with a maturity of less than one month) and financial assets at fair value through profit or loss.
(5) Calculated in accordance with the Basel Accord, as currently in effect.
(6) Annualised.
(7) Effective provisioning rate on average gross loans is calculated as percentage of provisions for impairment losses on interest bearing assets in average gross loans to customers.
(8) Effective tax rate is calculated as percentage of income tax expense in (loss)/profit before income tax.
(9) Annualised net interest margin (before provisions) is calculated as percentage of net interest income before provision for impairment losses on interest bearing assets in average total interest bearing financial assets.
(10) Net interest margin (after provisions) is calculated as percentage of annualised net interest (expense)/income in average total interest bearing financial assets.

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

The following discussion should be read in conjunction with the Financial Statements included elsewhere in this Information Memorandum and the notes thereto. The Bank's Financial Statements included in this Information Memorandum were prepared in accordance with IFRS. See "Selected Condensed Consolidated Financial Data". The forward-looking statements contained in this discussion and analysis are subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements. Factors that may cause such a difference include, but are not limited to, those discussed in "Forward-Looking Statements" and "Risk Factors".

Overview

After following an aggressive growth strategy from 2004 to 2007, the Bank's financial condition and liquidity position had severely deteriorated by February 2009. The Bank breached the FMSA's capital adequacy and liquidity requirements in April 2009 and was instructed by the FMSA to develop a restructuring and recapitalisation plan. In light of the results of its new management's ongoing due diligence into the Bank's loan and securities portfolios and derivative transactions, the Bank began downsizing its operations in February 2009. See "*The Bank — Overview of the Bank and Background to the Restructuring*". As at 30 June 2009, the Bank was the sixth largest bank in Kazakhstan by total assets with a market share of 4.9 per cent., compared to 8.7 per cent. as at 31 December 2008.

As at 30 June 2009, the Bank's total assets were KZT 669,349 million compared to KZT 748,308 million as at 31 December 2008 and KZT 1,160,931 million as at 31 December 2007, representing a decrease of 10.6 per cent. and 35.5 per cent., respectively. The Bank's total deficit was KZT 380,913 million as at 30 June 2009 as a result of the provisions against the identified guarantees supported by pledges of its T Bills and against the Bank's loan portfolio, compared to a total deficit of KZT 227,180 million as at 31 December 2008 and total equity of KZT 158,975 million as at 31 December 2007.

Recent Developments

The discussion below is based on internal management reports and has not been audited or reviewed by an independent auditor.

The net loss of the Bank increased to KZT 224,146 million as at 30 September 2009 compared to KZT 153,733 million as at 30 June 2009, primarily due to further deterioration of the Bank's loan portfolio and additional provisions for impairment losses on interest-bearing assets recognised by the Bank during the three-month period ended 30 September 2009 in the amount of KZT 49,946 million, bringing the total amount of provisions over the nine-month period ended 30 September 2009 to KZT 113,691 million.

The Bank's total assets decreased by 13.4 per cent. to KZT 579,322 million as at 30 September 2009 from KZT 669,349 million as at 30 June 2009, primarily due to a 17.8 per cent. decrease in the net loan portfolio to KZT 322,683 million as at 30 September 2009 from KZT 392,762 million as at 30 June 2009. The decrease in the net loan portfolio was mainly attributable to an increase in the loan loss provisions over the period to KZT 406,128 million as at 30 September 2009 from KZT 355,215 million as at 30 June 2009.

The Bank's retail, private corporate and SME deposits (excluding Samruk-Kazyna's deposits) further decreased as at 30 September 2009 compared to the levels as at 30 June 2009. The Bank's retail deposits decreased by 13.0 per cent. to KZT 48,134 million as at 30 September 2009 from KZT 55,296 million as at 30 June 2009 and private corporate and SME deposits (excluding Samruk-Kazyna's deposits) decreased by 48.8 per cent. to KZT 16,078 million as at 30 September 2009 from KZT 31,397 million as at 30 June 2009 (on the basis of Adjusted IFRS).

Factors Affecting the Bank's Results of Operations

Kazakhstan's Economy

The Bank, in common with all banks in Kazakhstan, has been affected by the ongoing economic crisis. The unprecedented recent market and economic conditions have resulted in tighter credit conditions and slower growth. Continued concerns about the health of the financial sector in many countries, possible inflation, energy costs, geopolitical issues and the availability and cost of credit have contributed to increased market volatility and diminished expectations for various economies.

The economy in Kazakhstan was particularly affected by the collapse of oil and gas prices beginning in the second half of 2008. In addition, real estate prices in Kazakhstan have dropped sharply since June 2007. See "*Risk Factors — Risks Relating to the Bank — Concentration of the Bank's loan portfolio and deposit base and volatility in the real estate market subject it to risks*". Such volatility in the commodity prices and the real estate market has had an adverse effect on the country's economy. These adverse economic conditions led to a decrease in GDP growth of 3.2 per cent. in 2008 compared to 8.5 per cent. GDP growth in 2007.

Further, on 4 February 2009, the NBK reduced its level of support for the Tenge/U.S. Dollar exchange rate from KZT 117 – KZT 123 to 1 U.S. Dollar to KZT 150 to 1 U.S. Dollar (+/- 3 per cent.). This devaluation was due in part to recent declines in Kazakhstan's balance of payments and foreign exchange reserves as a result of falls in commodity prices, in particular oil and gas, in the international markets.

In addition, concern about the stability of the banking sector in Kazakhstan has led to a material reduction in liquidity as wholesale funding has become more expensive and less available. Funding from retail depositors has also fallen as a result of the public's loss of confidence in the Kazakhstan banking sector. To prevent deposit outflow, and due to the deterioration in asset quality in the first six months of 2009, Samruk-Kazyna has provided financial support to the banking sector totalling KZT 476,000 million as at 30 June 2009. See also "*The Banking Sector in Kazakhstan*". This support took a number of forms, including direct equity investments as well as placing deposits with Kazakhstan banks.

T Bills Transactions

In the course of its due diligence, the new management of the Bank identified guarantees entered into by the Bank between 2006 and 2008 that were not properly recorded on the Bank's balance sheet. The guarantees issued by the Bank to third parties were secured by pledges of T Bills.

These guarantees covered borrowings by four offshore companies registered in the British Virgin Islands and Samoa from two Russian financial institutions. The relationship between these parties has not been fully investigated. Part of the recovery process will involve further investigations to determine if the Bank has any claims to any party. The pledged T Bills were held in brokerage accounts of these financial institutions and these institutions had the right to foreclose on them at their sole discretion by sale, exchange or otherwise.

In February and May 2009, the Bank was informed that the four offshore companies had defaulted on payment of their loans, the Russian financial institutions had exercised their right to foreclose on the T Bills and all the T Bills had been transferred out of the custody accounts of the Bank. Due to the likely losses under the guarantees as at 31 December 2008, the Bank recognised a provision for the guarantees of KZT 136,972 million in the Annual Financial Statements. See the discussion on recognition of provisions in "*Presentation of Financial and Other Information — Historical Financial and Other Information"*.

See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*" and "*Selected Statistical and Other Information — Funding — Treasury Operations and T Bills*".

Loan Loss Provisions

Effective from 1 May 2007, the Bank changed its provisioning policies in order to comply with amended FMSA regulations on provisioning. Under these new policies, loans are separated into two groups: loans for which provisions accrue on a case-by-case basis and homogeneous loans. The Bank determines provisions for the former group, which includes corporate, SME loans and retail loans in excess of 0.02 per cent. of the Bank's equity, based on its analysis of historical losses and the supervision of its loan portfolio. For the retail loans that are classified as homogeneous loans, the Bank decides on the level of provisions in respect of the entire group of homogenous retail loans rather than overdue loans only. According to this policy, the Bank reviews historical data on a monthly basis and, if necessary, revises its provisioning rate to reflect changes in its losses and other relevant factors.

Following the results of the due diligence process conducted by the Bank's new management in 2009 and the effects of Kazakhstan's macro-economic conditions, provisions as a percentage of gross loans based on IFRS increased to 47.5 per cent. as at 30 June 2009 compared to 38.4 per cent. as at 31 December 2008 and 5.0 per cent. as at 31 December 2007. For an explanation of the provisioning based on Adjusted IFRS, see "*Selected Statistical and Other Information — Lending Policies and Procedures — Provisioning Policies and Write-Offs*" as well as the discussion on recognition of provisions in "*Presentation of Financial and Other Information — Historical Financial and Other Information*".

Provisioning on Corporate Loan Portfolio. Provisions as a percentage of gross corporate loans increased to 56.1 per cent. as at 30 June 2009 compared to 50.6 per cent. as at 31 December 2008 and 5.0 per cent. as at 31 December 2007.

Provisions as a percentage of gross corporate loans increased in part due to the more conservative risk management policy adopted by the Bank's new management, management's recognition of the decrease in value of real estate collateral and the poor quality of loans provided to related parties.

A significant portion of the Bank's loan portfolio consists of loans secured by real estate. As at 30 June 2009, 31 December 2008 and 31 December 2007, the Bank held net loans secured by real estate totalling KZT 256,640 million, KZT 280,511 million and KZT 452,153 million, respectively, which represented 65.3 per cent., 64.7 per cent. and 55.2 per cent., respectively, of its total loan portfolio net of allowance for impairment losses over such periods.

Beginning in September 2007, prices for residential real estate in Kazakhstan dropped sharply. For instance, market prices for residential real estate in Almaty decreased by between 30.0 per cent. and 50.0 per cent. during the period between 30 September 2007 and 31 December 2008. In August 2008, the Bank commenced a revaluation of its entire collateral base. This revaluation is continuing as at the date of this Information Memorandum. See "*Selected Statistical and Other Information — Lending Policies and Procedures — Collateralisation*". Following the commencement of the revaluation, as at 30 June 2009, the value of the Bank's collateral was KZT 374,404 million, of which KZT 190,787 million was collateral under retail loans, KZT 74,760 million was collateral under SME loans and KZT 108,857 million was collateral under corporate loans.

For a discussion of related party transactions involving the Bank, see "*Related Party Transactions*".

Provisioning on Retail Portfolio. Provisions as a percentage of gross retail loans increased to 32.3 per cent. as at 30 June 2009 compared to 20.5 per cent. as at 31 December 2008 and 5.1 per cent. as at 31 December 2007. Provisions against PILs represent 69.7 per cent. of the total amount of provisions against the retail portfolio.

Prior to June 2006, the Bank's policy had been to make immediate provisions for all unsecured loans at the level of 5.0 per cent. of the principal amount of the loan. The provisioning charge was recognised immediately, whereas interest income and commission income were recognised over the life of the loan. As a result of the rapid expansion of the Bank's unsecured loan portfolio during 2005, the Bank's provisions increased significantly. Due to decreasing net interest income after provisions, in June 2006, the Bank began insuring its PILs portfolio with Alliance Policy, its related party, which allowed it to reduce its provisions in absolute terms. From June 2006 to April 2007, the Bank did not immediately record any provisions on unsecured loans which it insured, but rather recorded a provision only when the relevant loan was overdue. As mentioned above, as at 1 May 2007, the Bank changed its provisioning policies in order to comply with amended FMSA regulations on provisioning. For certain retail loans, including all PILs, the Bank posts provisions in respect of the entire group of such loans rather than overdue loans only.

Upon taking control of the Bank, the Bank's new management reviewed the existing retail loan portfolio in detail and uncovered a significant increase in defaults. As a result of the discovered deficiencies in the retail loan portfolio, the current economic conditions and a more conservative risk management policy adopted by the Bank's new management, the Bank increased provisioning rates applicable to the retail loan portfolio.

Provisions against Receivables from Collection Agencies

From 2006 to September 2008, the Bank was a party to an insurance agreement with Alliance Policy, a related party, to insure its unsecured retail loan portfolio. The Bank terminated the agreement with Alliance Policy in September 2008 and the unamortised insurance premiums were released.

In the fourth quarter of 2008, the Bank transferred non-performing loans, including loans previously written-off, and claims receivable from Alliance Policy, a related party, to eight collection agencies. The transferred loans and claims were written off the Bank's balance sheet. Under the terms of the transfer, the Bank was entitled to receive consideration for the transferred assets only if the collection agencies made recovery beyond an agreed level. The Bank's new management believes that the collection agencies are related parties. The Bank's new management has made an estimate of the recoverability of amounts due from the collection agencies and has concluded that the Bank will not be successful in collecting such amounts because of their

uncertain financial condition. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*".

Non-Performing Loans

The classification of non-performing loans affects the Bank's results of operations because the Bank suspends accrual of interest on loans that the Bank considers to be non-performing. From 1 June 2007, the Bank revised the calculation for determining non-performing loans and now classifies loans as non-performing depending upon the type of loans. For unsecured PILs, the Bank considers loans which are more than 120 days overdue to be non-performing. For all other loans, it does so when they are more than 90 days overdue. As a result of this change in calculation, the interest income recognised by the Bank was higher over such periods than it otherwise would have been. However, the Bank's new management believes that the level of non-performing loans is not indicative of the quality of the overall loan portfolio since the calculation only reflects the number of days that a loan is overdue rather than the financial standing of the borrower and the quality of the collateral (if any).

During the first half of 2009, the Bank's non-performing loans as a percentage of its total gross loan portfolio increased to 37.3 per cent. as at 30 June 2009, from 9.6 per cent. as at 31 December 2008 and 3.8 per cent. as at 31 December 2007.

Interest Rates

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

Between 2003 and 2009, the NBK steadily raised refinancing interest rates, from 7.0 per cent. as at 7 July 2003 to 10.0 per cent. as at 1 January 2009. As at 4 September 2009, the NBK decreased the refinancing interest rate to 7.0 per cent.

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

The majority of the Bank's loans are fixed-rate agreements. Although the agreements often contain clauses allowing the Bank to change interest rates, in October 2008 the Banking Law was amended to prohibit banks from changing interest rates unilaterally. These amendments have retrospective effect and apply to any loan agreements entered into before and after their enactment. The Bank's ability to mitigate interest rate risks is therefore extremely limited. See "*Risk Factors — Risks Relating to the Bank — The Bank is exposed to significant interest rate risk*".

Mix of Funding Base

Historically, international sources of funding were less expensive than domestic sources of funding. Before 2008, the Bank relied heavily on raising funds through the international debt capital markets and through term facilities with international lenders. As at of 31 December 2007, 32.8 per cent. of the Bank's funding base consisted of debt securities issued and 29.2 per cent. was due to banks, both of which derived primarily from international markets. As at 31 December 2007, the remaining portion of the funding base was made up primarily of customer accounts, representing 24.1 per cent. of the funding base, amounts due to other financial institutions, representing 4.8 per cent. of the funding base, and other financing, representing 3.1 per cent. of the funding base.

As a result of the global financial crisis, the Bank no longer had access to new international sources of funding. International funding reflected on the Bank's balance sheet as at 31 December 2008 and 30 June 2009 was obtained prior to 31 December 2007 and represented primarily debt securities issued and amounts due to banks. As at 30 June 2009, 43.6 per cent. of the Bank's funding base consisted of debt securities issued and 18.6 per cent. consisted of amounts due to banks, compared to 29.4 per cent. and 14.1 per cent. as at 31 December 2008, respectively. If the Restructuring is successful, the proportion of international funding reflected on the Bank's balance sheet will significantly decrease.

Furthermore, the Bank's management does not believe that new international funding will become available in the short term, so the Bank will increasingly rely on domestic funding sources, which historically have been more expensive than international funding. Also, the Bank's management expects that the competition for domestic funding will increase among banks in Kazakhstan, which will further increase the cost of such funding.

Samruk-Kazyna's Support

The Bank has experienced significant outflows of customer deposits throughout 2008 and 2009. The Bank's retail deposits decreased by 33.7 per cent. during the first six months of 2009 to KZT 60,341 million as at 30 June 2009 from KZT 91,004 million as at 31 December 2008, which itself represented a decrease of 6.8 per cent. from KZT 97,652 million as at 31 December 2007. The Bank's private corporate and SME deposits (excluding Samruk-Kazyna's deposits) decreased by 55.9 per cent. during the first six months of 2009 to KZT 43,190 million as at 30 June 2009 from KZT 98,040 million as at 31 December 2008, which was already a decrease of 28.9 per cent. from KZT 137,923 million as at 31 December 2007. As a result of deposits made by Samruk-Kazyna totalling KZT 84,124 million which were placed in February 2009, the Bank's total deposits decreased by only 0.7 per cent. to KZT 187,655 million as at 30 June 2009 from KZT 189,044 million as at 31 December 2008. See "*The Bank — The Role of Samruk-Kazyna — Liquidity Support*".

Significant Accounting Policies and Key Assumptions

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

Results of Operations for the Six-Month Periods Ended 30 June 2009 and 2008

The following table presents the Bank's results of operations for the six-month periods ended 30 June 2009 and 2008:

	Six-month periods ended 30 June	
	2009	2008
	(KZT millions)	
Interest income	60,558	88,896
Interest expense	(47,975)	(49,869)
Net interest income before provisions for impairment losses on interest bearing assets	12,583	39,027
Provisions for impairment losses on interest bearing assets	(63,745)	(15,838)
Net interest (expense)/income	(51,162)	23,189
Net (loss)/gain on financial assets at fair value through profit or loss	(46,464)	6,408
Net gain on derecognition of liabilities	7	13
Net gain on investments available-for-sale	—	2
Net loss on foreign exchange operations	(48,496)	(6,685)
Fee and commission income	4,234	7,028
Fee and commission expense	(954)	(7,113)
Provision for impairment losses and other transactions	(1,345)	(1,241)
Other income	785	2,488
Net non-interest (loss)/income	(92,233)	900
Operating (loss)/income	(143,395)	24,089
Operating expenses	(9,869)	(10,654)
(Loss)/profit before income tax	(153,264)	13,435
Income tax expense	—	(3,226)
Net (loss)/profit	(153,264)	10,209

The Bank's net interest income after provisions decreased to a net loss of KZT 51,162 million for the six-month period ended 30 June 2009 from a net income of KZT 23,189 million for the six-month period ended 30 June 2008. The decrease was primarily due to increased provisioning as a result of the deterioration of the quality of the Bank's loan portfolio and a decrease in net interest due to the increase in non-performing loans and decrease in the interest-bearing assets.

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

	Six-month period ended 30 June	
	2009	2008
	(KZT millions, except percentages)	
Interest income	60,558	88,896
Interest expense	(47,975)	(49,869)
Net interest income before provision for impairment/losses on interest bearing assets	12,583	39,027
Provisions for impairment/losses on interest bearing assets	(63,745)	(15,838)
Net interest (expense)/income	(51,162)	23,189
Key ratios (percentages)		
Net interest margin (before provisions)[1][2]	3.9%	7.9%
Net interest margin (after provisions)[1][3]	(15.8)%	4.7%
Provisions/net interest income before provisions	506.6%	40.6%
Provisions/average gross loans[1]	17.6%	3.9%
Provisions (adjusted to include insurance premiums)/average gross loans[1]	17.6%	5.4%

Notes:

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

(2) Net interest margin (before provisions) is the percentage of net interest before provisions of the total interest-bearing financial assets.
(3) Net interest margin (after provisions) is the percentage of net interest expense of the total interest-bearing financial assets.

Net Interest Income before Provisions

Net interest income before provisions decreased by 67.8 per cent. to KZT 12,583 million for the six-month period ended 30 June 2009 from KZT 39,027 million for the six-month period ended 30 June 2008. This decrease was due to the decrease in interest income over the period. The Bank's net interest margin decreased to 3.9 per cent. (on an annualised basis) for the six-month period ended 30 June 2009, compared to 7.9 per cent. for the six-month period ended 30 June 2008.

Interest Income

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

	Six-month period ended 30 June	
	2009	2008
	(KZT millions, except percentages)	
Interest on loans to customers	45,864	79,749
Yield on loans to customers(1)	22.2%	20.7%
Interest on due from banks	270	495
Yield on due from banks(1)	1.0%	3.4%
Interest on reverse repurchase agreements	—	5
Yield on reverse repurchase agreements	—	4.2%
Interest on securities(2)	5,473	3,578
Yield on securities(2)	6.8%	4.4%
Interest on derivative financial assets	8,952	5,069
Yield on derivative financial assets	—	—
Total interest income	60,558	88,896
Yield on interest-earning assets(1)	18.8%	17.9%

Notes:

(1) Annualised, based on the average of the opening and closing balances of interest-earning assets for the period.
(2) Securities include investments available-for-sale and financial assets held-for-trading.

Interest income decreased by 31.9 per cent. to KZT 60,558 million for the six-month period ended 30 June 2009 from KZT 88,896 million for the six-month period ended 30 June 2008. This decrease was mainly due to a reduction in interest income from the loan portfolio, which represents a significant percentage of the total interest income of the Bank.

Interest on Loans to Customers. Interest income on loans to customers decreased by 42.5 per cent. to KZT 45,864 million for the six-month period ended 30 June 2009 from KZT 79,749 million for the six-month period ended 30 June 2008. This decrease was due to the decrease in the size of the loan portfolio and the further deterioration in the quality of the loan portfolio. As at 30 June 2009, the Bank's net loan portfolio was KZT 392,762 million compared to the net loan portfolio of KZT 721,193 million as at 30 June 2008. The loan portfolio reduced as a result of the application of the Bank's write-off policy. Also, most of the Bank's retail lending was discontinued in the beginning of 2008, and corporate lending was discontinued in the beginning of 2009. Therefore the Bank has not been originating new loans except for loans under the State Finance Programmes. Consequently, the reduction of the Bank's loan portfolio caused interest income on loans to customers to decrease. The deterioration of the Bank's loan portfolio also contributed to the decrease of interest income on loans to customers because the Bank stops recording interest income on loans which are overdue for more than 90 days.

Interest on Securities. Interest income on securities increased by 53.0 per cent. to KZT 5,473 million as at 30 June 2009 from KZT 3,578 million as at 30 June 2008. The yield on securities was 6.8 per cent. for the six-month period ended 30 June 2009.

Interest on Due from Banks. Interest income on due from banks decreased by 45.5 per cent. to KZT 270 million for the six-month period ended 30 June 2009 from KZT 495 million for the six-month period ended 30 June 2008. This decrease was mainly due to a larger proportion of margin calls, which normally bear significantly lower interest rates compared to normal interbank deposits. Due to the increased proportion of margin calls, the interest rate on amounts due from banks decreased to 1.0 per cent. for the six-month period ended 30 June 2009 from 3.4 per cent. for the six-month period ended 30 June 2008.

Interest Expense

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

	Six-month period ended 30 June	
	2009	2008
	(KZT millions, except percentages)	
Interest on debt securities issued	18,233	16,315
Average interest rate on securities(1)	9.8%	10.1%
Interest on due to banks	4,606	10,090
Average interest rate on due to banks(1)	5.3%	7.6%
Interest on customer accounts	9,310	10,698
Average interest rate on customer accounts(1)	11.2%	11.1%
Interest on subordinated debt	2,266	1,877
Average interest rate on subordinated debt(1)	10.2%	10.1%
Interest due to other financial institutions	1,292	1,718
Average interest rate to other financial institutions(1)	7.4%	7.9%
Interest on other financing (Alliance DPR company)	1,071	1,067
Average interest rate on other financing (Alliance DPR company)	7.6%	7.0%
Interest on repurchase agreements	2,080	328
Average interest rate on repurchase agreements	7.7%	4.7%
Interest on financial assets at fair value through profit or loss	9,117	7,776
Average interest rate on financial assets at fair value through profit or loss	—	—
Total interest expense	47,975	49,869
Average interest rate on interest-bearing liabilities(1)	10.7%	10.8%

Note:

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

Interest expense decreased by 3.8 per cent. to KZT 47,975 million for the six-month period ended 30 June 2009 from KZT 49,869 million for the six-month period ended 30 June 2008. This decrease was mainly due to a significant decrease in interest expense on interbank loans because of the Bank's inability to obtain financing on the interbank market and a consequent decrease in the total amount of interbank loans. At the same time, interest expense on debt securities issued and repurchase operations have grown.

Interest on Debt Securities Issued. Interest on debt securities issued increased by 11.8 per cent. to KZT 18,233 million for the six-month period ended 30 June 2009 from KZT 16,315 million for the six-month period ended 30 June 2008. This increase was due to the Bank's issuance of new debt securities in the domestic market in March 2009 totalling KZT 105,000 million, as well as increased interest payable on the international bonds of the Bank issued in foreign currencies as a result of the devaluation of the Tenge. The average interest rate on debt securities issued was 9.8 per cent. for the six-month period ended 30 June 2009.

Interest on Due to Banks. Interest on due to banks decreased by 54.4 per cent. to KZT 4,606 million for the six-month period ended 30 June 2009 from KZT 10,090 million for the six-month period ended 30 June 2008. This decrease was primarily due to the redemption of international and domestic interbank loans without any new interbank loans being raised. The average interest rate paid on amounts due to banks was 5.3 per cent. for the six-month period ended 30 June 2009.

Interest on Customer Accounts. Interest expense on customer accounts decreased by 13.0 per cent. to KZT 9,310 million for the six-month period ended 30 June 2009 from KZT 10,698 million for the six-month period ended 30 June 2008. This decrease was due to the outflow of term customer deposits in response to

negative publicity related to the Bank's rating downgrade and possible restructuring. The average interest rate paid on customer accounts was 11.2 per cent. for the six-month period ended 30 June 2009 from KZT 11.1 per cent. for the six-month period ended 30 June 2008.

Interest on Subordinated Debt. Interest on subordinated debt increased by 20.7 per cent. to KZT 2,266 million for the six-month period ended 30 June 2009 from KZT 1,877 million for the six-month period ended 30 June 2008. This increase was primarily due to increased expenses on subordinated debt denominated in U.S. Dollars following the devaluation of the Tenge.

Interest on Repurchase Operations. Interest on repurchase operations increased more than 534.1 per cent. to KZT 2,080 million for the six-month period ended 30 June 2009 from KZT 328 million for the six-month period ended 30 June 2008. This increase was due to the significant growth of the Bank's repurchase operations due to the transactions with Samruk-Kazyna Bonds explained in "*The Bank — Business of the Bank — Capital Markets*".

Loan Loss Provisions

Provision for impairment losses on loans to customers increased by 302.5 per cent. to KZT 63,745 million for the six-month period ended 30 June 2009 from KZT 15,838 million for the six-month period ended 30 June 2008.

During the first half of 2009, the Bank's non-performing loans, which the Bank defined as loans which were more than 90 days overdue (or 120 days overdue with respect to PILs), increased to 37.4 per cent. as at 30 June 2009, from 7.5 per cent. as at 30 June 2008 as a percentage of total gross loans. This increase was largely due to significant increases in the amount of overdue loans to customers, and the overall deterioration of the loan portfolio, as well as the more conservative risk management policy adopted by the Bank's new management as a result of its internal due diligence process commenced in February 2009.

For the six-month period ended 30 June 2009, the Bank's net write-offs were KZT 35 million, which represents gross write-offs of KZT 35 million without subtracting recoveries. For the six-month period ended 30 June 2008, the Bank's net write-offs were KZT 5,880 million, which represents gross write-offs of KZT 6,037 million less KZT 157 million in recoveries. The methodology for calculating net write-offs was changed between the six-month period ended 30 June 2009 and the six-month period ended 30 June 2008 with respect to the treatment of recoveries. This decrease was due to the Bank's management's decision not to write off additional loans pending increased certainty about the existence of the Bank.

Non-interest Income

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

	Six-month period ended 30 June	
	2009	2008
	(KZT millions)	
Net (loss)/gain on financial assets at fair value through profit or loss	(46,464)	6,408
Net gain on derecognition of liabilities	7	13
Net gain on investments available-for-sale	—	2
Net loss on foreign exchange operations	(48,496)	(6,685)
Fee and commission income	4,234	7,028
Fee and commission expense	(954)	(7,113)
Provision for impairment losses and other transactions	(1,345)	(1,241)
Other income	785	2,488
Net non-interest (expense) income	(92,233)	900

The Bank's non-interest loss was KZT 92,233 million for the six-month period ended 30 June 2009 compared to non-interest income of KZT 900 million for the six-month period ended 30 June 2008. The decrease in net non-interest income was mainly due to the losses borne by the Bank as a result of exchange rate differences due to the devaluation of the Tenge.

Financial Assets at Fair Value through Profit or Loss

For the six-month period ended 30 June 2009, the Bank realised a net loss on financial assets at fair value through profit or loss of KZT 46,464 million, compared to a net income on financial assets of KZT 6,408 million for the six-month period ended 30 June 2008. The losses during the six-month period ended 30 June 2009 were attributable to early termination of cross-currency and interest rate swap transactions.

Foreign Exchange Operations

The Bank realised a net loss from foreign exchange operations of KZT 48,496 million for the six-month period ended 30 June 2009, compared to a net loss of KZT 6,685 million for the six-month period ended 30 June 2008, which is related to exchange rate differences due to the devaluation of the Tenge.

Net Fees and Commissions

The following table presents a breakdown of net fee and commission income for the six-month periods ended 30 June 2009 and 2008:

	Six-month period ended 30 June	
	2009	2008
	(KZT millions)	
Settlements and cash operations	2,982	4,471
Documentary operations	878	1,658
Foreign currency and security operations	176	229
Lending operations	78	495
Trust operations	39	43
Other	81	132
Total fee and commission income	4,234	7,028
Collection services	691	649
Settlement bank services	58	71
Plastic card operations	44	50
Customer accounts serviced by financial agents	42	71
Foreign currency and security operations	36	24
Eurobonds and syndicated loans	21	6
Documentary operations	12	19
Insurance premium to related party	—	6,073
Other	50	150
Total fee and commission expense	954	7,113
Net fee and commission (expense)/income	3,280	(85)
Net fee and commission income before insurance expense	3,280	5,988

The Bank recorded net fee and commission income of KZT 3,280 million for the six-month period ended 30 June 2009, compared to a net fee and commission loss of KZT 85 million for the six-month period ended 30 June 2008. The increase in net fee and commission income was primarily the result of the Bank's termination of the contracts with Alliance Policy and the resulting decreased expenses. The commission expense incurred by the Bank in the first six-month period of 2008 as a result of the Alliance Policy commissions was KZT 6,073 million.

Fee and Commission Income. Fee and commission income decreased by 39.8 per cent. to KZT 4,234 million for the six-month period ended 30 June 2009 from KZT 7,028 million for the six-month period ended 30 June 2008. This decrease was mainly due to a decrease in income from cash operations comprising fees for loan account maintenance, which is related to the slowdown in the lending activities of the Bank, as well as operational activities of the Bank's customers.

Fee and Commission Expense. Fee and commission expense decreased by 86.6 per cent. to KZT 954 million for the six-month period ended 30 June 2009 from KZT 7,113 million for the six-month period ended 30 June 2008. This decrease was primarily due to the termination of the contracts with Alliance Policy.

Provision for Impairment Losses and Other Transactions

Other provisions include mainly provisions in respect of the Bank's guarantees and other commitments. These provisions remained stable, increasing only slightly to KZT 1,345 million for the six months ended 30 June 2009, compared to KZT 1,241 million for the six months ended 30 June 2008.

Other Income

Other non-interest income, which mainly comprises fees collected by the Bank from its customers, decreased to KZT 785 million for the six-month period ended 30 June 2009 from KZT 2,488 million for the six-month period ended 30 June 2008. This decrease was mainly due to the Bank's waiver of fees related to loans, as well as an overall decrease in the amount of loans made by the Bank.

Operating Expenses

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

	Six-month period ended 30 June	
	2009	2008
	(KZT millions, except percentages)	
Staff costs	4,114	4,920
Depreciation and amortisation	1,663	1,607
Taxes, other than income tax	573	583
Operating lease	551	850
Payments to Deposit Insurance Fund	513	328
Advertising and marketing expenses	374	322
Social tax	281	318
Telecommunications expenses	281	310
Legal services expenses	229	10
Repair and maintenance	207	240
Security service	199	110
Consulting	190	260
Cash collection services	137	100
Building maintenance	119	119
Transportation services[3]	49	82
Representative expenses	47	58
Business trip and related expenses	45	85
Stationery	30	58
Expenses on insurance	19	44
Other	248	250
Total operating expenses	9,869	10,654
Key ratios (percentages)		
Cost/income[1]	12.4%	26.7%
Staff costs/total operating expenses	41.7%	46.2%
Costs/average assets[2]	2.8%	1.9%

Notes:

(1) Cost/income is calculated as a percentage equal to the operating expenses divided by the sum of net interest income before provision for impairment losses on interest-bearing assets and net non-interest (loss)/income.
(2) Based on the average of the opening and closing balances of total assets for the period.
(3) This is recorded as 'Transportation costs' in the Unaudited Interim Financial Statements.

Operating expenses decreased by 7.4 per cent. to KZT 9,869 million for the six-month period ended 30 June 2009 from KZT 10,654 million for the six-month period ended 30 June 2008 as a result of a reduction in staff costs and lease payments.

Staff Costs

Staff costs decreased by 16.4 per cent. to KZT 4,114 million for the six-month period ended 30 June 2009 from KZT 4,920 million for the six-month period ended 30 June 2008. This decrease was mainly due to a reduction in the Bank's staff in the first half of 2009 which resulted in the total number of staff falling to 3,907 full-time employees as at 30 June 2009 from 5,536 full-time employees as at 31 December 2008. The employee departures were part of staff optimisation measures implemented by the Bank to support the Restructuring and were mainly at branch level. The reduction of staff did not result in significant amounts of severance payments or pension contributions by the Bank due to short notice requirements for termination under Kazakhstan law and a

small number of departing employees of a retirement age. The cost saving resulting from these measures was partially offset by hiring the Bank's new management and the salary differential between salaries of the Bank's management and salaries of the branch level employees.

Depreciation and Amortisation

Depreciation and amortisation increased by 3.5 per cent. to KZT 1,663 million for the six-month period ended 30 June 2009 from KZT 1,607 million for the six-month period ended 30 June 2008.

Operating Lease Expenses

Operating lease payments decreased by 35.2 per cent. to KZT 551 million for the six-month period ended 30 June 2009 from KZT 850 million for the six-month period ended 30 June 2008. This decrease was mainly due to the branch network optimisation pursuant to which the Bank closed 60 cash offices between 31 December 2008 and 30 June 2009.

Payments to KDIF

The Bank has an obligation to pay premiums to the KDIF in respect of its insured customer deposits. Premiums paid to the KDIF increased by 56.4 per cent. to KZT 513 million for the six-month period ended 30 June 2009 from KZT 328 million for the six-month period ended 30 June 2008. This increase was mainly due to the Bank's increased contribution rate which increased from 0.19 per cent. of deposits to 0.38 per cent. of deposits effective as at 1 January 2009. The contribution requirement was increased by the KDIF due to the deterioration of the financial condition of the Bank.

Other Provisions

Other provisions are mostly in respect of the Bank's guarantees and other commitments. These provisions remained stable, increasing only slightly to KZT 1,345 million for the six-month period ended 30 June 2009, compared to KZT 1,241 million for the six-month period ended 30 June 2008.

Income Tax

The statutory corporate income tax rate in Kazakhstan for the year 2008 was 30.0 per cent. In November 2008, the new tax code of the Republic of Kazakhstan was enacted to reduce the corporate income tax from 30.0 per cent. to 20.0 per cent. effective from 1 January 2009, to 17.5 per cent. effective from 1 January 2010 and to 15.0 per cent. effective from 1 January 2011. Due to the Bank's negative financial results for the six-month period ended 30 June 2009, the Bank did not pay corporate income tax during this period. The Bank's effective tax rate was 24.0 per cent. for the six-month period ended 30 June 2008.

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

	Six-month period ended 30 June	
	2009	2008
	(KZT millions, except percentages)	
Profit before income tax	(153,264)	13,435
Income tax expense	—	(3,226)
Net (loss)/profit	(153,264)	10,209
Effective tax rate	—	24%

Current year income tax is measured at 20.0 per cent. of the estimated assessable profit for the year. Starting from 31 December 2008, deferred taxes are measured at the rates expected to apply to the period in which the asset is realised or the liability is settled.

Results of Operations for the Years ended 31 December 2008 and 2007

The following table presents the Bank's results of operations for the years ended 31 December 2008 and 2007:

	Year ended 31 December	
	2008	2007
	(KZT millions)	
Interest income	163,488	181,768
Interest expense	(100,677)	(92,889)
NET INTEREST INCOME BEFORE PROVISIONS FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	62,811	88,879
Provisions for impairment losses on interest bearing assets	(242,273)	(25,571)
NET INTEREST (LOSS)/INCOME	(179,462)	63,308
Net (loss)/gain on financial assets at fair value through profit or loss	(32,882)	14,792
Net gain on repurchase of liabilities	3,712	5,733
Net (loss)/gain on investments available-for-sale	(1)	108
Net gain/(loss) on foreign exchange transactions	15,564	(9,474)
Fee and commission income	12,817	12,629
Fee and commission expense	(24,584)	(10,508)
Special provision for guarantees	(136,972)	—
(Provision)/recovery of impairment losses and other transactions	(27,175)	79
Other income	4,316	2,323
NET NON-INTEREST (LOSS)/INCOME	(185,205)	15,682
OPERATING (LOSS)/INCOME	(364,667)	78,990
OPERATING EXPENSES	(21,889)	(22,401)
(LOSS)/PROFIT BEFORE INCOME TAX	(386,556)	56,589
Income tax benefit/(expense)	346	(13,906)
NET (LOSS)/PROFIT	(386,210)	42,683

The Bank recorded a net interest loss after provisions of KZT 179,462 million for the year ended 31 December 2008 compared to a net interest income after provisions of KZT 63,308 million for the year ended 31 December 2007. The net interest loss after provisions in 2008 was mainly due to an increase in provisioning to KZT 242,273 million for the year ended 2008 compared to KZT 25,571 million for the year ended 2007. The increase in provisioning was due to the further deterioration of the Bank's loan portfolio and the more conservative provisioning policy of the Bank's new management. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition — Factors Affecting the Bank's Results of Operations — Loan Loss Provisions*".

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

	Year ended 31 December	
	2008	2007
	(KZT millions, except percentages)	
Interest income	163,488	181,768
Interest expense	(100,677)	(92,889)
Net interest income before provisions for impairment losses on interest bearing assets	62,811	88,879
Provisions for impairment losses on interest bearing assets	(242,273)	(25,571)
Net interest (loss)/income	(179,462)	63,308
Key ratios (percentages)		
Net interest margin (before provisions)[1]	7.3%	9.7%
Net interest margin (after provisions)[1]	(20.9)%	6.9%
Provisions/net interest income before provisions	385.7%	28.8%
Provisions/average gross loans[1]	30.9%	3.4%
Provisions (adjusted to include insurance premiums)/average gross loans[1]	33.7%	4.4%

Note:

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

Net Interest Income before Provisions

Net interest income before provisions decreased by 29.3 per cent. to KZT 62,811 million for the year ended 31 December 2008, compared to KZT 88,879 million for the year ended 31 December 2007. This decrease was mainly due to a decline in the Bank's gross loan portfolio.

The Bank's net interest margin before provisions decreased to 7.3 per cent. for 2008 from 9.7 per cent. for 2007.

Interest Income

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

	Year ended 31 December	
	2008	2007
	(KZT millions, except percentages)	
Interest on loans to customers	139,677	166,785
Yield on loans to customers[1]	20.4%	21.7%
Interest on due from banks	1,133	2,639
Yield on due from banks[1]	3.4%	4.8%
Interest on reverse repurchase agreements	6	207
Yield on reverse repurchase agreements[1]	2.7%	1.8%
Interest on securities[2]	7,175	8,880
Yield on securities[2]	4.4%	5.2%
Interest on derivative financial assets	15,496	3,257
Yield on derivative financial assets	—	—
Total interest income	163,488	181,768
Yield on interest-bearing assets[1]	17.8%	17.9%

Notes:

(1) Based on the average of the opening and closing balances for interest-earning assets for the period.
(2) Securities includes investments available-for-sale, investments held-to-maturity and financial assets held-for-trading.

Interest income decreased by 10.0 per cent. to KZT 163,488 million for the year ended 31 December 2008 compared to KZT 181,768 million for the year ended 31 December 2007. The decrease in interest income during this year was primarily due to the decrease in interest income on the loan portfolio as a result of amortisation of the loan portfolio, as well as deterioration in the quality of the loan portfolio.

Interest on Loans to Customers. Interest income on loans to customers decreased by 16.3 per cent. to KZT 139,677 million for the year ended 31 December 2008 compared to KZT 166,785 million for the year ended 31 December 2007. This decrease was due to the decrease in the size of the loan portfolio and the further deterioration in the quality of the loan portfolio. As at 31 December 2008, the Bank's net loan portfolio was KZT 433,475 million compared to the net loan portfolio of KZT 819,194 million as at 31 December 2007. The loan portfolio reduced as a result of its amortisation and the Bank's write-off policy. Also, most of the Bank's retail lending was discontinued in the beginning of 2008. Therefore the Bank has not been originating new retail loans since this time. Consequently, the reduction of the Bank's loan portfolio caused interest income on loans to customers to decrease. The deterioration of the Bank's loan portfolio also contributed to the decrease of interest income on loans to customers because the Bank stops recording interest income on loans which are overdue for more than 90 days.

Interest on Due from Banks. Interest income on amounts due from banks decreased by 57.1 per cent. to KZT 1,133 million for the year ended 31 December 2008 compared to KZT 2,639 million for the year ended 31 December 2007. This decrease was primarily due to a larger proportion of margin calls, which normally bear significantly lower interest rates, versus normal interbank deposits.

Interest Income on Reverse Repurchase Agreements. Interest income on reverse repurchase agreements decreased by 97.1 per cent. to KZT 6 million for the year ended 31 December 2008 compared to KZT 207 million for the year ended 31 December 2007. The decrease in interest was due to a decrease in the volume of reverse repurchase operations.

Interest on Securities. Interest income on securities decreased by 19.2 per cent. to KZT 7,175 million for the year ended 31 December 2008 compared to KZT 8,880 million for the year ended 31 December 2007. The decrease in interest was due to a decrease in average interest rates from 5.2 per cent. in 2007 to 4.4 per cent. in 2008

Interest Expense

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

	Year ended 31 December	
	2008	2007
	(KZT millions, except percentages)	
Interest on debt securities issued	30,268	30,522
Average interest rate on securities(1)	9.7%	10.4%
Interest on due to banks	16,510	27,914
Average interest rate on due to banks(1)	6.9%	8.2%
Interest on customer accounts	21,410	17,775
Average interest rate on customer accounts(1)	11.5%	9.1%
Interest on subordinated debt	4,159	3,416
Average interest rate on subordinated debt(1)	10.9%	10.2%
Interest due on other financial institutions	2,926	3,372
Average interest rate on other financial institutions	7.1%	8.1%
Interest on other financing	2,023	2,329
Average interest rate on other financing(1)	6.7%	8.1%
Interest on repurchase transactions	1,995	937
Average interest rate on repurchase transactions(1)	9.5%	3.2%
Interest on financial liabilities at fair value through profit or loss	21,386	6,624
Average interest rate on financial liabilities at fair value through profit or loss	—	—
Total interest expense	100,677	92,889
Average interest rate on interest-bearing liabilities(1)	11.3%	9.6%

Note:

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

Interest expense increased by 8.4 per cent. to KZT 100,677 million for the year ended 31 December 2008 compared to KZT 92,889 million for the year ended 31 December 2007. The increase in interest expense was largely due to increased expenses on interest rate and currency swap transactions.

Interest on Debt Securities Issued. Interest on debt securities issued decreased by 0.8 per cent. to KZT 30,268 million for the year ended 31 December 2008 compared to KZT 30,522 million for the year ended 31 December 2007. There were no significant changes because no new debt securities were issued.

Interest on Due to Banks. Interest on amounts due to banks decreased by 40.9 per cent. to KZT 16,510 million for the year ended 31 December 2008 compared to KZT 27,914 million for the year ended 31 December 2007. The decrease during this year was mainly due to the Bank's repayment of interbank loans both domestically and internationally without incurring any additional interbank loans.

Interest on Customer Accounts. Interest expense on interest bearing customer deposits increased by 20.4 per cent. to KZT 21,410 million for the year ended 31 December 2008 compared to KZT 17,775 million in 2007. This increase was largely due to increased interest rates payable on deposit accounts to 11.5 per cent. for the year ended 31 December 2008 from 9.1 per cent. for the year ended 31 December 2007.

Interest on Subordinated Debt. Interest on subordinated debt increased by 21.8 per cent. to KZT 4,159 million for the year ended 31 December 2008 compared to KZT 3,416 million for the year ended 31 December 2007. This increase is attributable to the placement of 9.75 per cent. KZT 7,000 million subordinated notes with a tenure of seven years.

Interest on Repurchase Operations. Interest expense on repurchase operations increased by 112.9 per cent. to KZT 1,995 million for the year ended 31 December 2008 compared to KZT 937 million for the year ended

31 December 2008. This increase was due to a more than six-fold increase in repurchase operations in 2008 undertaken to improve the liquidity of the Bank.

Loan Loss Provisions

Provision for impairment losses on loans to customers increased by 847.5 per cent. to KZT 242,273 million for the year ended 31 December 2008 compared to KZT 25,571 million for the year ended 31 December 2007. The overall increase was due to a deterioration in the quality of the Bank's loan portfolio and a more conservative provisioning policy of the Bank's new management.

During 2008, the Bank's non-performing loans, which the Bank defined as loans which were more than 90 days overdue (or 120 days overdue in respect of PILs), increased to 9.6 per cent. as at 31 December 2008, from 3.8 per cent. as at 31 December 2007 as a percentage of total gross loans. This increase was largely due to the general deterioration of the loan portfolio as a result of global financial crisis and all of the related consequences, as well as the more conservative risk management policy adopted by the Bank's new management as a result of its internal due diligence process commenced in February 2009. See "*The Bank — Overview of the Bank and Background to the Restructuring*". See also the discussion on recognition of provisions in "*Presentation of Financial and Other Information — Historical Financial and Other Information*".

For 2008, net write-offs were negative KZT 16,245 million, which represented gross write-offs of KZT 16,245 million during such period without subtracting recoveries. For 2007, net write-offs were negative KZT 3,157 million, which represented gross write-offs of KZT 3,229 million less recoveries of KZT 72 million. The methodology for calculating net write-offs was changed between 2007 and 2008 with respect to the treatment of recoveries. The increase in write-offs during 2008 was due to deterioration in the overall quality of the loan portfolio.

Non-interest (Loss)/Income

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

	Year ended 31 December	
	2008	2007
	(KZT millions)	
Net (loss)/gain on financial assets at fair value through profit or loss	(32,882)	14,792
Net gain on repurchase of liabilities	3,712	5,733
Net (loss)/gain on in investments available for sale	(1)	108
Net gain/(loss) on foreign exchange operations	15,564	(9,474)
Fee and commission income	12,817	12,629
Fee and commission expense	(24,584)	(10,508)
Special provisions for guarantees	(136,972)	—
(Provision)/recovery of impairment losses on other transactions	(27,175)	79
Other income	4,316	2,323
Net non-interest (loss)/income	(185,205)	15,682

For the year ended 31 December 2008, the Bank recorded a net non-interest loss of KZT 185,205 million compared to a net non-interest income of KZT 15,682 million for the year ended 31 December 2007. This loss was mainly due to special provisions of KZT 136,972 million related to the guarantees issued by the Bank supported by pledges of its T Bills. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*".

For the year ended 31 December 2008, the Bank recorded a net loss on financial assets at fair value of KZT 32,882 million, compared to a net gain of KZT 14,792 million for the year ended 31 December 2007. The decrease during this year was largely due to the revaluation of the cross-currency and interest rate swap transactions entered into by the Bank in 2006 and 2007.

Foreign Exchange Operations

The Bank realised a net gain from foreign exchange operations of KZT 15,564 million for the year ended 31 December 2008, compared to a loss of KZT 9,474 million for the year ended 31 December 2007. The main

reason for the increases in the net gain from foreign exchange operations was due to a depreciation of Euro and Sterling against Tenge and the resulting increase in the amount of Euro and Sterling denominated securities issued by the Bank translated into Tenge.

Net Fees and Commissions

The following table presents a breakdown of net fee and commission (loss)/income for the years ended 31 December 2008 and 2007.

	Years ended 31 December	
	2008	2007
	(KZT millions)	
Cash operations and settlements	8,465	6,849
Commissions on letters of credit and guarantees	3,052	2,175
Lending operations	551	2,374
Foreign currency and security operations	436	618
Trust operations	86	80
Other	227	533
Total fee and commission income	12,817	12,629
Insurance premium to related party	21,723	7,665
Collection services	2,151	1,518
Customer accounts services by financial agents	123	508
Settlement bank services	133	164
Commissions on ATM transactions	100	139
Foreign currency and security operations	52	115
Eurobonds and loans	28	110
Documentary operations	56	64
Other	218	225
Total fee and commission expense	24,584	10,508
Net fee and commission income	(11,767)	2,121
Net fee and commission income before insurance premium expense	9,956	9,786

Net fees and commissions loss was KZT 11,767 million for the year ended 31 December 2008 compared to the net fees and commissions income of KZT 2,121 million for the year ended 31 December 2007. This loss was primarily due to expenses borne by the Bank in relation to termination of the contracts with Alliance Policy. The Bank's net fees and commissions income, net of such expenses, increased by 1.7 per cent. to KZT 9,956 million for the year ended 31 December 2008 compared to KZT 9,786 million for the year ended 31 December 2007.

Fee and Commission Income. Fee and commission income increased by 1.5 per cent. to KZT 12,817 million for the year ended 31 December 2008 compared to KZT 12,629 million for the year ended 31 December 2007. This increase was due to income from cash operations comprising fees for loan account maintenance, which were introduced by the Bank in the second half of 2007. The increase was further attributable to income from documentary operations which increased by 40.3 per cent. to KZT 3,052 million for the year ended 31 December 2008 compared to KZT 2,175 million for the year ended 31 December 2007.

Fee and Commission Expense. Fee and commission expense increased by 134.0 per cent. to KZT 24,584 million for the year ended 31 December 2008 compared to KZT 10,508 million for the year ended 31 December 2007. This increase was primarily due to insurance expenses related to the termination of the contracts with Alliance Policy, which increased by 183.4 per cent. during the period to KZT 21,723 million for the year ended 31 December 2008 compared to KZT 7,665 million for the year ended 31 December 2007.

Special Provisions for Guarantees. Special provisions for guarantees in the amount of KZT 136,972 million were created for the year ended 31 December 2008 in respect of the guarantees issued by the Bank supported by pledges of its T Bills. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*".

(Provision)/Recovery of Provision for Impairment Losses on Other Transactions. Other provisions include mainly provisions in respect of the Bank's guarantees and other commitments. The Bank recorded provisions totalling KZT 27,175 million for the year ended 31 December 2008 compared to a recovery amount of KZT 79 million for the year ended 31 December 2007. The increase was due to the fact that at the end of 2008, the Bank

sold non-performing uncollateralised consumer loans and claims receivable from Alliance Policy to eight collection agencies. The Bank's management has made an estimate of the recoverability of amounts due from debt collection agencies and has concluded that the Bank will not be successful in collecting such amounts. As a consequence, the Bank has recorded a provision in the amount of KZT 22,338 million as at 31 December 2008. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*".

Other Income

Other income, which comprises mainly default fees collected by the Bank from its customers, increased to KZT 4,316 million for the year ended 31 December 2008 from KZT 2,323 million for the year ended 31 December 2007. The increase was due to the increased proportion of customer defaults on payment of interest and principal.

Operating Expenses

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

	Year ended 31 December	
	2008	2007
	(KZT millions, except percentages)	
Staff costs	9,414	9,252
Depreciation and amortisation	3,033	2,238
Operating lease	1,591	1,882
Taxes, other than income tax	1,423	1,407
Advertising and marketing expenses	1,132	1,545
Payments to Deposit Insurance Fund	654	1,081
Telecommunications expenses	648	487
Social tax	641	928
Repair and maintenance	579	707
Consulting	452	296
Business Development expenses	288	390
Buildings maintenance	249	184
Cash collection	240	130
Charity	224	82
Business trip and related expenses	219	263
Security service	216	254
Transportation costs	147	148
Stationery	102	203
Expenses on insurance	64	180
Legal services expenses	31	100
Other	542	644
Total operating expenses	21,889	22,401
Key ratios (percentages)		
Cost/income[(1)]	17.9%	21.4%
Staff costs/total operating expenses	43.0%	41.3%
Costs/average assets[(2)]	2.3%	2.3%

Notes:

(1) Cost/income is calculated as a percentage equal to operating expenses divided by the sum of net interest income before provision for impairment losses on interest-bearing assets and net non-interest (loss)/income.
(2) Based on the average of the opening and closing balance of total assets for the period.

Operating expenses decreased by 2.3 per cent. to KZT 21,889 million for the year ended 31 December 2008 compared to KZT 22,401 million for the year ended 31 December 2007. This decrease was due to a decrease in payments to the deposit insurance fund by 39.5 per cent. to KZT 654 million for the year ended 31 December 2008 from KZT 1,081 million for the year ended 31 December 2007, as well as a decrease in advertising and marketing expenses of 26.7 per cent. to KZT 1,132 million for the year ended 31 December 2008 from KZT 1,545 million for the year ended 31 December 2007.

Staff Costs

Staff costs increased slightly by 1.8 per cent. to KZT 9,414 million for the year ended 31 December 2008 compared to KZT 9,252 million for the year ended 31 December 2007. These increases were primarily attributable to an increase in the number of senior managers and the payment of severance compensation. In addition, in 2008, performance-based compensation was introduced, which increased staff costs.

Advertising Costs

Advertising and marketing expenses decreased by 26.7 per cent. to KZT 1,132 million for the year ended 31 December 2008 compared to KZT 1,545 million for the year ended 31 December 2007. The decrease in advertising and marketing expenses was primarily attributable to the optimisation of operational costs, as well as the overall market deterioration and slowdown of the Bank's business operations.

Operating Lease Expenses

Operating lease expenses decreased by 15.5 per cent. to KZT 1,591 million for the year ended 31 December 2008 compared to KZT 1,882 million for the year ended 31 December 2007. The Bank had 21 branches and 176 cash offices as at 31 December 2008 compared to 24 branches and 199 cash offices as at 31 December 2007. The closures were conducted pursuant to the Bank's optimisation plan.

Depreciation and Amortisation

Depreciation and amortisation increased by 35.5 per cent. to KZT 3,033 million for the year ended 31 December 2008 compared to 2,238 for the year ended 31 December 2007. This increase was due to the depreciation and amortisation of significant property, equipment and intangible assets purchased during 2007.

KDIF

Premiums paid to the KDIF decreased by 39.5 per cent. to KZT 654 million for the year ended 31 December 2008 from KZT 1,081 million for the year ended 31 December 2007. This decrease was mainly due to the KDIF's sector-wide change of policy, which decreased the contribution rate payable by the Bank by 25.0 per cent., effective as at 1 April 2008.

Taxes, other than Income Tax

Taxes, other than income tax, increased by 1.1 per cent. to KZT 1,423 million for the year ended 31 December 2008 compared to KZT 1,407 million for the year ended 31 December 2007.

Income Tax

The Bank reported an income tax benefit of KZT 346 million for the year ended 31 December 2008, compared with an income tax expense of KZT 13,906 million for the year ended 31 December 2007, as a result of tax deductible expenses of the Bank exceeding taxable income during the period.

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

	Year ended 31 December	
	2008	2007
	(KZT millions, except percentage)	
(Loss)/profit before income tax	(386,556)	56,589
Income tax benefit/(expense)	346	(13,906)
Net (loss)/profit	(386,210)	42,683
Effective tax rate	0.1%	24.6%

The Bank's effective tax rate was 24.6 per cent. for the year ended 31 December 2007.

Financial Condition as at 30 June 2009 and as at 31 December 2008 and 2007

Total Assets

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

	As at 30 June 2009	As at 31 December 2008	As at 31 December 2007
	(KZT millions)	(KZT millions)	
Cash and balances with the NBK	19,713	21,217	69,795
Financial assets at fair value through profit or loss	151,679	201,973	179,620
Due from banks	61,933	45,956	37,079
Loans to customers, net of allowance	392,762	433,475	819,194
Investments available-for-sale	2,272	2,741	3,057
Reverse repurchase agreements	—	132	—
Current income tax assets	3,441	2,677	—
Property, equipment and intangible assets	32,677	34,197	31,049
Other assets	4,872	5,940	21,137
Total assets	669,349	748,308	1,160,931

As at 30 June 2009, the Bank had total assets of KZT 669,349 million, reflecting a decrease of 10.6 per cent. from KZT 748,308 million as at 31 December 2008. The decrease in assets during this period was mainly attributable to the decrease of the Bank's loan and securities portfolios. The securities portfolio decreased by 24.9 per cent. to KZT 151,679 million as at 30 June 2009 from KZT 201,973 million as at 31 December 2008. This decrease was partially due to the foreclosure of KZT 136,972 million in T Bills by Russian financial institutions to settle the Bank's obligations under the guarantees. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*".

Net loans to customers decreased by 9.4 per cent. to KZT 392,762 million as at 30 June 2009 from KZT 433,475 million as at 31 December 2008, reflecting increased loan loss provisions. At the same time, the gross loan portfolio increased due to the effect of the devaluation of the Tenge on the loans issued in foreign currencies, as well as the use of funds provided under the State Finance Programmes. Due from banks increased by 34.8 per cent. to KZT 61,933 million as at 30 June 2009 from KZT 45,956 million as at 31 December 2008, mainly as a result of the KZT 24,000 million conditionally deposited by Samruk-Kazyna under the Deposit Agreement.

As at 31 December 2008, the Bank had total assets of KZT 748,308 million, reflecting a decrease of 35.6 per cent. from KZT 1,160,931 million as at 31 December 2007. The decrease in total assets was mainly due to a decrease in the net loan portfolio. As at 31 December 2008, the Bank's net loans to customers (including overdue loans) decreased 47.1 per cent. to KZT 433,475 million from KZT 819,194 million as at 31 December 2007. The decrease in loans to customers was mainly attributable to the significant increase in the loan loss provisions from KZT 269,790 million as at 31 December 2008 compared to KZT 43,527 million as at 31 December 2007, as well as amortisation of the residual loan portfolio and the reduction in lending activities. The Bank's securities portfolio grew by 12.4 per cent. to KZT 201,973 million as at 31 December 2008, compared to KZT 179,620 million as at 31 December 2007. This growth was mainly attributable to the Bank's efforts to accumulate more liquid assets on its balance sheet. The ratio of net loans to total assets decreased to 57.9 per cent. as at 31 December 2008 from 70.6 per cent. as at 31 December 2007. Cash and balances from the NBK decreased by 69.6 per cent. to KZT 21,217 million as at 31 December 2008 from KZT 69,795 million as at 31 December 2007, due to decreased reserve requirements by the NBK.

Total Liabilities

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

	As at 30 June 2009	As at 31 December 2008	As at 31 December 2007
	(KZT millions)	(KZT millions)	
Deposits from the NBK	—	15,026	5,569
Financial assets at fair value through profit or loss	2,985	50,168	6,280
Due to banks	195,595	137,377	292,565
Due to other financial institutions	34,470	35,741	48,533
Due to the Government	22,828	4,460	6,242
Customer accounts	187,655	189,044	235,575
Debt securities issued	457,456	286,584	328,265
Subordinated debt	47,037	41,760	34,798
Other financing	27,047	29,449	31,051
Repurchase agreements	66,083	41,945	6,357
Deferred income tax liabilities	—	—	1,554
Current income tax liabilities	—	—	1,860
Other liabilities	9,106	6,962	3,307
Special provisions for guarantees	—	136,972	—
Total liabilities	1,050,262	975,488	1,001,956

As at 30 June 2009, the Bank had total liabilities of KZT 1,050,262 million, reflecting an increase of 7.7 per cent., from KZT 975,488 million as at 31 December 2008. The increase in liabilities was primarily due to the increase in debt securities issued by 59.6 per cent. to KZT 457,456 million as at 30 June 2009 from KZT 286,584 million as at 31 December 2008, primarily related to the issuance of the KZT 105,000 million Bank Bonds. All of the Bank Bonds were purchased by Samruk-Kazyna. See "*The Bank — Business of the Bank — Capital Markets*".

As at 30 June 2009, the Bank had liabilities due to the Government of KZT 22,828 million, reflecting an increase of 411.8 per cent., from KZT 4,460 million as at 31 December 2008. The increase in liabilities was primarily related to the KZT 18,000 million loan received pursuant to the SME State Finance Programme. See "*Selected Statistical and Other Information — Funding — State Finance Programmes*".

As at 30 June 2009, the Bank had liabilities for funds received under repurchase agreements of KZT 66,083 million, reflecting an increase of 57.5 per cent., from KZT 41,945 million as at 31 December 2008. The Bank entered into these repurchase agreements to support the liquidity of the Bank.

Furthermore, the Tenge equivalent of the Bank's liabilities denominated in foreign currencies increased as a result of the devaluation of the Tenge in February 2009. See "*Exchange Rates and Exchange Controls — Exchange Rates*".

As at 31 December 2008, the Bank had total liabilities of KZT 975,488 million, reflecting a decrease of 2.6 per cent., from KZT 1,001,956 million as at 31 December 2007. The decrease in total liabilities was primarily due to the repayment of liabilities due to banks and the redemption of debt securities issued, including approximately KZT 92,000 million under various international loan facilities, and the significant deposit outflow reflected in the decrease in customer accounts. The amount due to banks decreased by 53.0 per cent. to KZT 137,377 million as at 31 December 2008, compared to KZT 292,565 million as at 31 December 2007. Debt securities issued decreased by 12.7 per cent. to KZT 286,584 million as at 31 December 2008, compared to KZT 328,265 million as at 31 December 2007. The decrease of the liabilities due to banks and debt securities issued was primarily due to the repayment of such liabilities by the Bank and no refinancings by the Bank during this period. As a result of the significant outflow of deposits, its customer accounts decreased to KZT 189,044 million as at 31 December 2008, compared to KZT 235,575 million as at 31 December 2007, which represented a decrease of 19.8 per cent.

Equity

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

	As at 30 June 2009	As at 31 December 2008	As at 31 December 2007
	(KZT millions)	(KZT millions)	
Share capital	96,380	96,380	96,380
Additional paid-in-capital	1,222	1,222	1,222
Investments available-for-sale fair value reserve	(498)	(29)	(33)
Property and equipment revaluation reserve	1,979	2,023	2,109
(Accumulated deficit)/Retained earnings	(479,996)	(326,776)	59,297
Total equity	(380,913)	(227,180)	158,975

As at 30 June 2009, the Bank's total equity amounted to negative KZT 380,913 million, compared to total equity of negative KZT 227,180 million as at 31 December 2008, which reflected a decrease of 67.7 per cent. Equity decreased as a result of the negative impact of additional provisions created for loan losses.

As at 31 December 2008, the Bank's total equity amounted to negative KZT 227,180 million, compared to KZT 158,975 million as at 31 December 2007, which reflected a decrease of 42.9 per cent. Equity decreased as a result of the special provisions created for guarantees secured by pledges of the T Bills and loan loss provisions and other additional provisions.

Capital Adequacy

The Bank is currently in breach of the minimum capital adequacy ratios established by the FMSA. See "*Risk Factors — Risks Relating to the Bank — Any failure to reach and maintain the minimum capital adequacy ratios following the Restructuring could lead to conservation or liquidation of the Bank.*"

Depending on the composition of the Bank's shareholders following the Restructuring, it will become subject to the general minimum level requirements of 6.0 per cent. for K1-1 (Tier 1 capital to total assets) and K1-2 (Tier 1 capital to total assets weighted for risk) ratios and 12.0 per cent. for K2 (own capital to total assets weighted for risk) ratio or to the increased requirements of 7.0 per cent. for the K1-1 (Tier 1 capital to total assets) and K1-2 (Tier 1 capital to total assets weighted for risk) ratios and 14.0 per cent. for the K2 (own capital to total assets weighted for risk) ratio. See "*Risk Factors — Risks Relating to the Bank — Any failure to reach and maintain the minimum capital adequacy ratios following the Restructuring could lead to conservation or liquidation of the Bank*".

As at 30 June 2009, the Bank's total deficit was KZT 380,913 million, as a result of the factors discussed above. This negative result was primarily due to the losses incurred as a result of the transactions related to the T Bills and the significant provisions expense and other losses from the Bank's operations.

The Bank expects that the necessary levels of capital ratios will be achieved following the successful completion of the Restructuring by virtue of the economic gain it will achieve from the reduction of the principal amount of the Bank's indebtedness, conversion of certain debt into Common Shares and Preference Shares and liquidity support to be provided by Samruk-Kazyna. See "*Pro Forma Financial Information*".

The following table gives information regarding the Bank's total, Tier I and Tier II capital and its capital adequacy ratios calculated on the basis of Adjusted IFRS.

	As at 30 June 2009	As at 31 December 2008	As at 31 December 2007
	(KZT millions, except percentages)	(KZT millions, except percentages)	(KZT millions, except percentages)
Total capital	(490,131)	191,636	186,346
Tier I capital	(490,131)	171,806	134,425
Tier II capital	—	19,830	51,921
Total assets weighted for risk	993,604	991,994	1,302,307
K1-(Tier I capital to total assets)	—	16.6%	11.3%
K2-(own capital to total assets weighted for risk)	—	19.3%	14.3%

The following table sets out certain ratios calculated on the basis of Adjusted IFRS as at 30 June 2009 and as at 31 December 2008 and 2007 regarding capital adequacy, foreign exchange positions, maximum exposures and certain other matters:

	FMSA's Minimum Requirements	As at 30 June 2009	As at 31 December 2008	As at 31 December 2007
Minimum Share Capital (KZT)[1]	Not less than KZT 5,000 million(*)	KZT 96,380 million	KZT 96,380 million	KZT 96,380 million
K1-1 (Tier I capital to total assets)	Not less than 6%[2]	N/A[3]	16.6%	11.3%
K1-2 (Tier 1 capital to total assets weighted for risk)	Not less than 6%[2]	N/A[3]	16.6%	11.3%
K2 (own capital to total assets weighted for risk[4])	Not less than 12%[5]	N/A[3]	19.3%	14.3%
K4-(current liquidity ratio)[6]	Greater than 30%	89.5%	—	—
K4-1 (quick liquidity ratio)	Min 1.0	2,475	1,963	—
K4-2 (quick liquidity ratio)	Min 0.9	1,403	2,221	—
K4-3 (quick liquidity ratio)	Min 0.8	1,742	1,924	—
K5-Short-term Liquidity Ratio	Greater than 50%	N/A[3]	—	221.2%
Reserves with the NBK and cash[7]	1.5% of most of domestic liabilities and 2.5% of all other, including foreign, liabilities	KZT 19,713 million	KZT 21,216 million	KZT 69,795 million
K6-(investments in fixed assets and non-financial assets to own capital)	Not greater than 50% of bank's own capital	N/A[3]	18.8%	19.5%
Maximum aggregate net open foreign currency position[8]	25% of bank's own capital	N/A[3]	5.3%	10.6%
Maximum net open (short or long) position in currencies of countries rated "A" or higher and the Euro	12.5% of bank's own capital	N/A[3]	5.1%	(10.5)%
Maximum net open position in currencies of countries rated below "A"	5% of bank's own capital	N/A[3]	0.2%	(0.1)%
Related parties	Not greater than 10%	N/A[3]	5.6%	6.6%
Other borrowers	Not greater than 25%	N/A[3]	12.0%	10.7%
On unsecured loans	Not greater than 10%	N/A[3]	2.5%	5.1%

* For recently established banks, effective as at 1 July 2009.

Notes:

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

(2) As at the date of this Information Memorandum, the Bank is subject to a reduced minimum threshold of 5.0 per cent. applicable to banks whose shareholders are bank holding companies (such as SAFC, as is presently the case with the Bank).

(3) This value is not provided as at 30 June 2009 because the Bank breached the FMSA's minimum required ratio.

(4) 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 Tier III capital (not exceeding 250.0 per cent. of the part of Tier I capital aimed to cover market risk) less investments. Tier I capital is the sum of share capital less treasury shares plus share premium plus retained earnings from prior years (including funds and reserves out of net profit from prior years), plus open-end financial instruments less the sum of intangible assets (excluding licensed software corresponding to IAS 38 purchased for the purposes of the Bank's main line of business), losses from prior years and current losses for the period. Tier II capital is the sum of current profit for the period plus revaluation of capital assets and securities plus general provisions (to the extent that they do not exceed 1.25 per cent. of risk-weighted assets) plus covered open-end financial instruments not included in Tier I capital plus Tier II subordinated debt (but no more than 50.0 per cent. of Tier I capital), less subordinated

debt of the Bank redeemed by the Bank. 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.

(5) 10.0 per cent. for banks with a bank holding company among their shareholders or whose shares were acquired by the Government or a national management holding company or where more than 50.0 per cent. of issued shares belong to the state.

(6) The current currency liquidity limit is calculated as high liquidity assets averaged monthly divided by paid-on-demand liabilities in the same currency averaged monthly.

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

The following table gives certain IFRS information regarding the Bank's Tier I and Tier II capital and its risk-weighted capital adequacy ratio based on methodology established by the BIS as at 30 June 2009 and 31 December 2008 and 2007:

	As at 30 June 2009	As at 31 December	
		2008	2007
	(KZT millions)		
Tier I capital	(382,394)	(211,055)	174,945
Of which hybrid Tier I capital	—	18,119	18,046
Tier II capital	—	21,293	17,464
Gross Tier I + Tier II capital	(382,394)	(189,762)	192,409
Less investments	—	—	—
Tier I capital + Tier II	(382,394)	(189,762)	192,409
Total risk weighted assets	554,613	693,550	999,725
Tier I capital adequacy ratio	—	—	17.5%
Total risk weighted capital adequacy ratio	—	—	19.2%

As at 30 June 2009 and 31 December 2008, the Bank did not comply with the BIS Tier I capital adequacy requirements because its capital was negative.

Capital Expenditures

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

	Six-month period ended 30 June 2009	Year ended 31 December	
		2008	2007
	(KZT millions)	(KZT millions)	
Land and buildings	21	4,065	8,278
IT software/hardware	25	619	1,172
Vehicles	5	1	194
Construction in progress	51	46	4,212
Other fixed assets	163	1,787	5,417
Intangible assets	52	422	1,351
Total capital expenditures	317	6,940	20,624

Capital expenditures were KZT 317 million for the six months ended 30 June 2009, comprising mainly investments in furniture, computers and IT software updates. No other capital expenditures have been made over this period.

Capital expenditures decreased by 66.3 per cent., to KZT 6,940 million for the year ended 31 December 2008 from KZT 20,624 million for the year ended 31 December 2007, primarily due to slowdown in business operations in 2008.

Off-Balance Sheet Arrangements

Commitments

The Bank had no material capital commitments outstanding known as at 30 June 2009 or as at 31 December 2008 and 2007. However, the Bank had the following operating lease commitments as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009	As at 31 December	
		2008	2007
	(KZT millions)	(KZT millions)	
Not later than 1 year	581	939	515
Later than 1 year and not later than 5 years	1,120	1,559	1,657
Later than 5 years	237	277	1,417
Total operating lease commitments	1,938	2,775	3,589

Contingencies

The Bank enters into financial arrangements with off-balance sheet risk in the normal course of business in order to meet the needs of its customers. These arrangements, which include guarantees and letters of credit, involve varying degrees of credit risk and are not reflected on the Bank's balance sheet. The following table sets forth the maximum exposure to credit loss of the Bank's off-balance sheet arrangements as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009 Nominal Amount	As at 31 December	
		2008 Nominal Amount	2007 Nominal Amount
	(KZT millions)	(KZT millions)	
Contingent liabilities			
Pledge of the treasury bills	—	136,972	128,328
Commitments on loans and unused credit lines	147,599	126,491	135,630
Letters of credit and other transaction related contingent obligations	14,406	20,622	41,915
Guarantees issued and similar commitments	14,277	12,927	13,749
Total contingent liabilities	176,282	297,012	319,622

As at 30 June 2009 and 31 December 2008 and 2007, standby letters of credit worth KZT 1,868 million, KZT 2,283 million and KZT 11,375 million respectively, were secured by cash deposited in customer accounts. As at 30 June 2009, 31 December 2008 and 2007, certain guarantees and similar commitments worth KZT 2,147 million, KZT 1,392 million and KZT 574 million respectively, were secured by cash deposited in customer accounts. As at 30 June 2009, 31 December 2008 and 2007, commitments on loans and unused credit lines worth KZT 14,050 million, KZT 19,532 million and KZT 9,692 million respectively, were secured by cash deposited in deposit accounts.

The Bank applies the same credit control and management policies to its off-balance sheet commitments as it does to its on-balance sheet operations. The Bank made a provision of KZT 2,004 million for the six-month period ended 30 June 2009 and provisions of KZT 4,642 million for the year ended 2008 and a recovery of provisions in the amount of KZT 417 million for the year ended 2007 in respect of letters of credit and guarantees. A special provision in the amount of KZT 136,972 million as at 31 December 2008 has been established to cover probable losses under the guarantees issued by the Bank between 2006 and 2008 for the benefit of two Russian financial institutions, supported by pledges of the Bank's T Bills. The provision represents the total amount of T Bills given as security for the guarantees. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future"* and "*Statistical and Other Information — Funding — Treasury Operations and T Bills*".

The Bank is in the process of changing its existing policies and procedures relating to off-balance sheet arrangements, and expects this process to be completed by the end of 2009.

Since it is highly uncertain whether the Bank will recover any amounts in respect of the guarantee, the Bank has recorded provisions in the amount of KZT 136,972 million as at 31 December 2008 for estimated losses related to the identified guarantee transactions. The provision represents the total amount of the T Bills securing the guarantees.

SELECTED STATISTICAL AND OTHER INFORMATION

The following information is included for informational purposes and you should read the selected statistical and other information set forth below in conjunction with "*Management's Discussion and Analysis of Results of Operations and Financial Condition*," "*Selected Condensed Consolidated Financial Data*" and "*Presentation of Financial and Other Information*" as well as the Financial Statements. Certain statistical information has been derived from the Financial Statements and except where otherwise indicated the figures have been prepared in accordance with IFRS.

Average Balances and Net Interest Income

The following table sets out the Bank's average balances of assets and liabilities based upon the average of the opening and closing balances each month for the six-month period ended 30 June 2009 and for the years ended 31 December 2008 and 2007:

	Six-month period ended 30 June 2009			Year ended 31 December					
				2008			2007		
	Average Balance	Interest Income	Average Interest Rate	Average Balance	Interest Income	Average Interest Rate	Average Balance	Interest Income	Average Interest Rate
	(KZT millions)		(per cent.)	(KZT millions)		(per cent.)	(KZT millions)		(per cent.)
Interest-bearing assets									
Financial assets at fair value through profit or loss and investments available-for-sale	160,160	5,473	6.8	164,482	7,175	4.4	170,386	8,880	5.2
Tenge	84,597	3,177	7.5	24,523	2,331	9.5	49,225	3,148	6.4
Foreign currency	75,564	2,295	6.1	139,959	4,845	3.5	121,161	5,732	4.7
Derivative financial instruments (assets)	19,123	8,952	—	32,636	15,496	—	11,011	3,257	—
Tenge	2,969	1,081	—	14,384	1,370	—	166	—	—
Foreign currency	16,154	7,871	—	18,252	14,126	—	10,878	3,257	—
Due from banks and cash and balances with the NBK	53,473	270	1.0	33,223	1,133	3.4	54,622	2,639	4.8
Tenge	12,599	29	0.5	13,716	565	4.1	18,648	762	4.1
Foreign currency	40,874	241	1.2	19,507	569	2.9	35,974	1,877	5.2
Repurchase agreements	66	—	0.1	213	6	2.8	11,718	207	1.8
Tenge	66	—	0.1	213	6	2.8	11,718	207	1.8
Loans to customers	413,119	45,864	22.2	686,053	139,677	20.4	768,669	166,785	21.7
Tenge	192,757	25,620	26.6	341,959	88,312	25.8	399,872	114,739	28.7
Foreign currency	220,362	20,244	18.4	344,094	51,365	14.9	368,797	52,047	14.1
Total interest-bearing assets	645,941	60,558	18.8	916,606	163,487	17.8	1,016,405	181,768	17.9
Tenge	292,988	29,907	20.4	394,795	92,583	23.5	479,595	118,856	24.8
Foreign currency	352,953	30,652	17.4	521,811	70,904	13.6	536,810	62,912	11.7

	30 June 2009	31 December 2008	31 December 2007
		Average Balance (KZT millions)	
Non-interest bearing assets			
Cash and balances with the NBK	20,465	55,920	91,623
Tenge	13,908	25,485	38,376
Foreign currency	6,557	30,435	53,248
Due from banks	472	1,132	7,626
Tenge	—	10	45
Foreign currency	472	1,122	7,581
Investments available-for-sale	49	63	76
Tenge	49	63	76
Foreign currency	—	—	—
Property, equipment and intangible assets	33,437	32,833	20,323
Tenge	33,437	32,833	20,323
Foreign currency	—	—	—
Other assets	8,465	22,352	13,914
Tenge	7,277	21,296	12,340
Foreign currency	1,189	1,056	1,574
Total non-interest bearing assets	62,888	112,299	133,561
Tenge	54,671	79,686	71,159
Foreign currency	8,217	32,613	62,402

	As at end for the six-month period ended 30 June 2009			As at and for the year ended 31 December					
				2008			2007		
	Average Balance	Interest Expense	Average Interest Rate	Average Balance	Interest Expense	Average Interest Rate	Average Balance	Interest Expense	Average Interest Rate
	(KZT millions)		(per cent.)	(KZT millions)		(per cent.)	(KZT millions)		(per cent.)
Interest-bearing liabilities									
Due to the NBK and due to banks	173,966	4,606	5.3	238,128	16,510	6.9	339,914	27,914	8.2
Tenge	30,573	1,487	9.7	55,831	4,418	7.9	77,583	6,628	8.5
Foreign currency	143,213	3,119	4.4	182,297	12,092	6.6	262,331	21,286	8.1
Due to other financial institutions	35,106	1,291	7.4	41,369	2,926	7.1	41,812	3,372	8.1
Tenge	22	6	21.3	—	8	—	—	3	—
Foreign currency	35,084	1,284	7.3	41,369	2,918	7.1	41,812	3,369	8.1
Repurchase agreements	54,014	2,080	7.7	20,978	1,995	9.5	29,701	937	3.2
Tenge	54,014	2,080	7.7	17,630	1,853	10.5	19,910	719	3.6
Foreign currency	—	—	—	3,347	142	4.3	9,791	218	2.2
Customer accounts	166,568	9,310	11.2	186,277	21,410	11.5	195,869	17,775	9.1
Tenge	129,336	6,964	10.8	145,344	17,622	12.1	161,224	14,455	9.0
Foreign currency	37,231	2,345	12.6	40,933	3,788	9.3	34,645	3,320	9.6
Debt securities issued	372,020	18,233	9.8	313,639	30,268	9.7	294,823	30,523	10.4
Tenge	75,690	3,661	9.7	19,639	1,907	9.7	17,697	1,595	9.0
Foreign currency	296,331	14,573	9.8	294,000	28,360	9.6	277,126	28,928	10.4
Subordinated debt	44,399	2,266	10.2	38,293	4,159	10.9	33,356	3,416	10.2
Tenge	16,717	883	10.6	15,201	1,872	12.3	11,770	1,289	10.9
Foreign currency	27,682	1,382	10.0	23,092	2,287	9.9	21,586	2,127	9.9
Other financing	28,248	1,071	7.6	30,367	2,023	6.7	28,815	2,329	8.1
Tenge	—	—	—	—	—	—	—	—	—
Foreign currency	28,248	1,071	7.6	30,367	2,023	6.7	28,815	2,329	8.1
Financial liabilities at fair value through profit or loss	26,577	9,117	—	24,230	21,387	—	2,162	6,624	—
Tenge	3,293	1,521	—	5,682	6,221	—	199	0	—
Foreign currency	23,284	7,596	—	18,548	15,166	—	1,963	6,624	—
Total interest-bearing liabilities	900,896	47,975	10.7	893,279	100,677	11.3	966,451	92,889	9.6
Tenge	309,824	16,603	10.7	259,327	33,901	13.1	288,383	24,688	8.6
Foreign currency	591,072	31,372	10.6	633,952	66,776	10.5	678,068	68,202	10.1

	As at and for the six-month period ended 30 June 2009	2008	2007
	Average Balance (KZT millions)		
Non-interest bearing liabilities			
Due to banks	33	121	43
Tenge	—	93	38
Foreign currency	33	28	5
Customer accounts	35,426	28,583	50,932
Tenge	31,381	24,661	42,285
Foreign currency	4,045	3,922	8,647
Other liabilities	76,521	40,910	7,546
Tenge	2,982	4,993	6,887
Foreign currency	73,539	35,917	659
Total non-interest bearing liabilities	111,979	69,614	58,521
Tenge	34,363	29,747	49,210
Foreign currency	77,617	39,867	9,311

Interest-bearing Assets

The following table indicates average interest-bearing assets and interest income, yield, margin and spread on the Bank's interest-bearing assets for the six-month period ended 30 June 2009 and the years ended 31 December 2008 and 2007, as calculated by the Bank's management based on IFRS.

	Six-month period ended 30 June 2009	Year ended 31 December 2008	2007
	(KZT millions, except percentages)		
Average interest-bearing assets	645,941	916,606	1,016,405
Tenge	292,988	394,795	479,595
Foreign currency	352,953	521,811	536,810
Interest Income	60,558	163,487	181,768
Tenge	29,907	92,583	118,856
Foreign currency	30,652	70,904	62,912
Net Interest Income	12,583	62,811	88,879
Tenge	13,304	58,682	94,168
Foreign currency	(720)	4,128	(5,290)
Yield (percentage)	18.8	17.8	17.9
Tenge	20.4	23.5	24.8
Foreign currency	17.4	13.6	11.7
Margin (percentage)	3.9	6.9	8.7
Tenge	9.1	14.9	19.6
Foreign currency	(0.4)	0.8	(1.0)
Spread (percentage)	8.1	6.6	8.3
Tenge	9.7	10.4	16.2
Foreign currency	6.8	3.1	1.7

The following table sets out maturity profiles for the Bank's interest-bearing assets and interest-bearing liabilities as at 30 June 2009:

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	30 June 2009 Total
	(KZT millions)						
Financial assets at fair value through profit or loss	151,679	—	—	—	—	—	151,679
Due from banks	29,399	1,316	30,340	752	—	—	61,807
Loans to customers	47,740	38,118	153,594	103,425	49,885	—	392,762
Investments available-for-sale	—	—	993	1,023	207	—	2,223
Total interest-bearing assets	**228,818**	**39,434**	**184,927**	**105,200**	**50,092**	**—**	**608,471**
Due to the NBK	450	—	—	6	22,372	—	22,828
Financial liabilities at fair value through profit or loss	2,985	—	—	—	—	—	2,985
Due to banks	195,590	—	—	—	—	—	195,590
Due to other financial institutions	34,470	—	—	—	—	—	34,470
Other financing	27,047	—	—	—	—	—	27,047
Customer accounts	56,575	3,295	6,957	60,884	14,727	—	142,398
Repurchase agreements	66,083	—	—	—	—	—	66,083
Debt securities issued	457,456	—	—	—	—	—	457,456
Subordinated debt	853	—	2,839	11,109	28,600	3,636	47,037
Total interest-bearing liabilities	**841,509**	**3,295**	**9,796**	**71,959**	**65,699**	**3,636**	**995,894**

Return on Assets and Equity

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

	As at and for the six-month period ended 30 June 2009	As at and for the year ended 31 December	
		2008	2007
	(KZT millions, except percentages)		
Net (loss)/profit	(153,264)	(386,210)	42,683
Average total assets[1]	708,829	954,620	1,040,841
Average ordinary shareholders' equity[1]	(304,047)	(34,103)	119,507
Average ordinary shareholders' equity/average total assets[1]	(42.9)%	(3.6)%	11.5%
Net income/			
Average total assets *(percentage)*	(43.2)%	(40.5)%	4.1%
Average ordinary equity *(percentage)*	—	—	35.7%
Net (loss)/profit attributable to preference shareholders	—	—	1,512
Net (loss)/profit attributable to ordinary shareholders of the parent	(153,264)	(386,210)	41,171

Note:

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

Trading and Investment Portfolio

The Bank structures its securities portfolio based on a number of factors, including the liquidity, diversification and yield to maturity of the securities held by it. During 2005, the Bank's management decided to diversify its securities portfolio to manage its exposure to the NBK and the Government of Kazakhstan, which had historically comprised up to 90.0 per cent. of the Bank's assets held for trading. Currently, the Bank's policy is to maintain Government securities of not less than 10.0 per cent. of its trading portfolio, securities of corporates (excluding Samruk-Kazyna) of not more than 20.0 per cent., Samruk-Kazyna bonds of not more than 85.0 per cent., securities of foreign issuers rated not less than A by S&P or Fitch of not more than 1.0 per cent. and subordinated bonds of not more than 10.0 per cent.

The following table shows the composition of securities held by the Bank as at 30 June 2009 and as at 31 December 2008 and 2007:

	30 June 2009	31 December	
		2008	2007
	(KZT millions)	(KZT millions)	
Financial assets at fair value through profit or loss	151,679	201,973	179,620
Investments available-for-sale	2,272	2,741	3,057
Total	153,951	204,714	182,677

The following tables show the maturity of assets included in the Bank's securities portfolio (comprising financial assets at fair value through profit or loss, investments available-for-sale, and investments in associated companies) and the weighted average yield for each range of maturities, as at and for the six-month period ended 30 June 2009 and as at and for the year ended 31 December 2008, such information not being available for 2007:

	As at and for the six-month period ended 30 June 2009											
	Up to 1 month		1 month to 3 months		3 months to 1 year		1 year to 5 years		Over 5 years		Maturity undefined	
	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT Millions)	(per cent.)
Financial assets at fair value through profit or loss	—	—	—	—	—	—	—	—	—	—	—	—
Bonds of Samruk-Kazyna	106,178	70.0	—	—	—	—	—	—	—	—	—	—
Notes of the Ministry of Finance of the Republic of Kazakhstan	15,549	10.3	—	—	—	—	—	—	—	—	—	—
Debt securities of financial institutions	23,015	15.2	—	—	—	—	—	—	—	—	—	—
Debt securities of corporates	963	0.6	—	—	—	—	—	—	—	—	—	—
Derivative financial instruments	5,974	3.9	—	—	—	—	—	—	—	—	—	—
Investments available-for-sale												
Debt securities	—	—	—	—	993	100	1,023	100	207	100	—	—
Equity securities	—	—	—	—	—	—	—	—	—	—	49	100
Total	151,679	100	—	—	993	100	1,023	100	207	100	49	100

	As at and for the year ended 31 December 2008											
	Up to 1 month		1 month to 3 months		3 months to 1 year		1 year to 5 years		Over 5 years		Maturity undefined	
	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)
Financial assets at fair value through profit or loss	—	—	—	—	—	—	—	—	—	—	—	—
Bonds of the Government of the United States of America	136,972	67.8	—	—	—	—	—	—	—	—	—	—
Notes of the Ministry of Finance of the Republic of Kazakhstan	5,487	2.7	—	—	—	—	—	—	—	—	—	—
Debt securities of financial institutions	26,106	12.9	—	—	—	—	—	—	—	—	—	—
Debt securities of corporates	1,136	0.6	—	—	—	—	—	—	—	—	—	—
Derivative financial instruments	32,272	16.0	—	—	—	—	—	—	—	—	—	—
Investments available-for-sale												
Debt securities	72	0.0	—	—	—	—	1,782	100	838	100	—	—
Equity securities	—	—	—	—	—	—	—	—	—	—	49	100
Total	202,045	—	—	—	—	—	1,782	100	838	100	49	100

Financial Assets at Fair Value through Profit or Loss

The Bank's portfolio of financial assets at fair value through profit or loss comprises notes issued by the NBK, bonds issued by the Ministry of Finance of the Republic of Kazakhstan and other Kazakhstan governmental and corporate issuers. The Bank also holds debt securities of financial institutions, including BTA Bank and ATF Bank, and debt securities of Kazakhstan companies, including JSC Ulbinsky Metallurgical Plant and JSC Doszhan Temir Zholi. The Bank's management is concerned about the fair value of the BTA Bank bonds in the Bank's trading portfolio as a result of the deterioration of BTA Bank's financial condition.

In the course of its due diligence, the new management of the Bank identified transactions entered into by the Bank between 2006 and 2008 that were not properly recorded on the Bank's balance sheet. The transactions included guarantees issued by the Bank supported by pledges of its T Bills which were fully provisioned. These T Bills had been used to settle the guarantees issued by the Bank and have been written off the Bank's balance sheet as at 30 June 2009. See "*Selected Statistical and Other Information — Funding — Treasury Operations and T Bills*".

The following table shows the structure of the Bank's financial assets at fair value through profit or loss portfolio as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009	As at 31 December	
		2008	2007
	(KZT millions)	(KZT millions)	
T Bills	—	136,972	128,328
Bonds of Samruk-Kazyna	106,178	—	—
Notes of the NBK	—	—	499
Bonds of the Ministry of Finance of the Republic of Kazakhstan	15,549	5,487	6,879
Debt securities of financial institutions	23,015	26,106	18,397
Debt securities of corporates	963	1,136	3,030
Derivative financial instruments	5,974	32,272	22,487
Total financial assets and fair value through profit or loss	151,679	201,973	179,620

Investments Available for Sale

As at 30 June 2009 and as at 31 December 2008 and 2007, the Bank's investments available-for-sale comprised mostly of bonds of the Ministry of Finance of the Republic of Kazakhstan and other governmental and private Kazakhstan entities. The Bank also holds bonds of other financial institutions, including Bank CenterCredit and ATF Bank, in its investments available-for-sale portfolio.

The following table shows the structure of the Bank's investments available-for-sale portfolio as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009	As at 31 December	
		2008	2007
	(KZT millions)	(KZT millions)	
Bonds of the Ministry of Finance of the Republic of Kazakhstan	909	964	972
Other debt securities	1,314	1,728	2,009
Equity securities	49	49	76
Total investments available-for-sale	2,272	2,741	3,057

Investments Held-to-Maturity

The Bank had no investments held-to-maturity as at 30 June 2009.

Loan Portfolio

Currently the Bank provides only two retail banking products — student loans pursuant to the Student Loans State Finance Programme and mortgages under the Mortgage State Finance Programme to the extent it receives repayment proceeds of the previously made Mortgage State Finance Programme loans, which is a significant decrease from the number of products that the Bank marketed and sold prior to 2009.

The Bank's loan portfolio is monitored by the Bank's General Credit Committee. The General Credit Committee determines the amount that the Bank is prepared to lend, together with the type of collateral required to secure such loans. If there are any problems or potential problems either with the borrower or the credit, the loan is forwarded to the Bank's Non-Performing Loan Division, a sub-division of the Bank's Credit Department, which develops the action plan to be approved by the Non-Performing Loan Committee in respect of each loan. See "*Selected Statistical and Other Information — Lending Policies and Procedures*".

The following table sets out the composition of the Bank's loans as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009	As at 31 December	
		2008	2007
	(KZT millions)	(KZT millions)	
Originated loans	737,790	694,479	851,968
Net investments in finance lease	10,187	8,786	10,753
Allowance for impairment losses	(355,215)	(269,790)	(43,527)
Total loans to customers	392,762	433,475	819,194

Loan Portfolio by Type of Loan

The following table presents a breakdown of the Bank's net loan portfolio into the Bank's retail, SME and corporate banking sectors as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009		As at 31 December			
			2008		2007	
	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)
Retail[(1)(2)(3)]	191,756	48.8	226,860	52.3	405,058	49.4
Corporate[(2)(3)]	142,985	36.4	157,247	36.3	339,957	41.5
SME	58,021	14.8	49,368	11.4	74,179	9.1
Total	392,762	100.0	433,475	100.0	819,194	100.0

Note:

(1) Retail loans are defined as "loans to individuals" in the Financial Statements. See Note 16 to the Annual Financial Statements and Note 15 to the Unaudited Interim Financial Statements.
(2) The breakdown in this table is different from the segment reporting in the Financial Statements. In the Financial Statements, the Bank's loan portfolio is divided into the retail and corporate sectors, with the SME sector reporting being included in the corporate sector reporting. See Note 36 to the Annual Financial Statements and Note 31 to the Unaudited Interim Financial Statements.
(3) Retail and corporate loans presented in this table are calculated based on a different classification from the one used in the Financial Statements.

See "*The Bank — Business of the Bank — Retail Banking — Retail Lending*" for a breakdown of retail loans by type of loan as at 30 June 2009 and as at 31 December 2008 and 2007.

Loan Portfolio by Sector

The Board of Directors of the Bank has approved a policy under which the Bank's General Credit Committee may establish limits on the Bank's total exposure to economic sectors as a percentage of its net loan portfolio. The General Credit Committee is currently reviewing these limits with the aim to have new limits established following the completion of the Restructuring and the commencement of normal lending activities.

Following the internal due diligence process commenced in February 2009, the Bank's new management decided to change definitions of industries in its accounting policy. Based on these decisions, the Bank's new management re-categorised certain loans for the period ended 30 June 2009. The re-categorisation of certain loans for the period ending 30 June 2009 renders the amounts incomparable to amounts for previous periods. Therefore, the following table sets forth certain information as to the structure of the Bank's loan portfolio by economic sector, as at 30 June 2009, but not for previous periods:

	As at 30 June 2009	
	(KZT millions)	(per cent.)
Individuals	191,756	49
Services provided by small and medium entities	40,772	10
Wholesale	31,331	8
Construction	42,596	11
Transportation	12,383	3
Retail	10,521	3
Paper manufacturing	—	—
Metallurgy industry	11,092	3
Finance services	8,025	2
Food	2,518	1
Oil and gas services	9,863	3
Chemical industry	1,213	—
Agriculture	7,285	2
Coal Mining	805	—
Real estate operations	11,688	3
Production of metal goods	465	—
Mass media	578	—
Manufacturing and Light industry	1,787	—
Post and communication	258	—
Heavy industry	453	—
Other	7,373	2
Total loans	**392,762**	**100**

Loan Portfolio by Currency

The level of Tenge-denominated loans has decreased to 42.0 per cent. of the Bank's loan portfolio as at 30 June 2009, compared to 50.9 per cent. as at 31 December 2008, primarily due to the repayment of Tenge-denominated loans and devaluation of the Tenge against the U.S. Dollar.

The following table sets forth the currency profile of the Bank's loan portfolio as at 30 June 2009 and as at 31 December 2008 and 2007:

			As at 31 December			
	As at 30 June 2009		2008		2007	
	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)
Tenge	164,935	42.0	220,579	50.9	401,692	49.0
U.S. Dollars	218,327	55.6	201,432	46.5	375,691	45.9
Euro	5,383	1.4	10,696	2.5	40,991	5.0
Others	4,117	1.0	768	0.1	820	0.1
Total loans	392,762	100.0	433,475	100.0	819,194	100.0

Due from Banks

As at 30 June 2009, due from banks increased by 34.8 per cent. to KZT 61,933 million from KZT 45,956 million as at 31 December 2008. This increase was mainly due to the conditional deposit of KZT 24,000 million with the NBK for the purposes of the recapitalisation of the Bank. Due from banks in foreign currencies are mainly represented by margin call deposits in the amount of KZT 29,628 million as at 30 June 2009, compared to KZT 32,668 million and nil as at 31 December 2008 and 31 December 2007, respectively. The margin call deposits have been placed under 19 cross-currency swap agreements concluded between the Bank and foreign banks. The foreign currency amounts due from banks decreased by 17.9 per cent. to KZT 37,277 million as at

30 June 2009 from KZT 45,414 million as at 31 December 2008 primarily due to favourable changes in the exchange rates of foreign currencies against the Tenge and favourable changes in the credit default swap levels of certain securities.

The following table shows a breakdown by currency of correspondent account balances and loans as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009	As at 31 December 2008	As at 31 December 2007
		(KZT millions)	
Tenge	24,656	542	29,573
Foreign currency	37,277	45,414	7,506
Total due from banks	61,933	45,956	37,079

Lending Policies and Procedures

The FMSA has strict guidelines applicable to the credit process of banks. FMSA regulations limit the exposure to any single borrower or group of borrowers to 10.0 per cent. of a bank's equity for related parties, to 25.0 per cent. of a bank's equity for non-related parties and to 10.0 per cent. of a bank's equity for unsecured loans irrespective of whether the borrower is a related or non-related party. The Bank's management is currently in the process of reviewing and improving the Bank's credit approval process and lending policies and procedures. Once the review process is completed, the revised policies and procedures will be presented for approval of the Board of Directors and implemented after the Bank resumes its normal lending operations and determines the parameters of its future lending products.

As at the date of this Information Memorandum, the Bank's lending operations are limited to student loans provided pursuant to the Student Loans State Finance Programme and SME loans under the SME State Finance Programme to the extent it receives repayment proceeds of previously placed SME State Finance Programme loans. The Bank's lending policies for these types of loans are based on requirements and lending criteria of the relevant State Finance Programmes. See "*Selected Statistical and Other Information — Funding — State Finance Programmes*".

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

The General Credit Committee is responsible for approving the terms of credit facilities and guarantees extended by the Bank (including its branches) to corporate customers and to any other customers if the amount of a facility exceeds U.S.$5 million. The Small Credit Committee is responsible for approving the terms of credit facilities and guarantees extended by the Bank (including its branches) to SMEs for amounts of up to U.S.$5 million. The Retail Credit Committee is responsible for approving retail loans for amounts of up to U.S.$5 million.

Each of the Bank's credit committees consists of representatives of the following departments: the Risk Management Department, the Legal Department, the Security Department and the Commercial Department. The composition of each of the committees is designed to minimise the level of risks without affecting the Bank's profitability.

Under the JSC Law, certain categories of loans must be approved by the Board of Directors of a bank. Such categories include any loan equal to or exceeding 25.0 per cent. of a bank's assets (which is the maximum exposure per client permitted under FMSA regulations) and any loan to a related person or an affiliate.

Each of the Bank's branches has a Small Credit Committee and a Retail Credit Committee which are authorised to approve loan applications within the approved limits. As at the date of this Information Memorandum, credit limits of the Bank's branches were between KZT 5 million and KZT 15 million depending on the branch.

Individual branch lending limits can be increased, reduced or revoked depending on the quality of the loan portfolio of the branch and the volume of credit applications. Lending limits may be changed upon request by the relevant branch or by the relevant department of the Bank's head office. All applications for credit must be submitted to the Bank on its standard forms. The relevant credit committee 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 committee obtains references on the potential borrower from third parties, including information on the borrower from other banks, credit history records from the First Credit Bureau, information from the tax authorities on any tax arrears, and any security checks carried out by the Bank's security service.

If the loan is to be collateralised, the Bank makes an assessment of the collateral being offered, including assessments as to valuation, legality and enforceability. The Bank only accepts liquid collateral, such as cash, guarantees and real estate. The Bank also requires submission of a report by an independent appraiser regarding the value of real estate or vehicles provided as collateral, which is then reviewed by the Bank's Department on Collateral. The Bank's Legal Department is also involved in the credit process for each application and reviews the loan agreement and other relevant legal documentation.

In the past, the Bank used an automated scoring system to process information and approve applications for PILs. The use of the system was discontinued at the end of 2007 due to a large number of non-performing retail loans accumulated by the Bank and the Bank's deteriorating financial condition. During June and July 2009, the Bank reviewed the principles and criteria of its scoring model for PILs and made a number of improvements and adjustments. The Bank's Risk Management Department plans to coordinate with the installation of improvements in the Bank's software the Information Projects Department. The implementation of this project will be subject to the Bank's overall strategy review.

Recovery Policies and Procedures

The Bank has established the Department on Non-Performing Loans focusing on restructuring of non-performing loans and coordinating and monitoring the recovery process generally. To assist the recovery process, in 2008 the Bank implemented a new software system to help the Bank monitor accounts receivable on non-performing loans, the effectiveness of the Bank's relevant departments and external collection agencies. The Bank's approach to the recovery of corporate and SME loans is handled on a case-by-case basis. The Bank's approach to the recovery of retail loans is standardised and handled initially by the Bank's dedicated call centre and the Department on Non-Performing Loans.

Corporate and SME Loans

The recovery process for corporate and SME loans is conducted on a case-by-case basis. Typically after a corporate or SME loan becomes overdue, the Bank enters into informal discussions with the borrower to resolve the default. If the informal discussions fail to achieve a solution, the Department on Non-Performing Loans will provide recommendations to the Non-Performing Loans Committee, which will then approve an action plan for each individual borrower. If delays in payments are caused by a reduction of profits of the borrower due to reduced sales and the overall impact of the financial crisis, the action plan may be to restructure the loan and agree to a reduced interest rate, an extension of maturity and/or flexible repayment terms depending on the seasonality of the borrower's business. The action plan may also call for the Bank to commence out-of-court foreclosure of collateral (for collateralised loans) or attempt to foreclose on property of the borrower that is not collateralised under the loan. If these steps do not provide effective relief, the Bank may commence court proceedings against the borrower. After all methods of redress have been exhausted and upon a special decision of the Non-Performing Loans Committee, the Bank writes off the non-performing loan.

Retail Loans

The recovery process for retail loans can be divided into three stages. The first stage of recovery relies on the Bank's dedicated collection call centre to collect information about each individual debtor's circumstances and agree a realistic timeframe for repayment. The call centre begins to work with a loan immediately after it has become overdue and continues phone enquiries and negotiations until the loan has been overdue for up to 60 days in the case of uncollateralised loans and up to 30 days in the case of collateralised loans. If the loan is not repaid during such time, or if the borrower refuses to pay, the corresponding file is handed over to the Department on Non-Performing Loans and the loan then moves to the next stage of the recovery process. As at 30 June 2009, the Bank's call centre employed 62 employees. In the period from 1 January 2009 to 30 June 2009, the call centre handled 379,256 overdue loans, of which 226,442, or 59.7 per cent., were either repaid fully or to the extent they were no longer overdue, in which case they were transferred to the Good Bank.

The second stage of the recovery process involves the Department on Non-Performing Loans which attempts to restructure the overdue loan and agree to new payment terms acceptable to the borrower. If it fails to reach an agreement on satisfactory terms, the Department issues formal payment demands to the borrower, commences out-of-court enforcement procedures to foreclose on collateral in the case of secured loans, takes possession of collateral and pursues recovery through court proceedings.

The third stage is the sale of overdue loans to collection agencies which are not related parties. In the past, the Bank primarily relied on collection agencies affiliated with SAFC. As at the date of this Information Memorandum, the Bank has terminated all work with collection agencies affiliated with SAFC. If an uncollateralised loan or car loan remains overdue after 180 days, or in some instances before such loans are overdue 180 days if the Bank believes the loans will not be repaid, the Bank will transfer such loans to collection agencies. As at 1 October 2009, the Bank used the services of the following five collection agencies: LLP "Time Invest", LLP "Bureau on Working with Debits", LLP "Specialised Centre for Collection Services", LLP "Irtysh-Pavlodar Service" and LLP "Kazakhstan Security System". As at 1 October 2009, the principal amount of loans transferred to the collection agencies was KZT 40,600 million. Under the terms of the agreements with such agencies, the Bank remains the legal owner of the relevant non-performing assets and records them on its balance sheet. However, all work in relation to recovery of the relevant assets is performed by the collection agency. If a collection agency recovers any portion of the asset, it withholds its commission and transfers the remaining money to the Bank. The commission agreed by the Bank with the collection agencies ranges from 12.0 per cent. to 23.0 per cent. depending on the collateral, the number of days the loan was overdue, the trading history of the relevant collection agency and other criteria.

The Bank typically charges penalties on overdue loans in an amount ranging from 0.2 to 1.0 per cent. of the principal amount per day. To motivate repayment, from 1 September 2009 to 31 October 2009, the Bank agreed to forgive penalties on overdue amounts on all retail products except credit cards if the borrower repays all overdue amounts owing during such time.

The Bank periodically reviews its non-performing loans. If an uncollateralised loan or car loan remains overdue after 180 days, or in some instances before such loans are overdue 180 days if the Bank believes the loans will not be repaid, the Bank will transfer such loans to collection agencies.

Fraudulent Loans

The Bank's internal security service is involved in dealing with fraudulent non-performing loans. The services investigates circumstances related to such loans and passes on the relevant files to Kazakhstan's law enforcement agencies in accordance with applicable Kazakhstan law. As at the date of this Information Memorandum, no fraudulent non-performing loans for significant amounts were identified by the Bank.

Collateralisation

To reduce its credit risk, 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.

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

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

Collateral Categories	Loan/ Collateral Value
Cash	100%
Corporate securities	60%
Corporate securities (not publicly traded)	40%
Residential real estate	50%
Commercial real estate	60%
Goods in turnover	60%
Equipment	70%

The following table sets forth a breakdown of the Bank's net collateralised and uncollateralised loans by amount and as a percentage of total loans as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009		As at 31 December 2008		2007	
	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)
Collateralised	337,622	86.0	323,685	74.7	797,606	97.4
Uncollateralised	55,140	14.0	109,790	25.3	21,588	2.6
Total loans	392,762	100.0	433,475	100.0	819,194	100.0

The following table sets forth a breakdown of total loans by type of collateral and as a percentage of the total loan portfolio as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009		As at 31 December 2008		2007	
	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)
Loans collateralised by real estate	256,640	65.3	280,511	64.7	452,153	55.2
Loans collateralised by deposits	12,867	3.3	17,388	4.0	9,314	1.1
Loans collateralised by transport vehicles	5,345	1.4	298	0.1	30,022	3.7
Loans collateralised by guarantees	92	0.0	2,175	0.5	4,009	0.5
Loans collateralised by securities	24	0.0	676	0.2	35,449	4.3
Loans collateralised by equipment	218	0.1	498	0.1	11,471	1.4
Loans collateralised by goods	123	0.0	526	0.1	12,387	1.5
Loans insured by related party	—	—	—	—	207,731	25.4
Other	62,313	15.9	21,613	5.0	35,070	4.3
Uncollateralised loans	55,140	14.0	109,790	25.3	21,588	2.6
Total loans to customers	**392,762**	**100.00**	**433,475**	**100.0**	**819,194**	**100.0**

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

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

In addition, for collateral in the form of real estate exceeding KZT 44.5 million in value (approximately U.S.$300,000), banks are required to obtain a report of an independent appraisal company at least once a year.

In August 2008 the Bank commenced a revaluation of its collateral base. Following the revaluation, as at 30 June 2009, the value of the Bank's collateral was KZT 374,404 million, of which KZT 190,787 million was collateral under retail loans, KZT 74,760 million was collateral under SME loans and KZT 108,857 million under corporate loans. As at the date of this Information Memorandum, this revaluation of collateral continues. The Bank expects to revalue collateral at least twice a year.

Insurance of the Bank's Loan Portfolio

As at the date of this Information Memorandum, the Bank does not have any insurance against the credit risk of its loan portfolio. From 2006 to 2008, the Bank insured the credit risk in respect of its uncollateralised retail loans to individuals in Alliance Policy, a related party. However, the contract had been terminated in September 2008.

The Bank intends to require insurance in respect of collateral secured by its loans and, in respect of uncollateralised loans, require life and health insurance of the borrower when the Bank resumes its normal lending operations.

Portfolio Supervision

The Bank classifies its loans in accordance with the FMSA Asset Classification Rules. The monitoring unit of the Bank's Risk Management Division is responsible for monitoring the loan portfolio of the Bank, including specific reviews 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 monthly basis. Each branch carries out an in-depth review of each borrower on a monthly basis, during which the financial condition of the borrower and the status of any collateral is reassessed. In the event of a default, the relevant originating credit division is notified to assess the situation in conjunction with the Risk Management Division.

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

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

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

In relation to the financial performance criteria:

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

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

"Unstable" means that there are serious indications of constant and significant deterioration in the financial performance of the customer such as losses, diminished liquidity or continuous deterioration of market share. In relation to a customer which is a bank, the FMSA has within the previous year taken steps against the relevant

bank by issuing bankruptcy (*konkursnoye proizvodstvo*), financial rehabilitation (*reabilitaciya*) or conservation (*konservaciya*) orders against such bank. No assurance can be made that the customer's financial performance will improve and the information is not sufficient to assess the customer's financial position.

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

In relation to the quality of collateral criteria:

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

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

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

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

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

On 1 April 2007, the FMSA Asset Classification Rules came into effect. The regulations include more stringent requirements for mortgage loans, and require mortgage loans secured by property located outside Kazakhstan to be considered as unsecured for purposes of portfolio supervision. In addition, loans denominated in foreign currencies to borrowers who do not engage in foreign currency transactions will be considered one financial performance category below where they would otherwise fall in the above table, unless the customer has entered into a currency hedge transaction. The Bank has revised its risk assessment policies to reflect the regulations. In addition to the more stringent asset classification standards, the FMSA is also empowered under the regulations to require banks to increase their provisions.

In relation to retail loans, the FMSA Asset Classification Rules permit certain groups of loans to be combined into a homogeneous loan portfolio for purposes of determining the provisions against such loans. The calculation of provisions in relation to such loans is done for the entire category of loans in accordance with the Bank's internal methodology rather than in respect of each individual loan. The FMSA Asset Classification Rules permit the grouping of loans for this purpose with similar loans based on the following characteristics (i) type of borrower, (ii) loan product, (iii) purpose of loan, (iv) type of collateral, (v) tenor and (vi) other. The amount of provisions against the homogeneous loans is calculated based on the applicable methodology of the risk assessment, which contains loss estimation for the portfolio of homogeneous loans. The Bank calculates necessary provisions against the homogenous loans based on the "roll rate" methodology. Currently, the Bank has created the following homogeneous portfolios (a) PILs, (b) car credits, (c) loans to the Bank's employees, (d) student loans under the State Finance Programmes and (e) credit cards. Based on the Bank's assessment, the risk weight grades for all criteria are then combined, resulting in the classification of the Bank's portfolio as follows, according to FMSA requirements and the risk assessment methodology of the Bank:

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

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

The Risk Management Division produces a monthly report to the Credit Committee and the Board of Directors, which covers all aspects of the Bank's loan portfolio, including the timeliness of debt repayments and the classification of loans and contingent liabilities. The Bank's determination as to whether a repayment problem has arisen is based on a number of objective criteria, including the credit's classification as described above, sudden changes in volume in the customer's accounts with the Bank, sudden changes in the standard of living of the customer (which imply improper use of credit facilities), applications to change credit terms, failure of the customer or a counterparty to fulfil terms under a contract relating to the credit, and refusal of a customer to co-operate in supplying documentation and/or refusal by the customer to speak to the Bank's officers when required to do so.

Provisioning Policies and Write-Offs

The classification matrix described in "*Selected Statistical and Other Information — Lending Policies and Procedures — Portfolio Supervision*" above is also used to determine the provisioning rate for certain types of loans. Calculation of provisions is carried out on a monthly basis. Pursuant to the FMSA Asset Classification Rules which came into effect on 1 April 2007, the Bank sets provisions for its retail loan portfolio based on its assessment of risk in the portfolio on an aggregate basis rather than on a case-by-case basis. See "*Selected Statistical and Other Information — Lending Policies and Procedures — Portfolio Supervision*". The Bank considers historical data in its assessment of its retail loan portfolio, including past rates of overdue loans and other risk criteria, to determine its maximum risk exposure in respect of the aggregate portfolio. The Bank will continue to review historical data on this portfolio on a monthly basis and will revise its provisioning rate to reflect the results of its analysis.

After 1 June 2007, the Bank considered a loan to be non-performing when either interest or principal payments were past their due date by 90 days (or 120 days in respect of PILs) or more. Once a loan is 90 days overdue, the accrual of interest is suspended.

The provisions calculated for regulatory purposes are based on Adjusted IFRS and differ from provisions calculated based on IFRS presented in the Bank's Financial Statements. See "*Presentation of Financial and Other Information — Historical Financial and Other Information*".

In determining provisions, the main difference between Adjusted IFRS and IFRS is the treatment of collateral. According to the FMSA methodology, provisions are created against amounts of principal of outstanding loans without taking into account accrued interest and without taking into account the value of collateral in the case of collateralised loans. With respect to the uncollateralised loans, banks must provide provisions equal to 5.0 per cent. of the loan amount in respect of each new loan. With respect to collateralised loans, the provisioning rate is zero per cent. for loans classified as "standard", 5.0 per cent. for loans classified as "doubtful 1st category", 10.0 per cent. for loans classified as "doubtful 2nd category", 20.0 per cent. for loans classified as "doubtful 3rd category", 25.0 per cent. for loans classified as "doubtful 4th category", 50.0 per cent. for loans classified as "doubtful 5th category", and 100.0 per cent. for loans classified as "loss". In addition, according to the FMSA methodology, banks are not required to create provisions against accrued interest. Under the IFRS methodology applied by the Bank, provisions are created against amounts of loans including accrued interest but less the discounted value of collateral in the case of collateralised loans. For IFRS, provisioning rates are determined based on the type of loan (retail or corporate) and the size of the loan. For retail loans and corporate loans not exceeding KZT 200 million, the Bank determines provisions based on the "roll rate" approach applied to homogenous pools of retail and SME loans, which takes into account the historical performance of each pool and does not take into account collateral value, as under the FMSA approach. See "— *Portfolio Supervision*". For corporate loans exceeding KZT 200 million, the Bank conducts an individual analysis of each borrower's cash flow and the market value of collateral in order to determine provisions.

The Bank has sought a clarification from the FMSA with respect to its provisioning policy and the likelihood of the potential future changes to the existing rules. The FMSA responded that any potential review of the rules would not result in a significant decrease of the required level of provisioning on classified assets.

The FMSA also advised the Bank that with respect to fair value accounting, the FMSA will not treat the difference between the face value and fair value of the Bank's debt instruments as profit for the purposes of determining compliance with the regulatory capital requirements. It stated that as the market price of the Bank's

debt instruments may be volatile, the debt can move towards face value, creating losses for the Bank. It also stated that early redemption may be required due to covenant breaches which would require the debt to be repaid at face value, having a corresponding negative impact on regulatory capital. These factors in general give rise to the risk of a sharp decrease in the Bank's regulatory capital if the difference between the face value and fair value of the Bank's debt instruments is allowed to be treated as profit. Consistent with the discussions currently being had amongst the G-20 countries to improve the solvency of banks by imposing requirements on improving the quality of capital, the FMSA advised the Bank that only "real" income should be included for the purposes of determining compliance with the applicable regulatory capital requirements.

As a result of the due diligence and resulting reclassification of loans between risk categories, the Bank decided to create additional provisions totalling KZT 85,425 million as at 30 June 2009 and KZT 226,263 million as at 31 December 2008 and thereby bringing the total amount of provisions to KZT 269,790 million as at 31 December 2008 and KZT 355,215 million as at 30 June 2009, compared to KZT 43,527 million as at 31 December 2007. See the discussion on recognition of provisions in "*Presentation of Financial and Other Information — Historical Financial and Other Information*".

The following table presents a comparison of loan loss provisions calculated by the Bank based on Adjusted IFRS and IFRS:

	As at 30 June		As at 31 December	
	2009	2008	2008	2007
	(KZT millions, except percentages)			
IFRS				
Total gross loans	747,977	774,899	703,265	862,721
Loan loss reserves	(355,215)	(53,706)	(269,790)	(43,527)
Loan loss reserves as a percentage of non-performing loans	127.4%	91.8%	399.0%	133.1%
Loan loss reserves as a percentage of gross loans	(47.5)%	(6.9)%	(38.4)%	(5.0)%
Adjusted IFRS				
Total gross loans	747,977	774,899	703,265	862,721
Loan loss reserves	(432,435)	(56,207)	(64,280)	(43,390)
Loan loss reserves as a percentage of non-performing loans	155.0%	96.1%	95.1%	132.7%
Loan loss reserves as a percentage of gross loans	57.8%	7.3%	9.1%	5.0%

The table below sets forth certain information based on Adjusted IFRS relating to the Bank's loans and the credit classifications and provisions in relation to them in accordance with the risk assessment methodology of the Bank as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009			As at 31 December					
				2008			2007		
	Total exposure	Total reserves	Reserves/ Exposure	Total exposure	Total reserves	Reserves/ Exposure	Total exposure	Total reserves	Reserves/ Exposure
	(KZT millions, except percentages)								
Standard	136,584	—	— %	206,202	—	— %	419,877	—	— %
Doubtful category 1	4,583	229	5.0%	23,311	4,637	5.0%	111,853	5,559	5.0%
Doubtful category 2	18,037	1,801	10.0%	16,192	2,458	10.0%	289,091	18,949	6.6%
Doubtful category 3	1,232	248	20.1%	137,900	25,337	19.2%	—	204	20.0%
Doubtful category 4	25,695	6,424	25.0%	24,071	4,677	25.0%	9,580	2,393	25.0%
Doubtful category 5	73,060	36,095	49.4%	36,750	4,215	50.0%	9,238	4,619	50.0%
Loss	426,997	387,638	91.1%	228,406	22,956	100.0%	11,806	11,665	100%
Total	686,188	432,435	63%	672,838	64,280	9%	852,472	43,390	5%

The table above does not include interest or discount on loans to customers totalling KZT 61,789 million, KZT 30,427 million and KZT 10,249 million as at 30 June 2009, 31 December 2008 and 31 December 2007, respectively.

Non-performing loans, which during the periods under review were defined as loans which are more than 90 days (or 120 days in respect of PILs) overdue, were KZT 278,907 million (37.3 per cent. of the gross loan portfolio) as at 30 June 2009, compared to KZT 67,623 million (9.6 per cent. of the gross loan portfolio) as at 31 December 2008 and KZT 32,693 million (3.8 per cent. of the gross loan portfolio) as at 31 December 2007.

Since 30 June 2009, loans overdue by more than 90 days or more have been increasing. The Bank believes that this is largely the result of the ongoing financial crisis and the inability of collection agents to achieve any significant recoveries.

The following table details the loans that are impaired and the time overdue of loans which are past due but not impaired (based on IFRS):

	As at 30 June 2009		As at 31 December 2008		2007	
	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)
Neither past due nor impaired	129,792	33.1	197,581	45.6	376,047	46
0-3 months	11,022	2.8	17,236	4.0	10,907	1.3
3-6 months	148	0.0	—	0.0	—	0.0
6 months to 1 year	31	0.0	—	0.0	—	0.0
Greater than 1 year	12	0.0	—	0.0	—	0.0
Financial assets that have been impaired	251,757	64.1	218,658	50.4	432,240	52.7
Total	392,762	100.0	433,475	100.0	819,194	100.0

The following table provides IFRS information regarding the Bank's allowance for impairment losses on loans to customers for the six-month period ended 30 June 2009 and the years ended 31 December 2008 and 2007:

	As at and for the six-month period ended 30 June 2009	As at and for the year ended 31 December 2008	2007
	(KZT millions)	(KZT millions)	
Beginning of the period	269,790	43,527	21,113
Additional provision recognised	63,745	242,273	25,571
Effect of exchange rate changes	21,715	—	—
Write-off of assets	(35)	(16,245)	(3,229)
Other transfers	—	221	—
Recoveries of assets previously written off	—	14	72
End of the period	355,215	269,790	43,527

Maturity Limit

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

Nature of the Loan	Maximum maturity
Financing of working capital	Up to three years
Investments	Up to seven years
Letters of credit	Up to three years
Guarantees	Up to one year
Student loans	Up to 15 years

The following tables set forth certain information based on Adjusted IFRS as to the maturity of the Bank's gross loan portfolio by credit quality classification created by the FMSA as at 30 June 2009 and as at 31 December 2008 and 2007:

	30 June 2009				
	Up to 30 days	1-5 month period	5-10 month period	More than 10-month period	Total
	(KZT millions)				
Classification					
Standard	9.7	10.1	3.3	113.5	136.6
Doubtful 1st category	—	—	0.2	4.4	4.6
Doubtful 2nd category	—	0.4	1.0	16.7	18.0
Doubtful 3rd category	0.1	—	—	1.1	1.2
Doubtful 4th category	1.8	—	0.4	23.5	25.7
Doubtful 5th category	11.1	0.9	0.8	60.2	73.1
Loss Loans	63.0	18.8	41.3	302.2	425.3
Total	**85.7**	**30.2**	**47.0**	**521.6**	**684.5**

	31 December 2008				
	Up to 30 days	1-5 month period	5-10 month period	More than 10-month period	Total
	(KZT millions)				
Classification					
Standard	19.3	32.6	16.8	317.7	386.4
Doubtful 1st category	4.8	8.2	6.9	73.0	92.9
Doubtful 2nd category	0.1	0.1	0.4	24.0	24.6
Doubtful 3rd category	3.9	4.1	20.2	103.5	131.6
Doubtful 4th category	0.2	0.3	0.7	17.6	18.8
Doubtful 5th category	0.5	0.2	0.6	7.1	8.4
Loss Loans	2.8	0.2	1.1	18.8	22.9
Total	**31.6**	**45.7**	**46.7**	**561.7**	**685.6**

	31 December 2007				
	Up to 30 days	1-5 month period	5-10 month period	More than 10-month period	Total
	(KZT millions)				
Classification					
Standard	9.6	23.2	9.5	377.9	420.2
Doubtful 1st category	4.4	9.7	2.8	94.6	111.5
Doubtful 2nd category	6.5	3.6	11.4	267.8	289.3
Doubtful 3rd category	0.2	0.2	—	0.6	1.0
Doubtful 4th category	0.4	0.1	0.1	9.0	9.6
Doubtful 5th category	0.8	0.1	0.4	8.0	9.3
Loss Loans	1.2	1.2	0.3	9.0	11.7
Total	**23.1**	**38.1**	**24.5**	**766.9**	**852.6**

The classification tables above are based on the classifications adopted by the Bank based on the FMSA requirements and are calculated based on Adjusted IFRS. See "*Presentation of Financial and Other Information — Historical Financial and Other Information*".

Funding

The Bank's growth in 2004 to 2007 was primarily funded through term facilities with international lenders and issuances of the Bank's debt securities in the international capital markets. In addition, the Bank relied on short-term deposits and loans from other domestic banks for funding. The proportion of customer deposits funding remained relatively low.

As a result of the global financial crisis, the Bank no longer had access to new international sources of funding. International funding reflected on the Bank's balance sheet as at 31 December 2008 and as at 30 June 2009 was obtained prior to 31 December 2007 and represented primarily by debt securities issued and due to banks.

Starting from 2007, the Bank became appointed as an agent under certain State Finance Programmes and started to receive funds from the Government in connection with the Bank's participation in such programmes. Funding for the State Finance Programmes reflected on the Bank's balance sheet as at 30 June 2009 was obtained from 2007 to 2009 and represented primarily by customer accounts and due to the Government of the Republic of Kazakhstan.

The following table sets out the Bank's sources of funds as at 30 June 2009 and as at 31 December 2008 and 2007:

			As at 31 December			
	As at 30 June 2009		2008		2007	
	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)
Due to the NBK	—	—	15,026	1.5	5,569	0.6
Financial liabilities at fair value through profit or loss	2,985	0.3	50,168	5.1	6,280	0.6
Due to banks	195,595	18.6	137,377	14.1	292,565	29.2
Due to other financial institutions	34,470	3.3	35,741	3.7	48,533	4.8
Due to the Government of the Republic of Kazakhstan	22,828	2.2	4,460	0.5	6,242	0.6
Customer accounts	187,655	17.9	189,044	19.4	235,575	23.5
Debt securities issued	457,456	43.6	286,584	29.4	328,265	32.8
Other financing	27,047	2.6	29,449	3.0	31,051	3.1
Repurchase agreements	66,083	6.3	41,945	4.3	6,357	0.6
Deferred income tax liabilities	—	—	—	—	1,554	0.2
Current income tax liabilities	—	—	—	—	1,860	0.2
Other liabilities	9,106	0.9	6,962	0.7	3,307	0.3
Special provision for guarantees	—	—	136,972	14.0	—	—
Subordinated debt	47,037	4.5	41,760	4.3	34,798	3.5
Total liabilities	1,050,262	100	975,488	100	1,001,956	100

State Finance Programmes

As at 30 June 2009 the Bank participated in three State Finance Programmes: the SME State Finance Programme, the Mortgage State Finance Programme and the Student Loans State Finance Programme. In addition to its continuing participation in these, the Bank has received KZT 16,500 million pursuant to its participation in a State Finance Programme relating to the construction industry. The Bank is also currently in talks and discussions to become appointed as an agent under the new Industrial Innovation Programme and the new Processing Industries Support Programme.

SME State Finance Programme

The Bank is one of 12 agents under the SME State Finance Programme adopted by the Kazakhstan Government in 2007. The SME State Finance Programme aims to provide financing to SMEs for the acquisition of new, and the modernisation of existing, material assets and the provision of working capital. The SME State Finance Programme funding can also be used to refinance existing loans previously made to SMEs by the Bank or other credit organisations provided the purpose of any loan being refinanced complies with the requirements of the programme.

Under the SME State Finance Programme, Samruk-Kazyna and its subsidiary Damu Fund collectively allocated KZT 28,100 million to the Bank in three tranches. The first tranche of KZT 6,100 million, of which KZT 2,353 million was utilised and the remaining KZT 3,747 million was returned to Samruk-Kazyna, was provided in 2007. The second tranche of KZT 4,000 million, which was fully utilised, was provided in 2008. The third tranche of KZT 18,000 million, which was fully utilised, was provided in 2009.

As at 19 June 2009, the Government had allocated KZT 127,000 million to the SME State Finance Programme since 1 January 2009, including KZT 22,000 million to BTA Bank, KZT 20,000 million to ATF Bank, KZT 18,000 million to the Bank, KZT 16,000 million to Kazkommertsbank and KZT 11,700 million to Halyk Bank. As at the date of this Information Memorandum, the Bank has no information about any further allocations in the future.

The interest rate on the Government funds is 8.0 per cent. per annum.

Damu Fund has the right to demand early repayment if (i) the Bank does not make timely repayments of debt or interest, (ii) the Bank does not use the proceeds in compliance with their stated purpose, (iii) the Bank's credit rating is downgraded by Fitch, S&P or Moody's by two or more notches, (iv) the Bank infringes the FMSA's prudential requirements in two consecutive months or its licence is suspended, (v) more than 10.0 per cent. of the Common Shares in the Bank are sold or transferred if such transfer has a negative impact on the Bank's financial condition; or (vi) the Bank reports negative financial results for two consecutive quarters. Despite the Bank's infringement of the FMSA's prudential requirements for the two consecutive months in May and June 2009 and the credit rating downgrade, Damu Fund has not demanded repayment under the SME State Finance Programme. See "*Risk Factors — Risks Relating to the Bank — Samruk-Kazyna may demand early repayment of funds allocated to the Bank under the State Finance Programmes if the Bank breaches conditions for utilisation of the funds*".

In addition to its right to demand early repayment of the funds, Damu Fund is also entitled to demand from the Bank a penalty of 15.0 per cent. on the amount of any funds used for purposes other than those set by the agreement and a penalty of 0.2 per cent. on any late payments of principal or interest by the Bank under the agreement with Damu Fund.

Mortgage State Finance Programme

The Bank is one of 10 agents under the Mortgage State Finance Programme adopted by the Government in February 2009. The Mortgage State Finance Programme aims at reducing the current interest rate on mortgage loans to between 9.0 and 11.0 per cent., converting foreign currency loans into Tenge and extending loan maturities up to 20 years. The total amount of investments to be made under the programme is KZT 120,000 million.

Under the Mortgage State Finance Programme, Samruk-Kazyna deposited KZT 14,000 million with the Bank for the period from 24 February 2009 until 24 February 2029. As at 30 June 2009 the Bank had utilised approximately KZT 10,900 million from the total amount of placed funds. The Bank has returned the unutilised KZT 3,100 million of the deposit due to the expiry of the utilisation period and following a demand from Samruk-Kazyna. Currently the Bank provides mortgages under the Mortgage State Finance Programme only to the extent it receives repayment proceeds of the previously made Mortgage State Finance Programme loans. The Bank pays interest to Samruk-Kazyna on the amounts provided under the Mortgage State Finance Programme of 5.7 per cent. on amounts lent by the Bank to certain vulnerable borrowers and 7.7 per cent. on the amounts lent to the remaining borrowers.

Of the 10 agents selected for the Mortgage State Finance Programme, the following banks received the most support under the programme: BTA Bank (KZT 40,000 million), Halyk Bank (KZT 24,000 million), Kazkommertsbank (KZT 24,000 million), the Bank (KZT 10,900 million) and Bank CenterCredit (KZT 3,000 million).

Student Loans State Finance Programme

The Bank is the only agent under the Student Loans State Finance Programme adopted by the Government in February 2009. The Student Loans State Finance Programme aims at increasing access to higher education for "socio-economically" vulnerable people.

Under the Student Loans State Finance Programme, Samruk-Kazyna deposited KZT 1,000 million with the Bank for the period from 20 March 2009 until 20 March 2024. Samruk-Kazyna may increase its deposit with the Bank for the Bank's participation in the programme to KZT 15,000 million provided there is sufficient demand. As at 30 June 2009, the Bank had utilised KZT 36 million of the allocated funds. The funds provided to the Bank under the Student Loans State Finance Programme must be used by the end of December 2009. Samruk-Kazyna is entitled to require the Bank to return the deposit, in whole or in part, prior to the maturity date, although the general agreement concerning the Bank's participation in the Student Loan State Finance Programme and the

conditions attached to it does not stipulate the specific circumstances under which Samruk-Kazyna may make such a demand. Samruk-Kazyna is also entitled to unilaterally terminate its agreement with the Bank at any time. The Bank is entitled to use the funds for the purposes of maintaining its liquidity until such deposit is used for the intended purpose.

The Bank has, among other things, agreed that the allocated funds will be used to provide loans to students for their studies at university, that the annual interest rate should not be more than 9.0 per cent. per annum, that the term of the loan may be up to 15 years, but may not be more than 10 years from the student's graduation from university and that the Bank will transfer loans to the accounts of universities in order to pay for the tuition of student borrowers.

The interest rate for the utilised amount of the deposit is 4.0 per cent. per annum and 8.0 per cent. per annum for the unutilised amount. However, the Bank is entitled to deduct interest and/or receive termination fees in the event of an early termination of the Bank's participation in the Student Loans State Finance Programme by Samruk-Kazyna. In the event of any unjustified failure to return the deposit or make interest payments, the Bank is liable to pay to Samruk-Kazyna a penalty for each day of delay at the rate of refinancing set by the NBK up to a maximum of 9.5 per cent. of the unreturned sum.

Industrial Innovation Programme

The Bank is currently in talks to become appointed as an agent under a new Industrial Innovation Programme adopted by the Government. The Industrial Innovation Programme aims to finance the development of new industries, industrial complexes and innovative products and is expected to be implemented over a five-year period beginning in 2010. The preliminary announcement published on the Government's website states that the Government plans to allocate approximately KZT 9.5 trillion for 382 projects. Further details have yet to be determined and it is unclear as at the date of this Information Memorandum when, or whether, the Bank will complete its negotiations with the Government to participate in the programme.

Processing Industries Support Programme

On 9 October 2009, the Government announced plans to provide refinancing loans to companies in a wide range of processing industries including, without limitation, the processing of natural resources, agriculture and food. The precise scope of the companies eligible under the programme has not yet been established. The Government, through Samruk-Kazyna, Distressed Assets Fund and Damu Fund, will provide KZT 20,000 million through the banking system for this programme. Under the programme, the Government will provide funds to five agent banks (BTA Bank, Kazkommertsbank, Halyk Bank, the Bank and Temirbank), which may then use the funds to co-finance loans to companies in the processing industries to a maximum amount of KZT 750 million per borrower with a maturity of seven years and an interest rate of 8.0 per cent. per annum. The agent banks must disburse the funds within two months of receiving the funds from the Government under the programme. The Bank expects to receive KZT 2,000 million of the programme funding, however no legal documentation has been signed as at the date of this Information Memorandum.

NBK

The Bank holds KZT 105,000 million of Samruk-Kazyna Bonds which it uses as collateral for repurchase transactions with the NBK. As at 30 September 2009, the Bank has received KZT 26,600 million from the NBK. The Bank also deposited with the NBK KZT 24,000 million of Samruk-Kazyna's deposit. The Bank's KZT 24,000 million deposit with the NBK is subject to Samruk-Kazyna's control. See "*Risk Factors — Risks Relating to the Restructuring — The Bank is reliant on the NBK's support of the Restructuring and may be unable to complete the Restructuring if the NBK's position changes*".

Customer Deposits

Pursuant to an agreement with the FMSA entered into in April 2009, the Bank currently does not carry out any advertising campaigns to attract individual depositors and does not accept deposits from individual depositors in excess of KZT 5 million or the equivalent in any foreign currency. See "Risk Factors — Risks Relating to the Bank — *The Bank entered into an agreement with the FMSA which restricts certain activities of the Bank*". As at 30 June 2009, the total funds from customer accounts (including interest and guarantee deposits) of the Bank were KZT 187,655 million, deposited in 1,121,765 accounts (including current accounts). As at 30 June 2009, the Bank's 10 largest depositors accounted for 55.8 per cent. of total liabilities, compared to 21.4 per cent. as at 31 December 2008 and 21.5 per cent. as at 31 December 2007. The increase in the

concentration of the deposit base was due to the funding received from Samruk-Kazyna for the State Finance Programmes as well as liquidity support, which coincided with the widespread deposit outflow. See "*The Bank — The Role of Samruk-Kazyna"* and *"Selected Statistical and Other Information — Funding — State Finance Programmes*".

As at 30 June 2009, time deposits were KZT 79,771 million representing 42.5 per cent. of total customer accounts (less interest and guarantee deposits), compared to KZT 153,809 million representing 81.4 per cent. of total customer accounts (less interest and guarantee deposits) as at 31 December 2008 and KZT 159,665 million representing 68.6 per cent. of customer accounts (less interest and guarantee deposits) as at 31 December 2007. The decrease in the time deposits as a percentage of total customer accounts (less interest and guarantee deposits) was due to the Samruk-Kazyna deposit (see "*The Bank — The Role of Samruk-Kazyna — Liquidity Support*") which was mostly demand deposits.

Customer Deposits by Type of Deposit

The following tables set out the customer deposits of the Bank by type of deposit as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009		As at 31 December 2008		As at 31 December 2007	
	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)
Term deposits	79,771	42.5	153,809	81.4	159,656	67.8
Repayable on demand	93,315	49.7	25,366	13.4	34,515	14.7
Guarantee deposits	14,569	7.8	9,869	5.2	41,395	17.6
Total customer accounts	187,655	100.0	189,044	100.0	235,575	100.0

Customer Deposits by Sector

The following table sets out customer deposits by sector as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009	As at 31 December 2008	As at 31 December 2007
	(KZT millions)	(KZT millions)	
State administration	84,500	5,143	2,663
Individuals	60,341	91,004	97,652
Trade	10,551	28,420	33,446
Agriculture	8,122	292	2,047
Construction	7,187	11,049	9,303
Finance services	6,653	17,883	65,191
Services provided by small and medium entities	5,835	22,045	13,812
Transport and communication	989	874	1,930
Energy	837	2,898	1,932
Education	574	1,225	775
Health care and social services	505	652	232
Machinery	211	63	170
Real Estate	137	289	269
Food Production	126	130	426
Production of crude oil and natural gas	89	3,290	690
Arts	88	184	179
Consumer production	82	111	65
Other fields of mineral resource industry	77	137	246
Hotel business	48	119	105
Chemical industry	17	18	26
Paper industry	4	1,217	740
Metallurgy	3	237	776
Production of coal, lignite and peat	—	1	148
Other services	679	1,763	2,752
Total customer accounts	187,655	189,044	235,575

The customer deposits from the state administration increased to KZT 84,500 million as at 30 June 2009 from KZT 5,143 million as at 31 December 2008 and KZT 8,905 million as at 31 December 2007. This increase was primarily due to the funding received from Samruk-Kazyna for the State Finance Programmes as well as liquidity support. See "*Capitalisation*". Funds from Samruk-Kazyna represented 99.6 per cent. of the total amounts from state administration as at 30 June 2009, totalling KZT 84,124 million as at 30 June 2009 compared to zero as at 31 December 2008.

The following table sets out a breakdown of the Bank's demand and time deposits by type of customer as at 30 June 2009 and as at 31 December 2008 and 2007:

			As at 31 December			
	As at 30 June 2009		2008		2007	
	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)
Repayable on demand						
Commercial entities[1]	16,635	8.9	15,895	8.4	21,474	9.1
Individuals	6,285	3.3	6,844	3.6	11,466	4.9
Government entities	70,396	37.5	2,627	1.4	1,575	0.7
Total repayable on demand	93,315		25,366		34,515	
Term deposits						
Commercial entities	14,762	7.9	70,720	37.4	95,716	40.6
Individuals	49,011	26.1	78,391	41.5	61,017	25.9
Government entities[1]	15,253	8.1	3,923	2.1	1,457	0.6
Total term deposits	79,027		153,034		158,190	
Guarantee deposits and accrued interest expenses	15,313	8.2	10,644	5.6	42,870	18.2
Total customer accounts	187,655	100.0	189,044	100.0	235,575	100.0

Note:

(1) Government entity deposits, both demand deposits and time deposits, primarily consist of the Samruk-Kazyna deposits in the total amount of KZT 84,124 million.

Customer Deposits by Maturity

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

			As at 31 December			
	As at 30 June 2009		2008		2007	
	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)	(KZT millions)	(per cent.)
Up to 1 month	101,832	54.3	38,082	20.1	68,807	29.1
1 month to 3 month period	3,295	1.8	25,305	13.4	19,695	8.4
3 month period to 1 year	6,957	3.7	10,733	5.7	39,000	16.6
1 year to 5 years	60,844	32.4	114,014	60.3	105,541	44.8
Over 5 years	14,727	7.8	910	0.5	2,732	1.2
Total customer accounts	187,655	100.0	189,044	100.0	235,575	100.0

Average Interest Rates on Customer Deposits

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

The following table sets out the weighted average interest rates on the Bank's deposits as at 30 June 2009 and as at 31 December 2008 and 2007, respectively:

	As at 30 June 2009	As at 31 December	
		2008	2007
Tenge deposits			
Time deposits	13.3%	12.0%	11.6%
Demand deposits	—	2.0%	2.0%
Foreign currency deposits			
Time deposits	9.2%	9.0%	8.6%
Demand deposits	—	1.2%	1.0%

Foreign Currency Bank Borrowings

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

Description	Date of Facility	Arranger	Maximum Principal Amount	Amount Borrowed	Principal Amount Outstanding
EBRD Kazakhstan Small Business Programme III Facility	26 January 2006 28 December 2005, 13 January 2006, 25 April 2006,	EBRD	U.S.$5 million	U.S.$5 million	U.S.$2 million
Morgan Stanley KZT Facility	5 December 2006	Morgan Stanley Bank International Limited	KZT 56,300 million	KZT 56,300 million	KZT 13,500 million
EBRD SME Credit	9 March 2006	EBRD	U.S.$10 million	U.S.$10 million	U.S.$6.7 million
Wachovia Facility	11 May 2006	Wachovia Bank, N.A.	U.S.$16 million	U.S.$16 million	U.S.$8 million
ADB Facility	15 June 2006	Asian Development Bank	U.S.$50 million	U.S.$50 million	U.S.$33.3 million
Moore' s Creek Facility	21 August 2006	Moore' s Creek Capital Corporation	KZT 25,360 million	KZT 25,360 million	KZT 8,570 million
Citibank/ING/Standard Bank Facility	1 November 2006	Citibank N.A./ ING/ Standard Bank	U.S.$300 million	U.S.$300 million	U.S.$20.6 million
Murabaha Islamic Facility	19 March 2007	CALYON & Abu Dhabi Islamic Bank	U.S.$150 million U.S.$22.5 million subordinated;	U.S.$150 million	U.S.$65 million
DEG Senior and Subordinated Facilities	24 May 2007; 22 June 2007	DEG Bank	U.S.$22.5 million senior	U.S.$45 million	U.S.$45 million
Arab Bank PLC, Commerzbank Aktiengesellschaft, Standard Chartered Bank and Sumitomo Mitsui Banking Corporate Europe Limited	13 June 2007	Arab Bank PLC, Commerzbank Aktiengesellschaft, Standard Chartered Bank and Sumitomo Mitsui Banking Corporation Europe Limited	U.S.$400 million	U.S.$400 million	U.S.$223.5 million
Nomura International Note Purchase Agreement	27 June 2007	Nomura International	JPY 20,000 million	JPY 20,000 million	JPY 20,000 million
Morgan Stanley JPY Facility	29 June 2007	Morgan Stanley	JPY 18,375 million	JPY 18,375 million	JPY 18,375 million
National City Bank Facility	31 October 2007	National City Bank	U.S.$30 million	U.S.$30 million	U.S.$30 million

The Bank's syndicated and bilateral loan agreements contain covenants relating to maintenance of financial ratios and limitation of exposure levels, which the Bank currently does not comply with.

Domestic Bonds

As at the date of this Information Memorandum, the Bank has the following outstanding domestic bond issuances:

- KZT 7,000 million of unsecured bonds with a coupon rate of 8.5 per cent. due April 2009;
- KZT 3,000 million of unsecured bonds with a coupon rate of 9.0 per cent. due December 2009;

- KZT 3,000 million of unsecured bonds with a coupon rate equal to the inflation rate but never less than the refinancing rate (each as set by the NBK) due October 2011;
- KZT 17,000 million of unsecured bonds with a coupon rate of 8.5 per cent., of which KZT 7,000 million are due October 2009, KZT 5,000 million are due December 2011 and KZT 5,000 million are due July 2013;
- KZT 15,400 million of unsecured bonds, of which KZT 8,400 million with a coupon rate of 8.0 per cent. due February 2010 and KZT 7,000 million with a coupon rate of 9.75 per cent. due August 2014;
- KZT 2,806.8 million of unsecured bonds with a coupon rate of 11.0 per cent., of which KZT 2.4 million are due September 2010, KZT 152.4 million are due September 2015 and KZT 2,652 million are due September 2018;
- the Bank Bonds consisting of KZT 105,000 million of unsecured bonds with a coupon rate of 9.0 per cent. due in equal instalments each March from 2015 until 2024 (see "*The Bank — Business of the Bank — Capital Markets*").

In March 2009, the Bank issued and fully placed the Bank Bonds as part of the liquidity support provided by Samruk-Kazyna.

International Bonds

In April 2006, the Bank and ALB Finance, a wholly owned subsidiary of the Bank (which is incorporated in the Netherlands), established a U.S.$1,500 million Debt Issuance Programme, which was subsequently increased to U.S.$3,000 million. ALB Finance issued and the Bank guaranteed the following issues under the Debt Issuance Programme: U.S.$250 million 8.75 per cent. notes due 2011 issued in April 2006; U.S.$350 million 9.25 per cent. Notes due 2013 issued in September 2006; €750 million 7.875 per cent. Notes due 2012 issued in February 2007 and £250 million 9.75 per cent. Notes due 2011 issued in February 2007.

Prior to the establishment of the Debt Issuance Programme, the Bank and ALB Finance also issued international bonds, including ALB Finance's issuance in November 2005 of U.S.$200 million 9.0 per cent. Notes due 2010, which were guaranteed by the Bank, and ALB Finance's issuance in April 2006 of U.S.$150 million Perpetual Non cumulative Capital Securities.

The Bank also issued in June 2007 JPY 20,000 million floating rate senior notes due 27 June 2017 and in June 2007 its finance subsidiary Alliance Finance issued RUB 3,000 million 8.75 per cent. Rouble Notes due 2012 supported by suretyship of the Bank.

In November 2006, the Bank, through a special purpose vehicle incorporated in the Cayman Islands, Alliance DPR Company, completed a U.S.$200 million dual tranche debt issuance from a future flow DPR securitisation programme to further fund the Bank's loan portfolio and diversify its funding sources. The transaction was a true sale securitisation of the Bank's U.S. Dollar and Euro denominated present and future diversified payment rights to Alliance DPR Company.

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

Issuance and Placement of Shares

On 15 January 2009 the Bank's extraordinary meeting of shareholders made a decision (Minutes 01/09) to increase the amount of the Bank's authorised Common Shares by 3,462,500 shares to 17,800,000 Shares, including 15,000,000 Common Shares and 2,800,000 Preference Shares. No changes were made to the issued and paid up share capital. As at 30 June 2009, the Bank's total issued and fully paid share capital consists of 9,637,563 Common Shares and 400,000 Preference Shares.

Treasury Operations and T Bills

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 are rare. The Bank is one of the main banks in Kazakhstan involved in money market operations and government securities trading.

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

In the course of its due diligence, the new management of the Bank identified transactions entered into by the Bank between 2006 and 2008 that were not properly recorded on the Bank's balance sheet. The transactions included guarantees issued by the Bank secured by pledges of T Bills.

These guarantees covered borrowings by four offshore companies registered in the British Virgin Islands and Samoa from two Russian financial institutions. The pledged T Bills were held in brokerage accounts of these financial institutions and these institutions had the right to foreclose on them at their sole discretion by sale, exchange or otherwise.

In February and May 2009, the Bank was informed that the four offshore companies had defaulted on the payment of the loans, the Russian financial institutions had exercised their right to foreclose on the T Bills and all the T Bills had been transferred out of the custody accounts of the Bank. Due to the likely losses under the guarantees as at 31 December 2008, the Bank recognised a provision for the guarantees of KZT 136,972 million in the Annual Financial Statements. See the discussion on recognition of provisions in "*Presentation of Financial and Other Information — Historical Financial and Other Information*". Following further investigation, it became clear that the T Bills had been used to settle the guarantees.

The relationship between these parties and the Bank and its affiliates has not been fully investigated. Part of the recovery process will involve further investigations to determine if the Bank has any claims to any party.

Investigations by the FMSA and law enforcement agencies are ongoing in Kazakhstan, in order to determine whether fraud was committed by any of the relevant parties. The FMSA and law enforcement agencies were not prepared to disclose the results of their investigations at the date of this Information Memorandum. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*".

ASSET AND LIABILITY MANAGEMENT

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

Risk Management

The ALCO, the General Credit Committee, the Small Credit Committee and the Retail Credit Committee are collectively responsible for devising, implementing and monitoring the Bank's risk policies to ensure maximum profitability of the Bank, in addition to approving individual loan applications.

The Bank is exposed to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The ALCO sets limits on size and structure of risk assets. The General Credit Committee is responsible for implementing the Bank's credit policy, monitoring the credit process and deciding the Bank's short- and long-term credit policies. The Credit Department performs current monitoring of compliance with such limits.

Risk management and monitoring is performed within set limits of authority. These procedures are performed by the Credit Committees and the Bank's Management Board. Before any application is made to the General Credit Committee, all recommendations on credit processes (borrower's approved limits, or amendments made to loan agreements, for example) are reviewed and approved by the branch risk-manager or the Risk Management Department.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, to industry and geographical segments. However, the Bank does have significant exposure to the real estate and construction industries. See "*Risk Factors — Risks Relating to the Bank — Concentration of the Bank's loan portfolio and deposit base and volatility in the real estate market subject it to risks*"

Limits on the level of credit risk by borrower, product, industry sector and region are approved by the General Credit Committee. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures, which are set by the General Credit Committee. Actual exposures against limits are monitored daily.

Where appropriate, and in the case of most loans, the Bank obtains collateral and corporate and personal guaranties. However a significant portion of loans relate to retail lending which are unsecured. Unsecured loans, collateral valuation, and financial performance of creditors and/or guarantors are monitored on a continuous basis and subject to annual or more frequent reviews. See "*Risk Factors — Risks Relating to the Bank — Concentration of the Bank's loan portfolio and deposit base and volatility in the real estate market subject it to risks*"

In 2008, the Bank established a Non-Performing Loans Committee responsible for implementing and monitoring the Bank's policies in relation to non-performing loans and their effect on the Bank's risk policies generally. The Committee works jointly with the Department on Non-Performing Loans also established in 2008. The Department is subordinated to the Committee and assists the Committee in collecting information and data, and the Committee is responsible for making decisions whether to restructure or sell the relevant loan based on such information.

The Bank periodically reviews its loan portfolio to identify any borrowers who fail to make repayments on a timely basis. Working capital facilities are reviewed on a quarterly basis and facilities advanced for investment projects are reviewed on a semi-annual basis. Upon loans becoming overdue, the Bank will take steps depending on whether the loan is a corporate loan or a retail or SME loan. See "*Selected Statistical and Other Information — Lending Policies and Procedures*".

Each of the Bank's branches has a committee on SME, a retail credit committee and a non-performing loans committee. The Bank conducts its credit risk management at the Bank and branch levels, depending upon the amount of risk involved. See "*Selected Statistical and Other Information — Lending Policies and Procedures*".

The Bank commenced a review of its risk management policies in early 2009. From January to June 2009, all loan applications were required to be approved by the Bank's head office. In June 2009, the SME Department of the Bank granted limited authority to the Bank's branches to approve SME loans up to certain credit limits for SME lending only. As at the date of this Information Memorandum, such credit limits varied from KZT 5 million to KZT 15 million depending on the branch.

The Bank monitors and manages its asset and liability position through the ALCO, which is a permanent committee reporting to the Management Board. The ALCO is headed by the Chairman of the Management Board. The ALCO also includes the Chief Financial Officer, the Managing Director of Risk, the Managing Director of International Relations, the Managing Director of Financial Reporting and the Head of the Project Finance Department. The ALCO meets on a weekly basis to review the Bank's asset and liability position based on information provided by the Treasury Department on 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.

See *"Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future"* and *"Risk Factors — Risks Relating to the Bank — The Bank's risk management strategies and techniques expose the Bank to a number of unidentified or unanticipated risks"*.

Liquidity and Interest Rate Risk Management

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

The following table summarises the Bank's consolidated assets and liabilities by maturity as at 30 June 2009:

	As at 30 June 2009						
	Up to 1 month	1-month to 3-month period	3-month period to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	Total
	(KZT millions, except percentages)						
Financial Assets							
Financial assets at fair value through profit or loss	151,679	—	—	—	—	—	151,679
Due from banks	29,399	1,316	30,340	752	—	—	61,807
Loans to customers	47,740	38,118	153,594	103,425	49,885	—	392,762
Investments available-for-sale	—	—	993	1,023	207	—	2,223
Total interest bearing financial assets	228,818	39,434	184,927	105,200	50,092	—	608,471
Cash and balances with the NBK	19,713	—	—	—	—	—	19,713
Investments available-for-sale	—	—	—	—	—	49	49
Due from banks	126	—	—	—	—	—	126
Total Financial Assets	248,657	39,434	184,927	105,200	50,092	49	628,359
Liabilities							
Due to the Government of the Republic of Kazakhstan	450	—	—	6	22,372	—	22,828
Financial liabilities at fair value through profit or loss	2,985	—	—	—	—	—	2,985
Due to banks	195,590	—	—	—	—	—	195,590
Due to other financial institutions	34,470	—	—	—	—	—	34,470
Other financing	27,047	—	—	—	—	—	27,047
Customer accounts	56,575	3,295	6,957	60,844	14,727	—	142,398
Repurchase agreements	66,083	—	—	—	—	—	66,083
Debt securities issued	457,456	—	—	—	—	—	457,456
Subordinated debt	853	—	2,839	11,109	28,600	3,636	47,037
Total interest bearing financial liabilities	841,509	3,295	9,796	71,959	65,699	3,636	995,894
Due to banks	5	—	—	—	—	—	5
Customer accounts	45,257	—	—	—	—	—	45,257
Total Financial Liabilities	886,771	3,295	9,796	71,959	65,699	3,636	1,041,156
Liquidity gap	(638,114)	36,139	175,131	33,241	(15,607)	—	—
Cumulative liquidity gap	(638,114)	(601,975)	(426,844)	(393,603)	(409,210)	—	—
Interest sensitivity gap	(612,691)	36,139	175,131	33,241	(15,607)	—	—
Cumulative interest sensitivity gap	(612,691)	(576,552)	(401,421)	(368,180)	383,787	—	—
Cumulative interest sensitivity gap as a percentage of total financial assets	(97.5)%	(91.8)%	(63.9)%	(58.6)%	(61.1)%	—	—

The above table reflects the situation of the Bank as at 30 June 2009, according to which most of its long-term obligations have become immediately due pursuant to the Bank's defaults and cross-defaults. Also, the line item for customer accounts does not reflect the ability of the customers to actually draw on demand pursuant to the term deposit agreements.

In addition, the Bank's ability to discharge its liabilities depends upon its ability to monetise an equivalent amount of assets within the same period of time.

The maturity profile of the loan portfolio will change as a result of the focus of the Bank's new lending operations on SMEs and on the telecommunications, oil and gas and agriculture industries in the corporate sector. The Bank's management expects the maturity profile of the loan portfolio to change gradually towards shorter maturities. Moreover, loans comprising the Bank's new PILs portfolio are expected to have shorter maturities than the residual PILs portfolio. At the same time, the Bank's management expects to obtain most of its financing through domestic sources. Typically, domestic sources of funding tend to have shorter maturities than international funding, such as international debt issuances, which would match the shorter maturities of the Bank's loan portfolio.

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

The Bank is exposed to significant interest rate risk. The majority of the Bank's loans are fixed-rate agreements. Although the agreements often contain clauses allowing the Bank to change interest rates, in October 2008 the Banking Law was amended to prohibit banks from changing interest rates unilaterally. These amendments have retrospective effect and apply to any loan agreements entered into before and after their enactment. The Bank's ability to mitigate interest rate risks is therefore extremely limited. See "*Risk Factors — Risks Relating to the Bank — The Bank is exposed to significant interest rate risks*".

Liquidity risk arises in the general funding, lending and investment activities. It includes the risk of increases in funding costs and the risk of being unable to liquidate positions in a timely manner at reasonable prices. The Bank is currently in breach of the liquidity requirements of the FMSA.

As a general matter, liquidity is centrally managed on a daily basis by the Treasury Department according to real-time requirements and forecasts for all the Bank's divisions and branches. The Treasury Department reports to the ALCO the structure of liquid assets and liquidity gap on a monthly basis. The Department for Financial Planning provides a cash flow report to the ALCO twice a month. All types of treasury operations are implemented within the limits established by the ALCO. During the period of the Restructuring, all non-client payments of the Bank must be approved by a decision of the Management Board.

Liquidity risk management is based on the continuous monitoring of the structure of assets and liabilities, fund raising and strict compliance with reserve requirements imposed by the NBK and the Bank's internal policies. Following the Restructuring, the Bank's liquidity management policy going forward will seek 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.

The following table gives certain information as to the Bank's liquidity as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009	As at 31 December 2008	As at 31 December 2007
	(per cent.)	(per cent.)	(per cent.)
Loans (net)/assets	58.7	57.9	70.6
Loans (net)/total customer accounts	209.3	229.3	338.8
Loans (net)/equity	(103.1)	(190.8)	515.3
Liquid assets/total assets[1]	30.0	31.3	24.3
Liquid assets/total customer accounts	107.1	124.0	116.8

Note:

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

Foreign Currency Management

On 4 February 2009, the NBK reduced its level of support for the Tenge/U.S. Dollar exchange rate from KZT 117 – KZT 123 to 1 U.S. Dollar to KZT 150 to 1 U.S. Dollar (+/- 3 per cent). This devaluation increased the costs of foreign borrowings relative to the Bank's earnings in Tenge. The majority of the Bank's funding base is

denominated in U.S. Dollars, whereas income from its loan portfolio is typically denominated in Tenge. See "*Risk Factors — Risks Relating to Operating within the Kazakhstan Banking Sector — The Bank faces increased risks related to the devaluation of the Tenge*".

During the 2006 to 2008 period, the Bank economically hedged its foreign currency and interest rate risks using cross-currency interest rate swaps in respect of floating rate syndicated facilities, the Sterling and Euro denominated Euronotes and floating rate JPY notes issued by the Bank. See "*Selected Statistical and Other Information — Funding*". As at 31 December 2008 the Bank had 19 cross-currency swap transactions concluded with foreign banks with a total notional amount of U.S.$1,355 million and five cross-currency swap transactions concluded with foreign banks with a total notional amount of KZT 60,140 million. Several of the swap transactions were "conditional variance" swap transactions which exposed the Bank to volatility in the price of an underlying interest rate within a pre-defined range.

In the first half of 2009, nearly all of the Bank's swap counterparties exercised their right to designate an early termination date in respect of the cross-currency swap transactions, as a result of which the Bank incurred a total loss in the amount of KZT 39,635 million. The Bank's foreign currency exchange exposure increased immediately after the early termination of the cross-currency swap transactions as a result of such early termination of the swap transactions. Currently the Bank has significant exposure to foreign currency exchange rate fluctuations. The Bank anticipates that it will enter into cross-currency swap transactions in the future to hedge the foreign currency exchange risk following the completion of the Restructuring so as to be able to comply with the NBK's and the FMSA's requirements related to the open foreign currency position of the Bank. However there can be no assurance that the Bank would actually be able to enter into such swap transactions in the future.

Regulation and monitoring of the net foreign currency positions of banks is carried out by the NBK. According to current FMSA regulations, the ratio of a bank's net open foreign currency position to its own capital must not exceed 25.0 per cent. and the open foreign currency position for the currency of any country rated "A" by S&P (or the equivalent from other rating agencies) or higher or the euro must not exceed 12.5 per cent. of its own capital. The open long and short position for any currency of any country rated below "A" by S&P (or the equivalent from other rating agencies) is limited to 5.0 per cent. of its own capital. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition — Capital Adequacy*".

The following table shows the net foreign currency position of the Bank as at 30 June 2009 and as at 31 December 2008 and 2007:

	As at 30 June 2009	As at 31 December 2008	As at 31 December 2007
Net open long (short) position (*KZT millions*)	(342,894)	(264,414)	(71,988)
Net position as a percentage of foreign currency liabilities	55.0%	37.6%	10.3%

See *"Risk Factors — Risks Relating to the Bank — The Bank is exposed to foreign currency exchange risk and has significant exposure to foreign currency exchange rate fluctuations following the early termination of its swap transactions"*.

Securities Risks

Securities risks are divided into country risk, issuer risk and portfolio risk. The Bank is currently not exposed to typical securities risks since its securities portfolio consists almost entirely of the Samruk-Kazyna Bonds. See "*The Bank — Business of the Bank — Capital Markets*". Following the Restructuring, the Bank's management expects to invest in highly liquid securities including primarily "A" rated sovereign and non-sovereign issuances and domestic securities of the Government and blue chip companies.

Counterparty Risk

The Bank is not currently taking on any new counterparty risk since it has discontinued its lending operations on the interbank market in 2009 due to liquidity problems. In the normal course, the Banking Risks Department of the Bank controls and monitors counterparty risk in the interbank market as well as sovereign risk. In order to monitor these risks, the Department conducts analyses of the economic development of countries, including balance of payments, and the financial statements of counterparties. The Department uses these analyses to set limits on exposure to sovereigns and counterparties. The determination of these limits is based on a scale of valuations and classifications approved by international rating agencies and on the basis of internal policies authorised by the Board of Directors.

The General Shareholders' Meeting is the highest corporate governing body of the Bank. The Charter provides that the Bank shall have a Board of Directors and a Management Board. The JSC Law vests in the board of directors the final approval of the majority of corporate decisions, although the final approval of certain major corporate decisions is vested in the General Shareholders' Meeting. In accordance with Kazakhstan legislation, members of the Board of Directors are elected and their powers may be terminated early at any time by the General Meeting of Shareholders. The Chairman of the Board of Directors and Members of the Management Board are elected and their term of office may be terminated early by the Board of Directors. The appointment of the Chairman, members of the Board of Directors and members of the Management Board is subject to the consent of the FMSA.

Management and Corporate Governance Following the Restructuring

The Bank intends to implement a number of changes to the Bank's management and corporate governance after the Restructuring Plan is approved. The structure of the Bank's management bodies will remain unchanged and will consist of the General Shareholders' Meeting, the Board of Directors and the Management Board. However, approval matters, composition of certain management bodies and financial and information reporting will be amended to improve the Bank's corporate governance.

Board of Directors

The Bank expects that a new Board of Directors will be appointed following the Restructuring. The Board of Directors will consist of six members and will include one CS Director nominated by the Creditor Shareholders, one Creditor Director nominated by the Finance Creditors, and four members appointed by Samruk-Kazyna.

The appointment and/or replacement of the CS Director will be achieved through a "negative consent" process. The Creditor Director will nominate an appropriate individual to be the CS Director. The Bank will issue a public announcement to the Creditor Shareholders notifying them of the proposed new CS Director. Each Creditor Shareholder will have a period of 20 days to notify the Bank if it does not wish to approve the proposed CS Director. If Creditor Shareholders holding 25.0 per cent. of the aggregate amount of the outstanding restructured debt of the Bank object to this appointment, the Creditor Director will nominate another appointee and the "negative consent" process will be repeated.

The appointment and/or replacement of the Creditor Director will be achieved through a "negative consent" process, similarly to the CS Director. The CS Director will nominate an appropriate individual to be the Creditor Director. The Bank will issue a public announcement to the Finance Creditors notifying them of the proposed new Creditor Director. Each Finance Creditor will have a period of 20 days to notify the Bank if it does not wish to approve the proposed Creditor Director. If Finance Creditors holding 25.0 per cent. of the aggregate amount of the outstanding restructured debt of the Bank object to this appointment, the CS Director will nominate another appointee and the "negative consent" process will be repeated.

The Creditor Director and CS Director will each be appointed for a term of three years each unless that person resigns, is removed by Samruk-Kazyna in accordance with written instructions from Finance Creditors or Creditor Shareholders, as applicable, holding at least 25.0 per cent. of the aggregate amount of the outstanding restructured debt of the Bank or is removed from the board by Samruk-Kazyna, acting reasonably, for incapacity or gross misconduct, in which event Samruk-Kazyna shall use its reasonable endeavours to secure the appointment of a replacement.

The Bank expects that the Steering Committee will recommend one person to be the initial CS Director and one person to be the initial Creditor Director and the Bank expects that such recommendations shall be carried out by Samruk-Kazyna in accordance with the Samruk-Kazyna Undertaking.

Committees of the Board of Directors

If the Restructuring Plan is approved and the new composition of the Bank's Board of Directors becomes effective, the Bank expects that the Audit Committee and the Risk Committee will be re-elected.

The Bank also plans to establish a Corporate Management and Appointments Committee and the Human Resources and Remuneration Committee following the Restructuring.

New Corporate Governance Code

The Bank will implement a New Corporate Governance Code following the Restructuring. The Bank expects that the New Corporate Governance Code will cover the following areas:

- the Board of Directors' role and responsibilities, including independence of directors, establishment of a remuneration committee, clear policies for risks and controls and clear terms of reference for key Board committees;
- competence of Board members, including their selection and election criteria, training, individual and collective evaluation of performance, rotation and reappointment (subject to FMSA approval) and effective supervision;
- internal controls and risk management, including a sound system of internal controls and financial reporting, risk-based management approach and risk-based capital management, identification and control of risks, quality of management information, restrictions on related party transactions and approval structures and limitations; and
- disclosure and reporting, including director remuneration, Board activities, financial reporting, communication with shareholders and external stakeholders, and evidence of embedded principles, standards and processes.

Independent Compliance Audit

Following the Restructuring, the Bank will arrange for an annual audit of the Bank's corporate affairs and governance policies to be conducted by an independent "big four" accounting firm and will endeavour to remedy any identified non-compliance within six months of the date of such audit report.

New Charter

The Bank is in the process of preparing a New Charter that will reflect changes to the approval matters and required majorities. As currently proposed, the New Charter will indicate those matters that require the approval of (i) shareholders holding 75.0 per cent. of the Bank's Common Shares (with, in certain instances, the approval of at least four different shareholders), (ii) at least five out of six members of the Board of Directors (or unanimous approval of the Board members if less than six members of the Board of Directors are present at a meeting of the Board of Directors convened on not less than six Business Days' notice) or (iii) a simple majority of the Board members present at a meeting of the Board of Directors. See "*Description of Share Capital and Certain Matters of Kazakhstan Law — New Charter*". The draft New Charter, however, remains subject to further review of the Bank and the approval of the relevant governmental bodies and therefore the types of approval matters and the required majorities for approval of such matters may change after the New Charter is finalised and registered. Some of the provisions expected to be incorporated into the New Charter have never been tested under Kazakhstan law and the Bank gives no assurances that the applicable governmental and regulatory authorities will hold such provisions to be in compliance with Kazakhstan law. If such provisions are not found to be in compliance with Kazakhstan law by the applicable governmental and regulatory bodies they may refuse to register the New Charter. Therefore, certain protections which the Bank is seeking for its shareholders may not be available and there is the risk that the New Charter will not contain certain of the proposed amendments as described herein. See "*Risk Factors — Risks Relating to the Restructuring — Certain provisions of the New Charter may not comply with the requirements of Kazakhstan law and shareholders of the post-restructured Bank may therefore not receive the protections afforded by the New Charter described in this Information Memorandum*".

Current Management and Corporate Governance

Board of Directors

The Board of Directors is a permanent body involved in the general management of the Bank's activities during the periods between General Meetings of Shareholders except for the matters specifically reserved by the legislation of the Republic of Kazakhstan and the Charter as being within the exclusive competence of the General Meeting of Shareholders. The responsibilities of the Board of Directors include determining 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 material contracts, convening General Shareholders' Meetings, approving the Bank's budget, establishing and closing branches and representative offices, adopting decisions on the Bank's acquisition of 10.0 per cent. or more of the shares in another legal entity and increases in the Bank's

liabilities in excess of 10.0 per cent. of its equity capital. In addition, the JSC Law provides that at least one-third of the members of a company's Board of Directors must be independent.

All members of the Board of Directors are elected for an indefinite term. The Charter requires that the Board of Directors consists of at least three members and that at least 30.0 per cent. of the members of the Board of Directors are independent. The business address of all members of the Board of Directors is 50, Furmanov Street, Almaty 05004, Republic of Kazakhstan.

The Board of Directors consists of the following five members appointed by SAFC as at the date of this Information Memorandum:

Name	Position	Director Since
Margulan Seisembayev	Chairman of the Board of Directors	30 October 2006
Saken Seifullin	Member of the Board of Directors, acting Chairman of the Board of Directors	18 October 2007
Azat Battakov	Member of the Board of Directors	7 October 2008
Robert May	Independent Director	12 July 2007
Gyorgy Szelecki	Independent Director	18 October 2007

Certain members of the Bank's Board of Directors and the Bank's former management are currently under investigation by Kazakhstan's law enforcement agencies in connection with the identified guarantees supported by pledges of its T Bills described in "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions" in the past and other unusual transactions may be uncovered in the future*", "*The Bank — Legal Proceedings* and "*Selected Statistical and Other Information — Funding — Treasury Operations and T Bills*". Mr. Margulan Seisembayev effectively discontinued his involvement in the activities of the Board of Directors after 4 June 2009 and his current location is unknown to the Bank. Under the Charter, the Bank's shareholders have the power to dismiss any members of the Board of Directors, including the Chairman, at any time. The Chairman of the Board of Directors can also be dismissed by the FMSA, provided the FMSA has sufficient evidence of the Chairman's non-compliance with requirements of Kazakhstan law. As at the date of this Information Memorandum, neither the Bank's shareholders nor the FMSA have exercised their powers to dismiss the current Chairman.

The Bank expects that the current members of the Board of Directors will be replaced after the Restructuring Plan is approved and before the completion of the Restructuring.

Committees of the Board of Directors

The Bank's Board of Directors includes the Audit Committee and the Risk Committee. The membership of the committees described below is as at the date of this Information Memorandum. Due to the overall instability within the Bank as a result of the ongoing Restructuring and financial difficulties faced by the Bank, the composition of the committees may change between the date of this Information Memorandum and the completion of the Restructuring.

Due to the ongoing Restructuring, the Audit Committee and the Risk Committee have effectively stopped their normal operations. The Bank expects that new members will be appointed to the Audit Committee and the Risk Committee following the Restructuring and that the Committees' operations will resume. See "*Management and Corporate Governance — Management and Corporate Governance following the Restructuring — Committees of the Board of Directors*".

Audit Committee

As at the date of this Information Memorandum, the members of the Audit Committee are:

Name	Position
Gyorgy Szelecki	Chairman of the Committee, Independent Director
Saken Seifullin	Member of the Committee
Azat Battakov	Member of the Committee

The Audit Committee has not met since 20 May 2009.

The committee chairman is an independent director. The committee's major functions include supervising the general corporate governance of the Bank, including the activities of the Bank's division responsible for the internal audit and performance of the functions of the Bank's external auditor and the Bank's compliance with applicable laws and regulations, the quality and completeness of the financial and accounting statements of the Bank and the qualification and independence of the external auditor of the Bank.

Risk Committee

As at the date of this Information Memorandum, the members of the Risk Committee are as follows:

Name	Position
Saken Seifullin	Member of the Committee
Anatoliy Pogorelov	Member of the Committee
Azat Battakov	Member of the Committee

The Risk Committee has not met since January 2009.

The Risk Committee is responsible for creating a unified risk management policy for the Bank and defining methodological approaches for the assessment of each type of risk, including credit, liquidity, interest rate and foreign exchange risks. Currently the functions of the Bank's Risk Committee are performed by the Bank's management and other relevant committees.

Management Board

In February 2009, SAFC appointed new members to the Management Board following the execution of the Implementation Agreement. See "*The Bank — The Role of Samruk-Kazyna — Legal Framework*". The Management Board is responsible for the day-to-day management and administration of the Bank's activities. The Management Board has 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.

All members of the Management Board are elected for a term defined by the annual general meeting of shareholders. The business address for all members of the Bank's Management Board is 50 Furmanov Street, Almaty 05004, Republic of Kazakhstan.

As at the date of this Information Memorandum, the members of the Management Board are:

Name	Position
Maxat Kabashev	Chairman of the Management Board
Sholpan Nurumbetova	Deputy Chairman of the Management Board
Rinat Shamsutdinov	Deputy Chairman of the Management Board
Kunbolat Dauletkhanov	Member of the Management Board, Financial Director (CFO)
Askar Bishigayev	Deputy Chairman of the Management Board
Tatiana Belozertseva	Deputy Chairman of the Management Board, pending approval of the FMSA

Maxat Kabashev — Chairman of the Management Board (42). Mr. Kabashev joined the Bank in February 2009 as the Chairman of the Management Board. Prior to joining the Bank he worked as Director of Innovation Development in the Department of the Ministry of Industry and Trade of the Republic of Kazakhstan from 2001 to 2002. He also served as the Deputy Chairman of the Board of JSC "Sustainable Development Fund" "Kazyna" and subsequently on the Board of Samruk-Kazyna between 2006 and 2008. Between January and December 2008, Mr. Kabashev served as the Chairman of the Board of JSC Kazakhstan Investment Fund. He was appointed the Chairman of the Board of JSC Distressed Assets Fund in January 2009. He has a degree in engineering from Moscow Wood Technical Institute in 1991. Mr. Kabashev obtained an MBA from the Sloan School, Massachusetts Institute of Technology in 2004.

Sholpan Nurumbetova — Deputy Chairman of the Board (29). Mrs. Nurumbetova has more than eight years of experience in the banking sector. She joined the Bank in February 2009 and was appointed as acting Deputy Chairman of the Management Board. Prior to joining the Bank, in early 2009, Mrs. Nurumbetova worked as Deputy Chairman of the Board of Damu Fund for Entrepreneurship Development. From 2001 to 2009, she held various positions in JSC ATF Bank, OJSC Tsesna Bank, BTA Bank, in positions ranging from leading economist to Head of Branch. Mrs. Nurumbetova received a degree in Finance from the Kazakh State Management Academy in 2000.

Rinat Shamsutdinov — Deputy Chairman of the Management Board (45). In March 2009, Mr. Shamsutdinov was appointed as a Managing Director — Vice President of the Bank and in April 2009 he became Acting Deputy Chairman of the Management Board. Prior to joining the Bank, he held various positions in different government institutions, including Managing Director — Member of the Management Board of JSC Fund of Sustainable Growth "Kazyna" and Head of Defence and Law Department at the Prime Minister's Office of the Republic of Kazakhstan. Mr. Shamsutdinov also served as Vice-Minister of Justice of the Republic of Kazakhstan during 2002-2003 and held different positions in the President's Administration in 2001-2002. Mr. Shamsutdinov holds a law degree from the Kazakh State University.

Kunbolat Dauletkhanov — Member of the Management Board and Chief Financial Officer (36). Before Mr. Dauletkhanov joined the Bank in May 2009 as Chief Financial Officer, he served as Deputy Chief Financial Officer in BTA Bank from December 2008 to May 2009. He also held various positions with RBS Kazakhstan (formerly ABN AMRO Kazakhstan), where he started from the position of a specialist in electronic data processing in 1998 and became Chief Financial Officer in 2008. Mr. Dauletkhanov obtained a Masters Degree in Telecommunications from the Asian Technology Institute in Bangkok, Thailand.

Askar Bishigayev — Deputy Chairman of the Management Board (45). Mr. Bishigayev held various positions in telecommunications and information technology companies between 1998 and 2007, including at the Kazakh Agency for Information and Communications as Deputy Chairman for nearly three years. He was appointed as Acting Deputy Chairman of the Bank's Management Board in March 2009. Mr. Bishigayev received a degree in engineering from the Moscow Technical Academy named after Bauman in 1987 and a Ph.D. in Physics and Mathematics from the Kazakh State University named after Kirov in 1993.

Tatiana Belozertseva — Acting Deputy Chairman of the Board (45). Prior to her appointment at Alliance Bank in September 2009, Mrs. Belozertseva held various top positions in a number of financial companies in Kazakhstan and Russia, including Nurbank and Sibacadembank. She took her degree in civil engineering in 1987 from Novosibirsk Construction Engineering University. In 1994 Mrs. Belozertseva studied under the United States of America International Development programme.

Committees of the Management Board

Asset and Liability Management Committee ("ALCO")

As at the date of this Information Memorandum, the members of the ALCO are as follows:

Name	Position
Maxat Kabashev	Chairman of the Committee, Chairman of the Management Board
Kunbolat Dauletkhanov	Deputy Chairman of the Committee, Financial Director (CFO) — Member of the Management Board
Zhaidarzhan Zatayev	Member of the Committee, Managing Director
Gaziz Shakhanov	Member of the Committee, Managing Director
Daniyar Nurmaganbetov	Member of the Committee, Director of the Treasury
Bakhyt Kusainov	Member of the Committee, Managing Director
Oxana Kameneva	Member of the Committee, Director of the Financial Analysis and Planning Department

The ALCO implements the asset and liability management policies and controls relevant procedures in the Bank. The ALCO is authorised to make decisions regarding liquidity control and management, profitability control and management, risk control and management and strategic performance. The ALCO meets as frequently as the business needs require, but no less than once every week. The ALCO may be convened at the request of any department of the Bank. For more detail on the duties of the ALCO, see "*Asset and Liability Management — Risk Management*".

General Credit Committee

As at the date of this Information Memorandum, the members of the General Credit Committee are as follows:

Name	Position
Toksankazy Adekenov	Chairman of the Committee, Vice President
Askar Dzhailaubekov	Member of the Committee, Director of Credit Risks Department
Erlan Balgarin	Member of the Committee, Managing Director
Bakhyt Kussainov	Member of the Committee, Managing Director
Zhaidarzhan Zatayev	Member of the Committee, Managing Director
Anar Shakhmanova	Member of the Committee, Deputy Head of Legal Support of Lending Operations of Legal Department
Kanat Akhmetzhanov	Member of the Committee, Deputy Head of Economic Security Department

The General Credit Committee reports to the Board of Directors and is responsible for implementing the Bank's credit policy, monitoring the credit process and deciding the Bank's short- and long-term credit policies. The General Credit Committee meets on a weekly basis. For further detail on the Bank's General Credit Committee and its portfolio supervision policies, see "*Selected Statistical and Other Information — Lending Policies and Procedures*".

Tariff Committee

As at the date of this Information Memorandum, the members of the Tariff Committee are:

Name	Position
Oxana Kameneva	Chairman of the Committee, Director of Financial Analysis and Planning Department
Aida Ayaguzova	Deputy Chairman of the Committee, acting Director of Corporate Business Operational Service Department
Aitkul Kaliyeva	Member of the Committee, Director of Retail Business Development and Support Department
Denis Seredenko	Member of the Committee, Executive Director
Leila Bitabarova	Member of the Committee, Director of Corporate Business

The Tariff Committee is responsible for forming the Bank's pricing policy to ensure it offers competitive rates and tariffs. The Tariff Committee keeps track of pricing and tariff policies of the Bank's competitors and decides base interest rates and tariffs of the Bank. It also approves tariffs of the Bank's branches on the basis of an analysis of the domestic markets. The Tariff Committee meets at least once a week and meets whenever a review of the Bank's tariffs is deemed to be necessary.

Write-off and Sale Committee

As at the date of this Information Memorandum, the members of the Write-off and Sale Committee are:

Name	Position
Kunbolat Dauletkhanov	Chairman of the Committee, CFO - member of the Management Board
Marat Ospan	Member of the Committee, Administrative Director
Saltanat Nurysheva	Member of the Committee, Head of Administrative Activity Accounting Division of Accountancy and Reporting Department
Marat Zhumanbayev	Member of the Committee, Chief Officer of Technical Systems Protection Desk of Technical Safety Division of Information Safety and Technical Protection Department
Dauren Omiraliyev	Member of the Committee, Head of Budgeting and Investment Monitoring and Administrative Activity of the Financial Analysis and Planning Department

The Write-off and Sale Committee is responsible for write-offs and sales of long-term assets and inventory holdings from KZT 300,000 to KZT 5 million of depreciated cost per one unit of property, approval of depreciation rates for assets, write-offs or assignments related to receivables not associated with lending activities of the Bank not exceeding KZT 5 million, expansion and reconstruction of the Bank's branches and write-offs of capital costs for the repair of rented premises.

Retail Credit Committee

As at the date of this Information Memorandum, the members of the Retail Credit Committee are:

Name	Position
Tatiana Belozertseva	Chairman of the Committee, Deputy Chairman of the Management Board, pending approval by the FMSA
Aitkul Kaliyeva	Member of the Committee, Deputy Director of Retail Business Department
Aigerim Koshmaganbetova	Member of the Committee, Senior Lawyer of Legal Department
Aidar Burkytbayev	Member of the Committee, Head of Anti-Fraud Unit of the Economic Security Department
Madina Mukasheva	Member of the Committee, Head of Retail Risk, Credit Risk Management Department

The Retail Credit Committee reports to the Management Board of the Bank and is responsible for organising, implementing and controlling the retail lending process based on the principles of transparency, collective responsibility and the delegation of powers.

Small Credit Committee

As at the date of this Information Memorandum, the members of the Small Credit Committee are:

Name	Position
Sholpan Nurumbetova	Chairman of the Committee, Deputy Chairman of the Management Board
Gulmira Chupekova	Member of the Committee, Director of the SME Department
Nurlan Amankulov	Member of the Committee, Head of Non-Performing Loans, Economic Security Department
Karlygash Aralbekova	Member of the Committee, Director of SME
Nadil Gabitov	Member of the Committee, Head of the Corporate and SME Credit Risks Desk of Credit Risks Department
Marina Glazunova	Member of the Committee, Head of Loan Transactions Legal Support Division of Legal Department

The Small Credit Committee reports to the General Credit Committee of the Bank. It is responsible for approving the terms of credit facilities and guarantees issued by the Bank (including its branches) to SMEs for amounts of up to U.S.$5 million.

Non-Performing Loans Committee

As at the date of this Information Memorandum, the members of the Non-Performing Loans Committee are:

Name	Position
Rinat Shamsutdinov	Chairman of the Committee, Deputy Chairman of the Management Board
Erlan Balgarin	Member of the Committee, Managing Director
Zhaidarzhan Zatayev	Member of the Committee, Managing Director
Kairzhan Mimikenov	Member of the Committee, Executive Director
Naslizat Sagaliyeva	Member of the Committee, Director of Problem Debt Department
Boris Pshenichny	Member of the Committee, Director of Economic Safety Department
Eugeniy Bratus	Member of the Committee, Director of Legal Department

The Non-Performing Loans Committee reports to the Board of Directors of the Bank and is responsible for the approval of decisions relating to the recovery of non-performing loans. See "*Selected Statistical and Other Information — Lending Policies and Procedures — Recovery Policies and Procedures*".

Tender Committee

As at the date of this Information Memorandum, the members of the Tender Committee are:

Name	Position
Kunbolat Dauletkhanov	Chairman of the Committee, CFO — member of the Management Board
Askar Bishigayev	Member of the Committee, Deputy Chairman of the Board
Marina Klimova	Member of the Committee, Senior Lawyer of Legal Department
Oleg Vasilyev	Member of the Committee, Head of Internal Service, Proprietary Activity Department

The Tender Committee reports to the Board of Directors of the Bank. It is responsible for evaluating terms of engagement for the Bank's service providers and monitoring certain large transactions of the Bank to ensure their conformity with the Bank's budget policy.

Senior Management Team

The Bank's new senior management team was appointed following the execution of the Implementation Agreement. The Bank's senior management team comprises the individuals responsible for the day-to-day management of their respective departments or divisions, each of whom reports regularly to the Board of Directors in relation to the status of his respective department. The Bank's senior management team reports to the Management Board and certain members report directly to the Chairman of the Management Board, and the Deputy Chairman. Any member of the senior management team can be called to attend a meeting of the Board of Directors as appropriate.

As at the date of this Information Memorandum, the senior management team consists of the following persons:

Name	Position	Department
Adilkhan Umerbaev	Vice President	Government Relations
Miyat Zhanabilov	Vice President	HR Department, Administrative Support Centre
Toksankazy Adekenov	Vice President	Corporate Business, Strategic Planning Department, Custody Desk
Gaziz Shakhanov	Managing Director	International Relations Department
Zhaidarzhan Zatayev	Managing Director	Risk Department, Loan Risk Department
Bakhyt Kusainov	Executive Director	Corporate Business Support Department
Erlan Balgarin	Executive Director	Corporate Finance Department
Denis Seredenko	Executive Director	Information Projects Department, Banking Technology Department, Project Office Department
Aleksei Vorontsov	Executive Director	Information System Support Department, Processing Centre Department
Kairzhan Mimikenov	Executive Director	Retail Non-Performing Loans Department, Loan Recovery Support Department
Akhmetzhan Mukajanov	Executive Director	Economic Security Department, Internal Security Department, Informational Security and Technical Protection Department, Information and Analysis Division
Gulmira Chupekova	Executive Director	SME Department, Corporate Customer Service Department
Rishat Zhakanbaev	Director, Chief Accountant	Accounting Department

Adilkhan Umerbaev — Vice President (47). Between 1996 and 2000, Mr. Umerbaev held various positions in the Administration of the President of the Republic of Kazakhstan and at the Prime Minister's Office. From 2000 to 2002, he worked in the office of the Vice Minister of Labour and Social Defence of the Republic of Kazakhstan. Mr Umerbaev graduated from the Belarus Polytechnic Institute.

Miyat Zhanabilov — Vice President (45). Mr. Zhanabilov started his career in Zhambyl and, in 1995, he became deputy mayor of Taraz city. In 1997, he was appointed deputy mayor of the Zhambyl region. Between 1999 and 2004, he was Head of the Prime Minister's Office. From April 2009, Mr. Zhanabilov joined the Bank as a Managing Director and in August he was appointed Deputy Chairman of the Management Board. Mr. Zhanabilov graduated from the Almaty Institute of National Economy with a degree in economics.

Toksangazy Adekenov — Vice President (41). Mr. Adekenov has more than 16 years of experience in the banking sector. Prior to joining the Bank in 2009, he held various top positions in different banks and companies in Russia, including East Commerts, Moskommertsbank, Atis Capital and MKS Bank. Also, Mr. Adekenov was the Head of the Representative Office of the National Bank of Kazakhstan to the Russian Federation. He graduated from the Moscow State Technical University in 1994. Mr. Adekenov obtained a degree in Economics from the Financial Research and Science Institute under Finance Ministry (Moscow) in 1997 and MBA degree from the State University — Higher School of Economics (Moscow) in 2008.

Gaziz Shakhanov — Managing Director (30). Mr. Shakhanov has held various positions at Kazkommertsbank, BTA Bank and Morgan Stanley Russia. He joined the Bank in 2009 as the Director of the International Relations Department and in April 2009 he was appointed the Managing Director for International Relations. Mr. Shakhanov graduated from the Kazakh State Academy of Management in 2000 and received an MBA from Indiana University, Kelley School of Business in 2007.

Zhaidarzhan Zatayev — Managing Director (31). Mr. Zatayev has wide experience in the banking and finance sectors of Kazakhstan and Russia. In March 2009, Mr. Zatayev joined the Bank as a Managing Director, Risk Management Department. Prior to joining the Bank, he held various positions in the credit and risk divisions at different banks, including Citibank Kazakhstan, Halyk Savings Bank of Kazakhstan and Moskommertsbank. Mr. Zatayev has a degree in international economics from the Kazakh State Academy of Management.

Bakhyt Kusainov — Executive Director (33). Mr. Kusainov joined the Bank in 2009 as Advisor to the Chairman of the Management Board and was appointed subsequently as Managing Director. Prior to joining the Bank, he held various positions at different banks and companies including Citibank Kazakhstan, ABN AMRO and Deloitte. Mr. Kusainov graduated from the Kazakh State Academy of Management and has an MBA from the University of Wisconsin.

Erlan Balgarin — Executive Director (33). Mr. Balgarin joined the Bank as Managing Director. Prior to joining the Bank, he held various positions at Kazkommertsbank and JSC Kazkommertsbank Securities. From 2004 to 2007, Mr. Balgarin also held various top managerial positions at JSC Centras Capital, JSC Centras Securities, and JSC Centras Insurance. Mr. Balgarin graduated from the Kazakh State National University with a degree in law and also has a Bachelors Degree in Finance from the International Academy of Business.

Aleksei Vorontsov — Executive Director (41). Mr. Vorontsov joined the Bank in 2004 as the Managing Director of Information Projects. In 2009 he was appointed as Executive Director. Prior to joining the Bank, he held various positions in Alfa Bank, Irtysbusinessbank, Hilan-Tech Corporation and First International Bank of Israel. Mr. Vorontsov graduated from the Institute of Automated Management Systems and Radio Electronics, Tomsk.

Denis Seredenko — Executive Director (33). Mr. Seredenko joined the Bank in 2006. Previously Mr. Seredenko held various positions in different companies in Russia. He graduated from the Gubkin Russian State University of Oil and Gas in 2001 and has a degree in management and economics of the oil and gas industry.

Kairzhan Mimikenov — Executive Director (30). In 2009 Mr. Mimikenov joined the Bank as an Executive Director. Prior to joining the Bank, he worked for the Agency on Reorganization and Liquidation of Legal Entities, Oil Insurance Company and Kazakhstan Petrochemical Industries Inc. He graduated from the Kazakh State Law University with a degree in law and from the Kazakh State Technical University with a degree in engineering. He obtained an MBA from the International Academy of Business.

Akhmetzhan Mukajanov — Executive Director (55). Mr. Mukajanov joined the Bank in 2009 as Executive Director. Prior to joining the Bank, Mr. Mukajanov held various positions with different law enforcement agencies. Mr. Mukajanov received an MBA in 1995 and a degree in Law in 2002 from the Academy under the Ministry of Interior Affairs in Russia.

Gulmira Chupekova — Executive Director (34). Mrs. Chupekova joined the Bank in 2005 and held various positions ranging from Head of Retail Business Department to Executive Director. Previously, she worked for Temir Bank and State Bank of Housing Construction. Mrs. Chupekova graduated from the Kazakh State Academy of Management and from the Almaty Polytechnic College and obtained a degree in Accounting and Business Economy.

Rishat Zhakanbaev — Director, Chief Accountant (45). Mr. Zhakanbaev has more than 16 years of experience in the banking sector. He joined the Bank in 2007. Previously Mr. Zhakanbaev held various positions in different banks, including Zhylstroybank, Bank CenterCredit and Kazakhstan Development Bank. He has a degree in economics from the Kazakh State Economy University.

Corporate Governance

Corporate governance best practice in Kazakhstan is set out in the Kazakhstan Corporate Governance Code, which is based on existing international best practice in the area of corporate governance and sets out recommendations for the application of the principles of corporate governance by Kazakhstan joint stock companies. The Code was developed in 2005 by the Association of Financiers of Kazakhstan and approved by the FMSA. The Bank's current Corporate Governance Code was adopted by the shareholders of the Bank on 30 October 2006. The Code incorporates provisions of the Kazakhstan Corporate Governance Code and otherwise complies with the JSC Law in all material respects. During the due diligence process conducted by the Bank's new management team beginning in February 2009, certain irregular transactions, including the T Bills transactions and related party transactions described elsewhere in this Information Memorandum, were uncovered that indicated that the existing corporate governance procedures were ineffective. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future"*. To remedy this situation, the Bank and the Claimants agreed to implement a number of changes to the Bank's corporate governance, including, amongst others, the adoption of a New Corporate Governance Code and changes to the configuration of the Bank's managing bodies. See "*Management and Corporate Governance — Management and Corporate Governance Following the Restructuring*".

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 General Meeting of Shareholders of the Bank. The Bank paid KZT 311 million for the six months ended 30 June 2009 and KZT 482.2 million in aggregate during the year ended 31 December 2008 to members of the Management Board and its managing directors. None of the employment contracts of members of the senior management team or the Management Board provide for benefits upon termination of employment. The Bank paid KZT 17.5 million in aggregate during the year ended 31 December 2008 and KZT 12.8 million for the six months ended 30 June 2009 to the independent directors on its Board of Directors. The Bank did not pay the non-independent directors in either period for their services as members of the Board of Directors.

As at 30 June 2009, the Bank had loans outstanding to Saken Seifullin, a member of the Board of Directors, in the amount of KZT 263,762. The Bank did not have any loans outstanding to members of its management as at 30 June 2009.

The decision to grant loans to members of the Bank's management teams is made by the General Credit Committee of the Bank based on the procedures described under "*Selected Statistical and Other Information — Lending Policies and Procedures*". However, these loans are considered transactions with persons associated with the Bank by "special relations" and accordingly must be approved by the Bank's Board of Directors. These loans are then notified to the General Credit Committee and the Risk Department.

Conflicts of Interest

There are no potential conflicts of interest between duties owed to the Bank by any of the members of the Bank's management and their private interests and/or other duties.

Certain members of the Bank's Board of Directors and the Bank's former management are currently under investigation and/or were arrested by Kazakhstan's law enforcement agencies in connection with the identified guarantees supported by pledges of its T Bills described in "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future.*" and "*Selected Statistical and Other Information — Funding — Treasury Operations and T Bills*". Mr. Margulan Seisembayev effectively discontinued his involvement in the activities of the Board of Directors after 4 June 2009 and his current location is unknown to the Bank. On 14 October 2009, the Economic Crime and Corruption Agency of Kazakhstan formally accused Mr. Margulan Seisembayev, the Chairman of the Board of Directors, Mr. Erlan Seisembayev, a shareholder of SAFC, and Mr. Arsen Saparov, the former Chairman of the Bank's Credit Committee, of stealing KZT 16,919 million from the Bank. At the same time, another investigation was launched by the Kazakhstan financial police in relation to Mr. Askar Galin, a shareholder of SAFC, who is accused of stealing EUR 1.7 million from the Bank. See "*The Bank — Legal Proceedings*". The Bank's former Chairman of the Management Board, Mr. Zhomart Yertaev, was arrested in August 2009, and the Bank's former Chief Accountant, Mr. Abylkassym Mamyrbekov, was arrested in September 2009. The Bank has no further information about the status of the investigations. See "*Management and Corporate Governance — Current Management and Corporate Governance — Board of Directors*".

Litigation

In the five years ending with the date of this Information Memorandum, none of the members of the Management Board:

- has had any convictions in relation to fraudulent offences;
- has held an executive function in the form of a senior executive officer of a member of the administrative, management or supervisory bodies, of any company at the time of or preceding any bankruptcy, receivership or liquidation; nor
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

RELATED PARTY TRANSACTIONS

As part of the due diligence analysis commenced by the Bank's new management in February 2009, the Bank uncovered various related party transactions that were not previously disclosed or properly accounted for. For example, the Bank's former management authorised certain loans to, and other transactions with, related parties which were not properly accounted for in the Bank's Financial Statements. These related party transactions constitute a significant proportion of the Bank's non-performing loan portfolio. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future"*. The Bank has established substantial provisions relating to some of these transactions, primarily including asset transfers and loans issued to entities owned by the Bank's shareholders or affiliates or in which such persons have an interest. The Bank expects that following the Restructuring, the internal procedures relating to the approval of related party transactions will be improved by taking a number of measures, including adopting a New Corporate Governance Code, changing the composition of the Bank's management bodies and introducing periodic audits of the Bank's compliance with its governance policies.

For a description of the definition of related parties under IAS 24 "*Related Party Disclosure*" and for quantitative disclosure on transactions with related parties, see Note 29 to the Unaudited Interim Financial Statements and Note 34 to the 2008 Annual Financial Statements included elsewhere in this Information Memorandum.

The Bank has information that indicates that certain customers and counterparties may not have been properly identified as related parties. The Bank was unable to obtain appropriate evidence as to whether these customers and counterparties were related parties as at 31 December 2008 and 2007. The Bank's management is also unable to compile the information necessary to present the related party transactions for the year 2007 on a corresponding basis to 2008. As a consequence, the information related to 2007 has been omitted. See Note 34 to the 2008 Annual Financial Statements of the Bank included elsewhere in this Information Memorandum. The Bank's management is also unable to compile the information necessary to present the related party transactions for the six-month period ended 30 June 2008 on a corresponding basis to the year ended 31 December 2008 and the six-month period ended 30 June 2009. See Note 29 to the Unaudited Interim Financial Statements and Note 34 to the 2008 Annual Financial Statements included elsewhere in this Information Memorandum. Therefore the disclosure included in this Information Memorandum does not present all transactions with related parties. See "*Risk Factors — Risk Relating to the Bank — Transactions with unidentified related parties may cause future losses*".

The following table describes amounts which arose due to transactions with identified related parties as at 30 June 2009 (including affiliates and Samruk-Kazyna):

	30 June 2009	
	Related party balances	Total category as per financial statements caption
Interest income	22,538	60,558
—the parent	—	
—other shareholders	13,182	
—other related parties	70	
—key management personnel of the entity or its parent	7,377	
—Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan	1,909	
Interest expense	3,458	47,975
—the parent	34	
—other shareholders	88	
—other related parties	5	
—Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan	3,331	
Provision for impairment losses on interest bearing assets	31,328	63,745
—key management personnel of the entity or its parent	19,928	
—other shareholders	11,595	
—other related parties	(195)	
Net loss on financial assets at fair value through profit or loss	126	46,464
—Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan	126	
Operating expenses	1,024	9,869
—the parent	—	
—other related parties	151	
—key management personnel of the entity or its parent	19	
—Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan	854	
Fee and commission income	69	4,234
—the parent	13	
—other shareholders	4	
—other related parties	52	
Fee and commission expense	691	954
—key management personnel of the entity or its parent	691	
Net loss on foreign exchange operations	5	48,496
—other related parties	5	
Other income	25	785
—other related parties	25	
Key management personnel compensation	177	4,114
Short-term employee benefits, including pension fund payments	177	

The following table describes the transactions between the Bank and identified related parties as at 30 June 2009 and 31 December 2008:

	30 June 2009		31 December 2008	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Cash and balances with the NBK	10,524	19,713	—	21,217
—Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan	10,524		—	
Financial assets at fair value through profit or loss	121,727	151,679	—	201,973
—Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan	121,727		—	
Due from banks	24,729	61,933	873	45,956
—other related parties	729		873	
—Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan	24,000		—	
Investments available-for-sale	946	2,272	37	2,741
—other related parties	37		37	
—Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan	909		—	
Loans to customers before allowances for impairment losses	194,672	747,977	181,075	703,265
—the parent	—		1	
—other shareholders	138,435		131,266	
—key management personnel of the entity or its parent	56,045		49,245	
—other related parties	192		563	
Allowance for impairment losses on loans to customers	154,696	355,215	131,776	269,790
—the parent	—		1	
—other shareholders	120,792		106,610	
—key management personnel of the entity or its parent	33,880		24,831	
—other related parties	24		334	
Other assets before allowances for impairment losses	22,497	26,903	22,545	28,582
—key management personnel of the entity or its parent	21,444		21,258	
—other related parties	12		1,287	
—Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan	1,041		—	
Allowance for impairment on other assets	21,445	22,031	22,338	22,642
—key management personnel of the entity or its parent	21,444		21,064	
—other related parties	1		1,274	
Due to the Government of the Republic of Kazakhstan	22,828	22,828	—	4,460
—Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan	22,828		—	
Due to banks	899	195,595	54	137,377
—other related parties	899		54	

	30 June 2009		31 December 2008	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Customer accounts	91,571	187,655	16,576	189,044
—the parent	16		3,909	
—other shareholders	1,653		—	
—other related parties	297		11,367	
—key management personnel of the entity or its parent	1,535		1,300	
—Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan	88,070		—	
Repurchase agreements	51,456	66,083	—	41,945
—Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan	51,456		—	
Other liabilities	6,065	9,106	4,216	6,962
—other related parties	—		—	
—key management personnel of the entity or its parent	4,986		4,216	
—Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan	1,079		—	
Contingent liabilities	36,717	176,282	35,786	297,012
—the parent	—		1	
—key management personnel of the entity or its parent	24,704		13,313	
—other shareholders	12,013		15,890	
—other related parties	—		6,582	

Loans to Customers

The Bank's related party loans to customers as at 30 June 2009 and 31 December 2008 amounted to KZT 194,672 million and KZT 181,075 million representing 26.0 per cent. and 25.7 per cent. of the total amount of loans to customers, respectively. These related party loans to customers include loans to companies affiliated with the Bank's current shareholders in the amount of KZT 138,435 million and KZT 131,266 million as at 30 June 2009 and 31 December 2008, respectively. As at 30 June 2009, the Bank had outstanding loans with 35 different companies affiliated with the Bank's current shareholders, the largest of which were KZT 28,524 million to TOO Expo Centre Astana and KZT 24,242 million to TOO Landmark Estate Development Group, representing 20.6 per cent. and 17.5 per cent., respectively, of the total amount of loans to companies affiliated with current shareholders.

Furthermore, these related party loans to customers include loans to key management personnel of KZT 56,045 million and KZT 49,245 million as at 30 June 2009 and 31 December 2008 respectively. See "*Management and Corporate Governance — Current Management and Corporate Governance — Management Remuneration*" for a breakdown of the loans to key management personnel as at 30 June 2009. The loans to key management personnel were made on substantially the same terms, including interest rates, as for comparable transactions with persons of a similar standing.

The Bank created provisions in respect of these related party loans amounting to KZT 154,696 million and KZT 131,776 million as at 30 June 2009 and 31 December 2008, respectively.

Financial Assets at Fair Value through Profit or Loss

As at 30 June 2009, the Bank's financial assets at fair value through profit or loss included KZT 121,727 million with respect to related party transactions, representing 80.3 per cent. of the total amount of financial assets at fair value through profit or loss. The related party balance is primarily comprised of the Samruk-Kazyna Bonds and interest accrued thereon. See "*The Bank — Business of the Bank — Capital Markets*".

Other Assets before Allowances for Impairment Losses

The Bank's other assets before allowances for impairment losses relating to related parties as at 30 June 2009 and 31 December 2008 amounted to KZT 22,497 million and KZT 22,545 million, representing 83.6 per cent. and 78.9 per cent. of the total amount of other assets during such periods, respectively. These amounts relate to claims for amounts receivable from related party collection agencies. In the fourth quarter of 2008, the Bank transferred non-performing loans, including loans previously written off, and claims receivable from Alliance Policy, a related party, to eight debt collection agencies. The transferred loans and claims were written off the Bank's balance sheet. Under the terms of the transfer, the Bank was entitled to receive consideration for the transferred assets only if the collection agencies made recovery beyond an agreed level. The Bank's new management believes that the collection agencies are also related parties. The Bank's new management has made an estimate of the recoverability of amounts due from the collection agencies and has concluded that the Bank will not be successful in collecting such amounts because of such collection agencies' uncertain financial condition. As a consequence, the Bank has recorded a provision in the amount of KZT 22,338 million as at 31 December 2008, which subsequently got reduced to KZT 21,444 million as at 30 June 2009 due to cash collections. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*".

Due from Banks

As at 30 June 2009, due from banks that resulted from related party transactions amounted to KZT 24,729 million, representing 39.9 per cent. of the total due from banks. Of this amount, KZT 24,000 million was represented by Samruk-Kazyna's conditional deposit provided in conjunction with the recapitalisation of the Bank. See "*Principal Shareholders — Samruk-Kazyna*".

Cash and Balances with the NBK

As at 30 June 2009, non-cash balances with the NBK (considered to be a related party as it is considered to be an "organisation related to the Government of Kazakhstan") amounted to KZT 10,524 million.

Funding

The Bank's indebtedness to the Government amounted to KZT 22,828 million as at 30 June 2009, which is deemed to be entirely from related party transactions. The indebtedness to the Government is primarily comprised of the funding allocated to the Bank under the State Finance Programmes. See "*Selected Statistical and Other Information — Funding — State Finance Programmes*".

The Bank's customer accounts in respect of related parties amounted to KZT 91,571 million as at 30 June 2009, representing 48.8 per cent. of the total amount of the customer accounts. As part of the Bank's recapitalisation plan, Samruk-Kazyna provided KZT 84,124 million, representing 91.9 per cent. of the total related party amounts in customer deposits. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*" and *"Risk Factors — Risks Relating to the Bank — Declines in customer deposits, which are an important source of funding for the Bank, have and may continue to negatively affect the Bank's funding base*".

The Bank's repurchase agreements with related parties amounted to KZT 51,456 million as at 30 June 2009, representing 77.9 per cent. of the total amount of repurchase agreements during such period. The repurchase agreements with related parties are represented by the repurchase transactions entered into between the Bank and the NBK. See "*The Bank — The Role of Samruk-Kazyna — Liquidity Support*".

Contingent Liabilities

The Bank's contingent liabilities in respect of related parties amounted to KZT 36,717 million and KZT 35,786 million as at 30 June 2009 and 31 December 2008, representing a 2.6 per cent. increase. Of the KZT 36,717 as at 30 June 2009, KZT 24,704 million represents 67.3 per cent. of contingent liabilities in respect of related parties, including pre-approved credit lines and letters of guarantee and letters of credit issued to affiliates of the former management of the Bank and KZT 12,013 million represents 32.7 per cent. of the total amount including primarily pre-approved credit lines to affiliates of the shareholders of the Bank.

PRINCIPAL SHAREHOLDERS

The Bank's Shareholders Following the Restructuring

Assuming satisfaction of relevant conditions precedent, the Bank's Shares will be held as follows after the completion of the Restructuring:

Name	Percentage of Common Shares	Percentage of Preference Shares
Samruk-Kazyna	67.0	67.0
Claimants	33.0	33.0
Total	100.0	100.0

Following the Restructuring, the Bank plans to amend its deposit agreement with The Bank of New York Mellon, the depositary under the Bank's GDR programme, to allow Claimants to deposit the Common Shares and the Preference Shares into the GDR programme in exchange for GDRs. Such GDRs will be eligible for trading and settlements through the Clearing Systems. See "*Global Depositary Receipts*".

Acquisition of Shares in the Bank by Samruk-Kazyna

It is a condition precedent to the completion of the Restructuring Plan that following the approval of the Restructuring Plan by the Court, and in any event no later than immediately prior to the Restructuring Date:

- Samruk-Kazyna shall acquire 100 per cent. of the Common Shares of the Bank and 100 per cent. of the Preference Shares in the Bank;
- Samruk-Kazyna shall convert KZT 105,000 million of the Bank Bonds that it currently holds into Preference Shares in the Bank;
- Samruk-Kazyna shall subscribe for additional Common Shares to be issued by the Bank for KZT 24,000 million in exchange for the deposit provided by Samruk-Kazyna to the Bank currently placed with the NBK in an account controlled by Samruk-Kazyna;
- Samruk-Kazyna shall cause the Bank to issue and/or shall transfer a sufficient number of Common Shares and Preference Shares in the Bank to the Claimants who were allocated into Options 2, 3, 4, 4A and 5 in order to ensure that Samruk-Kazyna holds 67.0 per cent. of the Bank's Common Shares and 67.0 per cent. of the Bank's Preference Shares and the Claimants hold 33.0 per cent. of the Bank's Common Shares and 33.0 per cent. of the Bank's Preference Shares.

Samruk-Kazyna Undertaking

It is a condition precedent to the Restructuring that Samruk-Kazyna execute the Samruk-Kazyna Undertaking. This undertaking will be in the form of a deed poll governed by English law and will be granted in favour of all Creditor Shareholders and Creditor Preference Shareholders. Pursuant to the Samruk-Kazyna Undertaking, Samruk-Kazyna will agree to exercise its voting rights to procure that the CS Director and the Creditor Director are elected to the Board on or about the Restructuring Date and to not exercise its voting rights to remove either of the CS Director or the Creditor Director (other than due to the incapacity or gross misconduct of the relevant director, provided that a successor is duly appointed in accordance with the Charter and that no Qualified Majority Decisions of the Board are made prior to such appointment) for a period of three years following the Restructuring Date. The Samruk-Kazyna Undertaking will also contain certain provisions relating to the tag along and drag along rights and maintenance of sufficient authorised share capital as further described in "*Letter from the Chairman of the Management Board of the Bank — Preference Shares and Common Shares — Drag Along and Tag Along Rights*".

The Bank's Shareholders Prior to the Restructuring

The following table sets out shareholding information of all direct holders of more than 3.0 per cent. of the Bank's Common Shares as at 2 October 2009:

Name	Number of Common Shares	Percentage of Common Shares
SAFC	8,041,226[(1)]	83.4
Others, including Central Securities Depository	1,596,337	16.6
Total	9,637,563	100.0

Note:

(1) Pursuant to the Pledge Agreement (see "*The Bank — The Role of Samruk-Kazyna — Legal Framework*"), SAFC pledged 7,324,548 Common Shares of the Bank representing 76.0 per cent. of the Bank's share capital to Samruk-Kazyna. As a result, Samruk-Kazyna obtained voting control over 76.0 per cent. of the Bank's Common Shares. However, the legal ownership of the Bank's Common Shares has not been transferred to Samruk-Kazyna as at the date of this Information Memorandum. As a consequence, Samruk-Kazyna has not been included in the table disclosing shareholders of the Bank.

The Bank's Preference Shares are held through the Common Depository of Securities. Due to confidentiality reasons, the Bank cannot disclose the holders of Preference Shares.

The Bank's management as a group owns 252 Common Shares of the Bank.

None of the Bank's shareholders has voting rights different from any other holder of the Bank's Shares.

The Bank's Common Shares are listed on the third category list of the KASE.

An initial public offering of 50,283,000 GDRs representing 1,676,100 Common Shares of the Bank or approximately 17.4 per cent. of the common share capital of the Bank at the time of the offering, was completed in July 2007. The offering was a secondary sale of existing Common Shares of the Bank by SAFC. The offering price was set at U.S.$14.00 per GDR. SAFC received proceeds of U.S.$704 million as a result of the offering, excluding the over-allotment option. The Bank did not receive any proceeds from the offering.

The GDRs were admitted to the official list of the UK Listing Authority and to trading on the market for listed securities of the London Stock Exchange plc through its International Order Book. As a result of the financial difficulties faced by the Bank, the trading of the GDRs was suspended on 1 April 2009 and the suspension remains effective as at the date of this Information Memorandum. The Bank plans to amend the terms of its GDR programme following the Restructuring. See "*Global Depositary Receipts*".

SAFC

SAFC, based in Kazakhstan, was founded in 1991. The business address of SAFC is 38 Dostyk Avenue, 7th Floor, Almaty 050010. SAFC's activities are focused on the banking, finance and insurance sectors.

SAFC is controlled by Mr. Margulan Seisembayev, the Chairman of the Board of Directors of the Bank, and his two brothers, Mr. Erlan Seisembayev and Mr. Askar Galin. Mr. Margulan Seisembayev effectively discontinued his involvement in the activities of the Board of Directors after 4 June 2009 and his current location is unknown to the Bank.

See "*The Bank — Legal Proceedings*", "*Management and Corporate Governance — Current Management and Corporate Governance — Board of Directors*" and "*Management and Corporate Governance — Current Management and Corporate Governance — Conflicts of Interest*".

Samruk-Kazyna

Samruk-Kazyna is wholly owned by the Government and is the national management holding company for substantially all state enterprises. Samruk-Kazyna was created in 2008 pursuant to the Presidential Edict No. 669, dated 13 October 2008, and the Resolution of the Government No. 962, dated 17 October 2008, by way of the merger of JSC "Kazakhstan Holding for Management of State Assets" "Samruk" and JSC "Sustainable Development Fund" "Kazyna". Samruk-Kazyna is a joint stock company whose shares are held by the Ministry of Finance's Committee of State Property and Privatisation on behalf of Kazakhstan.

Samruk-Kazyna's primary objective is to manage shares (participatory interests) of legal entities it owns with a goal of maximising long-term value and increasing the competitiveness of such entities in world markets.

The governance of Samruk-Kazyna's activities is subject to the general corporate governance rules applicable to all joint stock companies in Kazakhstan. Accordingly, the corporate governance structure of Samruk-Kazyna is as follows: the Government, as the sole shareholder constitutes the supreme governing body, the Board of Directors constitutes the managing body, and the Management Board constitutes the executive body.

The members of Samruk-Kazyna's Board of Directors are appointed by the Government, and its members are, among others, the Minister of Economy and Budget Planning, the Minister of Finance, the Minister of Energy and Mineral Resources, the Ministry of Industry and Trade, independent directors and the chairman of the management board of Samruk-Kazyna. In addition, the Board of Directors is chaired by the Prime Minister of Kazakhstan.

The registered office of Samruk-Kazyna is at 23 Kabanbay Batyr Avenue, 010000 Astana, Kazakhstan and the telephone number is: +7 7172 790 486.

THE BANKING SECTOR IN KAZAKHSTAN

Introduction

Since mid-1994, the Government has adhered to a strict macroeconomic stabilisation programme, combining tight budgetary discipline, stringent monetary policy and structural economic reforms, which have sharply reduced inflation and lowered interest rates.

Kazakhstan has a two-tier banking system with the central bank of Kazakhstan, 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 (prior to 2004 this licensing role was carried out by the NBK).

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

Global financial instability and market dislocation have adversely affected the Kazakhstan banking sector, resulting in asset quality deterioration and reduced funding sources for Kazakhstan banks. Statistics published by the FMSA show the continuation of asset quality deterioration in 2009, with non-performing loans in the banking sector increasing to 33.8 per cent. as at 31 August 2009 from 8.1 per cent. as at 31 December 2008. The banking sector overall showed a net loss of KZT 53 million for the second half of 2008 and assets of the banking sector also declined in that period.

The Government has taken a number of steps to support the Kazakhstan banking sector including significant capital injections. The Government's capital injections into the Kazakhstan banking sector is estimated at 4.1 per cent. of Kazakhstan's GDP in 2008, compared, for example, to the United Kingdom and the United States where, according to the International Monetary Fund, capital injections represented 3.7 per cent. and 2.3 per cent., respectively. The total amount of capital injected into the Kazakhstan banking sector was U.S.$7,200 million as at 30 September 2009.

For a discussion of various risks associated with the banking sector and banking regulation in Kazakhstan, see "*Risk Factors — Risks Relating to Operating within the Kazakhstan Banking Sector*".

The NBK and the FMSA

The NBK is the central bank of Kazakhstan and although it is an independent institution, it is subordinate to the President of Kazakhstan. The President has the power, among other things, to appoint (with the approval of Parliament) and remove the NBK's Chairman, to appoint and remove the NBK's Deputy Chairmen upon the proposal of the Chairman, to approve the annual report of the NBK, to approve the concept and design of the national currency, and to request information from the NBK. Mr. Grigoriy Marchenko was appointed as Chairman of the NBK in January 2009. The principal governing bodies of the NBK are the Executive Board and the Board of Directors. The Executive Board, the highest governing body of the NBK, consists of nine members, including the Chairman, four other representatives of the NBK, a representative of the President, two representatives of the Government and the chairperson of the FMSA.

Currently, the principal task of the NBK is to ensure price stability in Kazakhstan. The NBK is also empowered to develop and conduct monetary policy, organise banking settlement systems, conduct currency regulation and control, assist in ensuring stability of the financial system and protect the interests of depositors with commercial banks. Following legislative changes in July 2003, the FMSA was formed and, on 1 January 2004, took over 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 principal task of the FMSA is to regulate and supervise Kazakhstan's financial markets and financial institutions, including banks, insurance companies, pension funds and pension asset management companies, as well as professional participants in the securities market. The FMSA is empowered, 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 to (where necessary) and to participate in the liquidation of, financial institutions.

The administration of anti-monopoly legislation in Kazakhstan with respect to the banking sector was transferred from the FMSA to the Competition Agency. However, certain issues of anti-monopoly regulation are under the jurisdiction of both the Competition Agency and the FMSA. For example, certain transactions with a value exceeding certain thresholds require the prior consent of the Competition Agency. Such thresholds for the purposes of regulated financial organisations are established jointly by the Competition Agency and the FMSA.

Banking Supervision

Capital Adequacy

The FMSA refined its capital adequacy and credit exposure standards in September 2005, when it set limits and rules for calculating capital adequacy, single party exposure, liquidity ratios and open currency positions. In November 2005, the regulations regarding regulatory capital and risk management came into effect in Kazakhstan. These regulations represented a substantial step towards the implementation of the Basel Accord. In particular, these regulations introduced the concepts of hybrid capital eligible to be included in Tier I and Tier II capital, Tier III capital (qualified subordinated debt) and operational and market risks and included rules for calculating risk with respect to derivatives.

As at 1 July 2009, the FMSA required banks to maintain a K1-1 (Tier 1 capital to total assets) and K1-2 (Tier 1 capital to total assets weighted for risk) capital adequacy ratio of 6.0 per cent. (with the K1-2 ratio increasing to 9.0 per cent. from 1 July 2011), compared with the BIS Guidelines' recommendation of 4.0 per cent. The FMSA's K2 (own capital to total assets weighted for risk) capital adequacy ratio requirement is 12.0 per cent. compared with the BIS Guidelines' recommendation of 8.0 per cent. For banks with a bank holding company among their shareholders, state-controlled banks and banks in which the Government or a national management holding company has acquired at least a 10.0 per cent. stake as the result of a breach of prudential or regulatory requirements by such bank, the FMSA's K1-1 (Tier 1 capital to total assets) and K1-2 (Tier 1 capital to total assets weighted for risk) capital adequacy ratio requirement is reduced to 5.0 per cent. of total assets (with the K1-2 (Tier 1 capital to total assets weighted for risk) ratio increasing to 8.0 per cent. from 1 July 2011) while the K2 (own capital to total assets weighted for risk ratio is reduced to 10.0 per cent. of risk weighted assets.

Furthermore, FMSA regulations require a bank which does not have amongst its shareholders a physical person holding at least 10.0 per cent. of such bank's shares to comply with higher capital adequacy ratios. Such ratios are 7.0 per cent. for the K1-1 (Tier 1 capital to total assets) and K1-2 (Tier 1 capital to total assets weighted for risk) ratios and 14.0 per cent. for the K2 (own capital to total assets weighted for risk) ratio. Staring from 1 July 2011, the minimum level requirement for the K1-2 (Tier 1 capital to total assets weighted for risk) ratio will be 10.0 per cent. for a bank which does not have amongst its shareholders a physical person holding at least 10.0 per cent. of such bank's shares.

In February 2007, to reduce the risks associated with rapid growth in the external debt of Kazakhstan banks, the FMSA introduced amendments to the capital adequacy regulations which imposed limits on foreign borrowings or "external liabilities" which a bank can incur to a multiple of such bank's "own capital" as calculated both including and excluding debt securities issued.

These amendments mean that banks are not permitted to increase borrowings from non-domestic holders (subject to certain exceptions) to a level in excess of certain multiples of regulatory capital. If banks exceed the prescribed ratios they would have to either repay foreign sourced debt or increase their regulatory capital. The ratios that apply to the Bank currently are (i) two times own capital for external liabilities excluding debt securities issued by special purpose subsidiaries of the Bank guaranteed by the Bank (K8 ratio) and (ii) three times own capital for external liabilities including such debt securities issued (K9 ratio).

The FMSA monitors compliance with capital adequacy standards (in accordance 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 regulates problem asset classification and contingent obligations (similar to the World Bank's Guidelines for Asset Classifications) and loan loss reserves.

Reserve Requirements

Starting in the second half of 2008, the NBK adopted a number of measures aimed at providing additional liquidity to banks. Minimum reserve requirements have been changed several times. Starting from 3 March 2009, the requirements were revised to 1.5 per cent. of total liabilities with respect to most domestic liabilities and 2.5 per cent. of total liabilities with respect to other, including foreign, liabilities.

Deposit Insurance

In December 1999, a self-funded domestic deposit insurance scheme, the KDIF, was established and as at 1 September 2009, 36 banks, including subsidiaries of foreign banks and the Bank, were covered by the scheme. The insurance coverage is presently limited to personal deposits in any currency up to a maximum amount per customer of KZT 5 million at any given bank. Starting from 1 January 2012, the maximum guaranteed amount is scheduled to be reduced from KZT 5 million to KZT 1 million. Only banks participating in the deposit insurance scheme are authorised to open accounts and take deposits from private individuals. It is anticipated that participant banks will be called upon to make further contributions to the scheme as a result of payments made by the scheme to depositors of JSC Valut-Transit Bank as described below in "*The Banking sector in Kazakhstan — Banking Supervision — Commercial Banks*".

Acquisition of Interests in Kazakhstan Banks

Current legislation requires FMSA approval of any acquisition of a shareholding of 10.0 per cent. or more (whether held independently or jointly with another affiliated legal entity) in a Kazakhstan bank. Furthermore, a foreign entity must obtain a credit rating from one of the rating agencies which are recognised by the FMSA in order to hold 10.0 per cent. or more of a Kazakhstan bank. The rating of such an entity should be long term and should not be less than (i) Kazakhstan's sovereign rating (or equivalent); or (ii) if the entity is a financial institution, the rating should be not less than "BB-" (by S&P) or the equivalent, provided that the country in which the entity is domiciled has a rating of not less than "BB-" (by S&P) or the equivalent and the respective regulator has an agreement on information exchange with the FMSA.

Other Regulations

In addition, in June 2006 the FMSA implemented measures to restrict Kazakhstan banks from having outstanding external short-term financings which exceed a bank's regulatory capital. These measures may limit a bank's ability to extend the maturity of certain short-term facilities causing it to look to longer term financings or customer deposits to replace such short-term facilities. A failure to replace these facilities could lead to an increase in a bank's funding costs, an increase in its liquidity and interest rate risk or both. See *"Management's Discussion and Analysis of Results of Operations and Financial Condition — Capital Adequacy"*.

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

In December 2006, and with effect from 1 April 2007, the FMSA approved new rules on classification of assets and provisioning. While the principles of classification and provisioning remain largely unchanged, these rules, among others, introduced more stringent requirements regarding monitoring of credit files, developed a definition of financial soundness with respect to borrowers, provided for a more differentiated approach to various types of borrowers, loans and security and stipulated the right of the FMSA to demand that a bank increase its provisioning ratios.

Commercial Banks

The number of commercial banks has decreased from 184 in mid-1994 to 38 as at the end of 2002 and to 37 as at 1 October 2009. This decrease is largely a result of the NBK's stringent policy towards increased capitalisation and liquidity of banks. The general reduction in the number of banks has largely been at the expense of small- and medium-sized banks.

In November 2001, the Government divested its remaining 33.0 per cent. stake in OJSC Halyk Bank by means of privatisation through a public auction. In February 2004, the entire share capital of EximBank Kazakhstan, formerly a state-owned bank, was sold by tender to a consortium of 11 members for KZT 2,100 million. In June 2005, the banking licence granted to JSC Nauryz Bank was terminated by the FMSA and this bank has been in the process of liquidation since 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. In December 2006, the FMSA revoked the banking licence of JSC Valut-Transit Bank due to the violation of Kazakhstan law, improper performance of contractual obligations and breach of prudential standards. A decision on the mandatory liquidation of JSC Valut-Transit Bank was adopted by the special inter-district economic court of Karaganda on 13 February 2007 and came into effect on 1 March 2007. As at 20 January 2008, the KDIF reported total payments of KZT 13,800 million, of the expected KZT 16,000 million, to the depositors of JSC Valut-Transit Bank.

As at 31 August 2009, 30 of the 37 commercial banks (excluding the NBK, the DBK and Zhilstroysberbank) had registered capital of over KZT 2,000 million and seven banks had a registered capital of KZT 1,000 million to KZT 2,000 million. Any bank whose own capital (net worth) falls below KZT 500 million is required to apply to the FMSA for voluntary reorganisation into an organisation performing only limited banking operations.

In 2001, the Government established the DBK to provide medium- and long-term financing for, and otherwise facilitate, industrial projects in Kazakhstan. The DBK was established with a charter capital of KZT 30,000 million. The DBK is not currently licensed to accept commercial or retail deposits or to provide corporate settlement services. However, the Bank expects that the DBK may become an important competitor in the corporate lending sector if it obtains the relevant licences. The DBK is not treated as a commercial bank for the purposes of market share data and ranking in this Information Memorandum.

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.

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

As at 30 September 2008, there were 15 banks with foreign participation operating in Kazakhstan, including RBS Kazakhstan, Citibank Kazakhstan and HSBC Bank Kazakhstan. Under relevant Kazakhstan legislation, a bank with foreign participation is defined as a bank with more than one-third direct or indirect foreign ownership. Banks with less than one-third direct or indirect foreign ownership are considered domestic banks. A number of foreign banks have opened representative offices in Kazakhstan, including JPMorgan Chase Bank N.A., Dresdner Bank AG, Deutsche Bank AG, American Express Bank Ltd., Commerzbank AG, ING Bank N.V., Bankgesellschaft Berlin and Société Générale.

The total capital of commercial banks decreased to negative capital KZT 377 billion as at 30 June 2009 compared to KZT 1,453 billion as at 31 December 2008. During such period, the total assets of such banks increased to KZT 12,150 billion as at 30 June 2009, compared to approximately KZT 11,890 billion as at 31 December 2008. The aggregate liabilities increased to approximately KZT 12,526 billion as at 30 June 2009 compared to KZT 10,437 billion as at 31 December 2008, and the aggregate net loss amounted to KZT 2,207 million as at 30 June 2009.

Financial Stability and Restructuring Reforms

Financial Stability Laws

On 23 October 2008, new legislation relating to the stability of the Kazakhstan financial system was adopted.

Under the new law, in the event of (i) a breach by a bank of capital adequacy or liquidity ratios; or (ii) two or more breaches by a bank in any twelve-month period of any other prudential or other mandatory requirements, the Government may, with the agreement of the FMSA, acquire, either directly or through Samruk-Kazyna, the authorised shares of any bank in Kazakhstan to the extent necessary (but not less than 10.0 per cent. of the total amount of issued and outstanding shares of such bank, including those to be acquired by the Government or Samruk-Kazyna) to improve such bank's financial condition and ensure compliance with prudential or other mandatory requirements. The new law provides that the management and shareholders of an affected bank do not have the right to approve any such acquisition, and any shares issued as part of any such acquisition may be issued without granting pre-emptive rights to existing shareholders. Following such an acquisition, the state body appointed by the Government to manage the acquired bank or Samruk-Kazyna is authorised to appoint no more than 30.0 per cent. of the members of the board of directors and the management board of the affected bank.

The main objectives of the new financial system stability law are to improve early detection mechanisms for risks in the financial system, to provide powers to the Government to acquire shares in commercial banks that face financial problems and to improve the overall condition of financial institutions in Kazakhstan. The law also consolidates authority to oversee large and second-tier Kazakhstan banks and provides additional mechanisms for supervising commitments made by banks and other financial institutions.

The Government or the national management holding company must sell the acquired shares within one year of their acquisition to a third party investor or investors. However, this term may be extended if the financial condition of the bank shows no sign of improvement.

On 2 February 2009, the Government acquired approximately 78.0 per cent. of BTA Bank, Kazakhstan's largest commercial bank, for KZT 251,000 million. It was also reported that the Government is considering a potential sale of up to half of its controlling stake in BTA Bank to Russia's Sberbank. Also on 2 February 2009, the Bank announced that its major shareholder had decided to sell 76.0 per cent. of the Bank's Common Shares to Samruk-Kazyna, and on the same date Samruk-Kazyna announced that it was considering such purchase. Samruk-Kazyna and the Bank signed the Deposit Agreement for the deposit of KZT 24,000 million with the Bank to support the Bank's financial stabilisation and further capitalisation.

The NBK decreased its refinancing rate from 10.5 per cent. to 10.0 per cent. effective from 1 January 2009, and the current refinancing rate is 7.0 per cent. The stated reason for the rate cut was the shortage of liquidity in the market.

These measures proved to be insufficient and both BTA Bank and the Bank defaulted on their debt in April 2009. JSC Astana Finance, a diversified financial services company, defaulted and announced a moratorium on the repayment of its debt in May 2009, and other banks face increasing pressure due to the growing number of non-performing loans. In response to the pressure faced by major banks in Kazakhstan in 2008-2009, Kazakhstan's parliament adopted the Restructuring Law with the twin aims of enabling consensual financial restructurings approved by a majority of creditors and of revising the existing framework for good bank/bad bank reorganisations. See *"The Banking Sector in Kazakhstan — Financial Stability and Restructuring Reforms — The New Restructuring Law in Kazakhstan"*. As at the date of this Information Memorandum, the Kazakhstan banking system remains under stress with banks starting to de-leverage through partial repayments and debt restructurings.

The New Restructuring Law in Kazakhstan

Prior to July 2009, there was no law in Kazakhstan which would allow for creditor claims to be restructured on a basis involving less than 100 per cent. consent of the affected creditors. Creditors not wishing to participate in a restructuring had the ability to set off their claims against a bank's assets or bring litigation in any jurisdiction where any of these assets are located.

Financial Restructurings

The Restructuring Law introduced a procedure for restructuring the financial indebtedness of a bank in the following general format. The bank decides to restructure its debt and enters into an agreement with the FMSA with respect to such restructuring. The bank submits a restructuring plan to the FMSA for its consideration. The restructuring plan should describe the process for and period of the restructuring, list the bank's assets and liabilities to be restructured, contain a pro forma balance sheet showing the bank's financial condition following the restructuring, and describe the bank's future activities and any limitations on them. The bank applies to the Court to initiate the process described in the restructuring plan. If the Court approves the restructuring process then, with immediate effect, all relevant claims of the bank's creditors are stayed, the bank's property is protected from execution and attachment, and the bank's obligations under agreements for the sale of assets and any financial commitments as either a lender (if the commitment carries any credit risk) or as a borrower, including contingent obligations such as guarantees, may be suspended in whole or in part.

The bank convenes a meeting of its relevant creditors to approve the restructuring plan. If creditors holding at least two-thirds in value of the bank's obligations subject to restructuring vote in favour of the restructuring plan, the restructuring plan is approved. The bank then submits the approved restructuring plan to the FMSA to establish its conformity with the restructuring plan originally submitted to the FMSA. The restructuring plan is then submitted to the Court for final approval. If the restructuring plan is approved by the Court, it becomes binding on all creditors with claims subject to the restructuring.

Completion of the bank's restructuring will be achieved when the restructuring plan has been carried out to the satisfaction of the Court and the FMSA. Upon completion of the restructuring, the relevant liabilities of the bank are cancelled and any claims in relation to them are discharged and replaced by appropriate restructured claims. Completion of the restructuring is confirmed by a decision of the Court upon the FMSA's application.

The restructuring process set out in the new Restructuring Law is designed to be fair to the affected creditors and should ensure that a restructuring effected under it will be capable of international recognition in countries (such as the United Kingdom and the United States) which have adopted legislation based on the Model Insolvency Law. However, as at the date of this Information Memorandum, the application of the new Restructuring Law has not been tested in practice. See "*Risk Factors — Risks Relating to Operating within the Kazakhstan Banking Sector — The Restructuring Law has not been tested in practice and there can be no assurance that any restructuring effected under such legislation, including the Restructuring, will be recognised internationally*".

Good Bank/Bad Bank Reorganisations

The second principal feature of the Restructuring Law is the amendment of the existing legislative framework allowing the segregation of the "good" assets and liabilities of a distressed bank and the transfer of them to another bank (or several banks) or to a specialised stabilisation bank. The good bank/bad bank structure could be used in a number of different circumstances. For example:

- the process could be initiated by a bank itself if other efforts to restructure itself have failed or if it does not wish or cannot, for whatever reason, achieve a financial restructuring following the process described above;
- if a bank has already been placed in conservation, the reorganisation may be initiated by a temporary manager appointed by the FMSA; or
- if a bank's licence has been revoked, the reorganisation may be initiated by a temporary manager appointed by the FMSA to manage the bank's assets pending the court-ordered compulsory liquidation taking effect.

Any reorganisation under these new procedures requires the FMSA's consent and the consent of depositors and creditors. Depositors and creditors are notified of the proposed reorganisation by an announcement published in Kazakhstan's mass media and any depositor or creditor may object to it by timely filing of a written objection.

Stabilisation Banks

The new Restructuring Law also makes provision for the establishment of stabilisation banks. These could be used as the "good" bank in the reorganisation into a good bank and bad bank of a bank which is in conservation. A stabilisation bank would be a special purpose company established by the FMSA on an ad hoc basis and would have a special status under the Banking Law and a limited scope of business compared to ordinary commercial banks. Due to its special status and purpose, a stabilisation bank would not be subject to normal capital adequacy and other prudential requirements. Its main role would be to hold "good" assets while the segregation of the "good" and "bad" assets of the distressed bank was in progress. Upon completion of the segregation process, the stabilisation bank would transfer the "good" assets to another bank designated by the FMSA, subject to the consent of the depositors and other creditors of the stabilisation bank. The procedures for obtaining this consent would be similar to the procedures for obtaining the depositors' and creditors' consent to the initial transfer of "good" assets from the distressed bank.

The Restructuring Law provides that once the stabilisation bank passes on the assets to an acquiring bank, it may either be liquidated or be sold to an investor, provided the investor can procure a recapitalisation of the stabilisation bank and bring it into compliance with the requirements applicable to ordinary commercial banks because following a sale, the stabilisation bank would lose its special status and become subject to the general banking legislation applicable to an ordinary bank.

As at the date of this Information Memorandum, it is unclear whether one stabilisation bank can be used as a holding vehicle for "good" assets of several distressed banks.

The FMSA's Compulsory Measures under the Banking Law

Under the Banking Law, the FMSA may apply a number of compulsory restrictive measures to banks in financial distress or in breach of prudential or other mandatory regulations. Articles 45, 46, 47 and 47-1 of the Banking Law allow the FMSA to apply the following compulsory restrictive measures to second tier banks (commercial banks) in Kazakhstan:

- issuing a warning and mandatory written instructions to a bank;
- entering into an agreement with a bank setting out measures to be taken by the bank to remedy any identified breaches of prudential requirements;
- instituting the FMSA special regime in a bank and requiring the bank to develop an action plan to restore such bank's financial condition;
- suspending or revoking a bank's licence for all or certain banking operations;
- mandatory purchase of a bank's shares;
- removing the management of a bank;
- forcing a bank to reorganise into a credit partnership;
- forcing a bank into conservation;
- forcing a bank into mandatory liquidation; and
- forcing a bank into a mandatory reorganisation to segregate such bank's "good" assets and liabilities and to mandatorily transfer such assets and liabilities to another bank or a specialised stabilisation bank, following the revocation of the bank's licence or the bank being put into conservation, pursuant to the Restructuring Law.

Where a bank's shareholders include another bank or a bank holding company, the FMSA may require such shareholders to decrease their direct or indirect ownership of the relevant bank to less than 10.0 per cent. of the bank's voting shares in the case of a bank shareholder and less than 25.0 per cent. of the bank's voting shares in the case of a bank holding company shareholder. Such measures can be applied to a bank's shareholders when a bank is in breach of the FMSA's prudential requirements or is not complying with the FMSA's mandatory instructions. See "*Risk Factors — The Bank may face litigation if the FSMA applies any of its compulsory restrictive measures to the Bank*".

The FMSA Special Regime

Article 45.2 of the Banking Law provides for "measures of early response" which the FMSA may apply to a bank under certain circumstances. These are discretionary measures that the FMSA may take with respect to a bank that is in financial distress. For example, if a bank's liquidity ratio is lower than usual, the FMSA may require such bank to develop and deliver to the FMSA for approval a plan of action which the bank must undertake to improve its financial stability. If the FMSA does not approve the plan, it may apply certain early response measures including replacing the bank's management and restructuring the bank's assets.

Reorganisation into a Credit Partnership

Under Article 47 of the Banking Law, the FMSA may require a bank to reorganise into a credit partnership if the bank's capital adequacy ratios fall to a level below 50.0 per cent. of the minimum requirements. Shareholders of a bank being reorganised receive participation interests in a credit partnership in proportion to their shares in the reorganised bank. A credit partnership is not allowed to carry out normal banking activities and is allowed to carry out only certain limited banking operations and services for its participants.

Mandatory Purchase of a Bank's Shares

The Banking Law provides that the FMSA may, with the Government's consent, effect a mandatory purchase of all of a bank's shares (including shares underlying any GDRs) from such bank's shareholders at a price determined by the FMSA in the event the bank's own capital (net worth) is negative. According to the Banking Law, after such purchase the FMSA must transfer the shares to a new investor which can procure an increase of the bank's capital (net worth) and restore the bank's normal operations.

Conservation

Conservation is a compulsory measure which may be applied by the FMSA to a Kazakhstan second tier bank (i.e., not upon such bank's discretion) when, among other things, such bank is in breach of prudential norms. When a bank is put into conservation, the authority to manage the bank is transferred to a manager appointed by the FMSA. The bank put into conservation may carry out its operations in its regular manner, but specific restrictions may be imposed by the FMSA (for example suspending contingent liabilities of the bank). Under conservation the bank is granted statutory immunity from the decisions of the Kazakhstan courts and international arbitration awards. This immunity covers decisions and arbitral awards issued prior to the bank entering into conservation as well as those issued after the establishment of the conservation. Enforcement of court orders or arbitral awards against the bank in respect of its indebtedness (whether domestic or international) is not permitted. Accordingly, conservation protects the bank from the enforcement of any domestic or foreign court decisions as well as any arbitral awards in respect of its indebtedness that arose prior to or during the conservation period. There have not been many examples of banks being put into conservation in the Kazakhstan banking sector. Financial institutions that have gone through conservation include Nauryz Bank in 2004 (the successor to Kazagroprombank which itself went through conservation in 2001) and JSC NP Valut-Transit Fund. Both these institutions were unable to improve their financial condition during the conservation period. At present, these institutions are in the process of liquidation.

Bankruptcy Regime

If a creditor files a bankruptcy claim in Kazakhstan, the debtor may, within three months from the maturity date or the date the debt became due and payable (by acceleration or otherwise), make a court application to have the bankruptcy application rejected. The three-month period is a statutory period set forth in the Bankruptcy Law. There are no filing requirements in Kazakhstan for a creditor to start the three-month period. Bankruptcy proceedings can be initiated after the three-month period has expired and the FMSA would then have to advise the court as to whether the bank was insolvent or not. If the FMSA advised that the bank was not insolvent, then the bankruptcy proceedings would be effectively terminated and the bank could be put into conservation. If the FMSA decided that the bank was indeed insolvent and this decision was confirmed by the court, then the court would have a liquidator appointed by the FMSA and there would be a liquidation of the bank's assets in accordance with the order of priority set out under the Banking Law which is as follows:

- administrative and legal expenses of bankruptcy;
- payments for tort claims involving harm to life or health;
- payments due to employees as a result of their employment and related social security and mandatory pension payments;
- KDIF's claims related to insured deposits;
- claims of individual depositors relating to deposits and transfers, deposits made from pension fund assets and deposits of life insurance companies;
- claims of non-profit organisations;
- claims of legal entities secured by pledges of the bank's property;
- tax liability settlements and repayment of borrowings from the state;
- unsecured claims of creditors; and
- subordinated unsecured claims.

DESCRIPTION OF SHARE CAPITAL AND CERTAIN MATTERS OF KAZAKHSTAN LAW

Share Capital

The Bank's authorised share capital consists of 17,800,000 total Shares, including 15,000,000 Common Shares and 2,800,000 Preference Shares. As at the date of this Information Memorandum, the Bank had 9,637,563 Common Shares issued and outstanding and 400,000 Preference Shares issued and outstanding. Both Common Shares and Preference Shares were all fully paid.

The holders of the Bank's Common Shares and Preference Shares can decide at a general meeting to convert the Preference Shares into Common Shares.

All Shares are in registered form in the share register of the Bank, maintained by an independent third party registrar. The registrar is JSC "Reestr" and its address is Panfilova str. 158/43 Almaty, Republic of Kazakhstan. Ownership of the Shares is evidenced by an extract from the share register of the Bank.

Summary of the Charter

The Charter provides that the Bank's principal objective is to earn profit through providing banking services to individuals and legal entities, residents and non-residents of the Republic of Kazakhstan, to establish direct contacts with international financing institutions with the purpose of developing foreign economic relations and improving business cooperation with organisations of foreign countries. The Bank's objects are set out in full in Clauses 3 and 8 of the Charter.

Subject to the provisions of the JSC Law and the Charter and without prejudice to any rights attached to any existing Shares or class of Shares, the Bank may issue Common Shares, Preference Shares and other securities convertible into shares.

Subject to the provisions of the JSC Law and the Charter, the unissued Common Shares and issued Common Shares that have not yet been placed (whether forming part of the original or any increased capital) are at the disposal of the General Meeting of Shareholders and the Board of Directors, respectively.

New Charter

The Bank is in the process of preparing a New Charter that will reflect changes to the composition of the Board of Directors, approval matters and required majorities. The New Charter, however, will remain subject to the approval of the relevant governmental bodies and therefore the types of approval matters and the required majorities for approval of such matters may change upon the registration of the New Charter. Some of the provisions expected to be incorporated into the New Charter have never been tested under Kazakhstan law and the Bank gives no assurances that the applicable governmental and regulatory authorities will hold such provisions to be in compliance with Kazakhstan law. If such provisions are not found to be in compliance with Kazakhstan law by the applicable governmental and regulatory bodies they may refuse to register the New Charter. Therefore, certain protections which the Bank is seeking for its shareholders may not be available and there is the risk that the New Charter will not contain certain of the proposed amendments as described herein. See "*Risk Factors — Risks Relating to the Restructuring — Certain provisions of the New Charter may not comply with the requirements of Kazakhstan law and shareholders of the post-restructured Bank may therefore not receive the protections afforded by the New Charter described in this Information Memorandum*".

Under the proposed terms of the New Charter, the Board of Directors will be comprised of one CS Director, one Creditor Director and four directors appointed by Samruk-Kazyna. For a description of the approval and replacement procedures for the Directors, see "*Management and Corporate Governance — Management and Corporate Governance Following the Restructuring — Board of Directors*".

As currently proposed, the New Charter will amend the existing Charter to provide that the following matters require the approval of shareholders holding at least 75.0 per cent. of the total number of Common Shares of the Bank and, in the event that Samruk-Kazyna or its controlled investments hold Common Shares representing more than 70.0 per cent. of the share capital of the Bank, the approval of no fewer than four shareholders (with affiliates counting as a single shareholder for this purpose):

- any change to the Bank's New Corporate Governance Code;
- the grant of any share option or right to subscribe, acquire or convert securities into Shares;

- approval of a public offering of equity securities of the Bank;
- adoption of a decision on the voluntary de-listing of the Shares of the Bank;
- adoption of a decision on the issuance or sale of Shares;
- approval of the terms and procedure of conversion of the securities of the Bank into Shares, as well as amendments thereto;
- any change within three years of the completion of the Restructuring to the number of directors on the Bank's Board of Directors; and
- any removal within three years of the completion of the Restructuring of either the Creditor Director or the CS Director other than for incapacity or gross misconduct or in the event of such a permitted removal, doing so without the appointment of a successor (see "*Management and Corporate Governance — Management and Corporate Governance Following the Restructuring — Board of Directors*"); and
- entrance into any reorganisation or liquidation of the Bank.

In addition, as currently proposed, the New Charter will provide that the following matters will require the approval of no less than five out of the six directors (or if less than six directors are in attendance at a meeting at which not less than six Business Days' notice has been given, by a unanimous decision of all directors present at the Board of Directors' meeting (in person or by telephone)):

- any change of the independent compliance auditor or change to its terms of reporting and responsibilities;
- any change to the Bank's auditors;
- adoption of a decision to de-list any bonds issued by the Bank;
- issuance of bonds and derivative securities of the Bank (excluding the New Notes issued as part of the Restructuring) including the approval of terms of issue;
- delegation of any powers of the Board of Directors to a committee or otherwise;
- approval, change to the term of office or premature termination of such term of office of the Chairman of the Board of Directors of the Bank, the Bank's Chief Executive Officer and the Bank's Chief Financial Officer and election of the Bank's Chief Executive Officer;
- transfer of any material part of the assets of the Bank, the value of which exceeds 25.0 per cent. of the value of the Bank's total assets;
- acquisition or disposal of any assets, property, shares or participatory interests in the charter capital of any legal entity at a total value (per transaction or when aggregated with all other such acquisitions or disposals in the same financial year of the Bank) of more than 10.0 per cent. of the own capital of the Bank;
- adoption of a decision to enter into any of the following transactions if the transaction value exceeds U.S.$10 million (i) any intra-group borrowing, lending or guarantees, related party transactions (including transactions with any entity owned by Samruk-Kazyna) or similar transactions, (ii) any agreement not on bona fide arm's length terms or (iii) any agreement (apart from an employment contract) with any director or employee (or person connected with a director or employee) or with any shareholder of the Bank or with any associate (not being another group company) of a shareholder of the Bank or similar transactions.
- increase of the Bank's liabilities by an amount in excess of 10.0 per cent. or more of its equity capital; and
- any decision on whether to proceed with litigation in respect of the T Bills. See "*Risk Factors — Risks Relating to the Bank — Internal control weaknesses have been evidenced by several transactions in the past and other unusual transactions may be uncovered in the future*".

Finally, under the New Charter as currently proposed, the following matters will require approval by a simple majority of the directors present at the meeting of the Board of Directors (in person or by telephone):

- any change to the Bank's credit approval and decision making procedures or approval of any waiver or derogation from those procedures (save for matters below a threshold agreed by the Board that may be delegated to an appropriate identified officer or committee);

- adoption of a decision on the repurchase by the Bank of issued Shares and other securities and on the price of their repurchase;
- approval of the prospectus for the issuance of any securities of the Bank and any amendments thereto;
- approval, change to the number or term of office, election or premature termination of such term of office of the Management Board, other than the Chairman of the Management Board of the Bank, the Bank's Chief Executive Officer and the Bank's Chief Financial Officer;
- determination of salaries and terms of remuneration and bonuses for the Chief Executive Officer and members of the Management Board, except with respect to remuneration packages above a level to be agreed which will be determined by the Human Resources and Remuneration Committee (independent directors only);
- approval of and amendment to any salaries or any incentive, bonus or commission arrangements for any senior executives of the Bank or any other person where the total package exceeds a level to be agreed, except with respect to remuneration packages above a level to be agreed which will be determined by the Human Resources and Remuneration Committee (independent directors only);
- participation in any partnership, joint venture or profit or revenue sharing arrangement;
- adoption of a decision to enter into any of the following transactions if the transaction value is greater than U.S.$2 million but equal to or less than U.S.$10 million (i) any intra-group borrowing, lending or guarantees, related party transactions (including transactions with any entity owned by Samruk-Kazyna) or similar transactions, (ii) any agreement not on bona fide arm's length terms or (iii) any agreement (apart from an employment contract) with any director or employee (or person connected with a director or employee) or with any shareholder of the Bank or with any associate (not being another group company) of a shareholder of the Bank or similar transactions; and
- entrance into any agreement with a value in excess of 10.0 per cent. of the equity capital of the Bank or with a term of five years or more.

As currently proposed, the New Charter will provide that one CS Director or Creditor Director may sit on any committee of the Board of Directors (including the Corporate Management and Appointments Committee, Human Resources and Remuneration Committee, Audit Committee and Risk Committee).

Voting Rights

Subject to any rights or restrictions attached to any class of Shares by or in accordance with the Charter, on a show of hands, each holder of Common Shares present in person or by proxy has one vote. No holder of Preference Shares shall be entitled to vote except in limited circumstances. A minority shareholder (that is, a shareholder having less than 10.0 per cent. of the voting Shares of the Bank) is permitted to join its votes with other shareholders on the terms and conditions to be set out in the agreement between the Bank and the registrar.

Every holder of Common Shares present in person or by proxy shall have one vote for each fully paid Common Share of which he is the holder. Holders of Preference Shares shall not be entitled to vote except in the circumstances set out below under "*Description of Share Capital and Certain Matters of Kazakhstan Law — Rights of Holders of Preference Shares*".

No resolution of shareholders in writing shall be effective without a quorum (which is persons holding 50.0 per cent. or more of the voting share capital of the Bank) or, for an adjourned meeting called in absence of the 50.0 per cent. quorum, persons holding 40.0 per cent. or more of the voting share capital of the Bank.

Dividends and Other Distributions

The JSC Law sets out the procedure for determining dividends that may be distributed by the Bank to its shareholders. Subject to the provisions of the JSC Law, the General Meeting of Shareholders may declare dividends to be paid to holders of the Bank's Common Shares by simple majority vote. Under the JSC Law, the Bank may distribute dividends to the holders of its Common Shares annually or based on its quarterly or semi-annual results (subject to all JSC Law requirements therefor).

The JSC Law prohibits the payment of dividends if a company's "own capital" is negative or would become negative as a result of such payment or if the Bank is insolvent under Kazakhstan bankruptcy legislation or would become so as a result of such a payment. No dividend may be paid to the holders of any Common Share unless all outstanding dividends declared to be payable to the holders of the Preference Shares have been paid in full.

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Bank's Shares will, under the JSC Law, be entitled to participate in any surplus assets on a winding-up in proportion to their shareholdings.

For details of dividends on Preference Shares, see "*Description of Share Capital and Certain Matters of Kazakhstan Law — Rights of Holders of Preference Shares*" below.

Variation of Rights

Under the JSC Law, the rights of holders of common and preference shares may be extended by a company's charter (although the Charter does not extend such rights), but these rights cannot be restricted.

Rights of Holders of Preference Shares

Currently a Preference Share gives to its holder the right to:

- a fixed annual dividend of not less than KZT 1,000 per Preference Share, *provided always that* it shall be not less than the dividend paid on Common Shares in the same period; and
- participate in the Bank's assets on a winding up after satisfaction of the claims of the Bank's creditors. The holders of the Preference Shares will receive payment of that entitlement prior to the holders of Common Shares and after satisfaction of the Bank's obligations to buy back its Shares.

Following the Restructuring, the Bank expects to change certain terms of its Preference Shares. See "*Terms of the Options — Equity*".

A Preference Share does not give its holder the right to vote at a General Meeting of Shareholders, except:

- at a General Meeting of Shareholders that considers any issue whose decision may lead to the limitation of the rights of holders of Preference Shares. Decisions on such issues may be taken only if approved by holders of not less than two-thirds of the outstanding Preference Shares (excluding Preference Shares purchased by the Bank);
- at a General Meeting of Shareholders that reviews a question concerning the reorganisation of the Bank or its winding up; and
- if the relevant dividend on a Preference Share is not paid in full within three months from the date stipulated for its payment, such right to continue until all dividends that have accrued and are payable to the holder of the relevant Preference Share are paid.

Each holder of Preference Shares who has the right to vote at a General Meeting of Shareholders and is present thereat in person or through his representative shall have one vote for each Preference Share held.

Transfer of Shares

To transfer a Share on the over-the-counter market, the holder (or its representative) must sign a written order and submit it to the registrar or its nominee for execution, or give suitable electronic instructions as permitted by Kazakhstan law. The other party to the transaction or its nominee will execute a buy order by pairing it with a sell order. Transfer of Shares on the organised securities market must be done in accordance with the rules of such market.

All dealings in the Shares must be registered by way of making entries in the personal accounts in the registry system or the nominee's books. Legal title to a Share vests from the moment when the transaction is so registered (unless each party to the transaction has a different nominee, in which case legal title transfers at the moment when the transaction is registered in the personal accounts of each nominee in the KCD).

An extract from the personal account of a shareholder in the registry system or a nominee's books is evidence of that holder's legal right to a Share.

A registrar or its nominee can refuse to register a transfer of Shares if the documents submitted do not conform to legislative requirements and its internal requirements.

In addition, the FMSA has the right (by notifying the relevant issuer, the registrar and the KCD) to suspend trading in securities listed on the KASE by blocking all or certain personal accounts in the registry or nominee systems if legal requirements establishing (i) the rights and interests of investors when acquiring securities; or (ii) the terms and procedures for trading securities have been violated.

A fee will ordinarily be payable to the registrar or nominee for registering the transfer, under contractual terms.

Authority to Allot Shares

Under the JSC Law, the Board of Directors may allot Shares by a resolution of the Board. Any decision must state the number and the price of the Shares, the manner of subscription and qualification requirements to investors.

Alteration of Share Capital

The Bank may from time to time by a three-quarters majority vote of holders of the voting share capital of the Bank at a General Meeting of Shareholders (but by no other method) increase its authorised share capital. The Board of Directors may issue and place Shares up to the authorised number of Shares.

Unpaid and Bought-Back Shares

The JSC Law states that, until a Share is paid in full, the Bank must not instruct the registrar to credit the Share to the personal account of the would-be acquirer. Instead, the Share will be credited to the personal account of the Bank itself with the registrar. Therefore, a Share cannot be placed unless it is fully paid up.

Shares which have been bought back by the Bank are credited to another special account of the Bank with the registrar.

No dividends accrue or are payable on issued Shares that have not yet been placed or Shares bought back by the Bank. Such Shares are not counted for the purposes of determining a quorum and do not carry the right to vote.

Purchase of Own Shares

Subject to the JSC Law and without prejudice to any relevant special rights attached to any class of Shares, the Bank may purchase any of its own Shares of any class in any way and at any price (whether at par or above or below par) using a valuation methodology which has been approved in advance by a General Meeting of Shareholders. Any such purchase must be effected with the consent of the relevant shareholder. Shares purchased by the Bank will be credited to the Bank's account with the registrar.

The Bank cannot purchase any of its Shares which are being placed in a primary offering, and cannot purchase its own Shares before confirmation by the FMSA of the results of the placement of Shares.

Subject to the JSC Law, a shareholder may request the Bank to buy back Shares belonging to the shareholder, which the Bank must do within 30 days of receipt by it from the shareholder of a duly formalised request.

Shares being bought back by the Bank cannot exceed 25.0 per cent. of the total number of issued Shares of the Bank, and the purchase price cannot exceed 10.0 per cent. of the size of the Bank's own capital.

Pre-emption Rights

Under the JSC Law, a shareholder of the Bank has a pre-emptive right to acquire any newly placed Shares of the Bank (including newly issued Shares or Shares previously bought back). Accordingly, holders of Common Shares have pre-emptive rights on newly issued Common Shares or securities convertible into Common Shares and holders of Preference Shares have pre-emptive rights on newly issued Preference Shares.

Within 10 days from the date upon which the Bank takes a decision to issue new Shares, it must make an offer to each existing shareholder (either by written notification or by way of publication in the mass media) to

acquire the new Shares *pro rata* to its shareholding at the placement price established by the Bank in the decision. Each shareholder then has 30 days from the date of such notification or publication to submit an application to acquire such Shares (i.e., to exercise its pre-emptive right). Upon the expiry of such period, the right to submit such an application will lapse.

The FMSA has in the past taken the position that persons not holding Shares and therefore not disclosed in the register of the KCD, such as the holders of GDRs, are not entitled to the pre-emptive rights attaching to the underlying Shares. Although the FMSA currently takes the position that holders of GDRs are entitled to such rights (and although there is nothing under current Kazakhstan law that would prevent GDR holders from exercising the pre-emptive rights that are attached to the underlying Shares), there is no guarantee that the FMSA will not reverse this position in the future.

General Meetings

The Board of Directors must convene and the Bank must hold extraordinary general meetings of shareholders and annual general meetings of shareholders in accordance with the requirements of the JSC Law. The Board of Directors may call extraordinary general meetings of shareholders at such times as it determines. In addition, an extraordinary general meeting should be convened by the Board of Directors on the written request of any holder of Shares representing not less than 10.0 per cent. of the issued Shares.

Shareholders are entitled to receive not less than 30 (45 in the event of a meeting in absence pursuant to the absentee voting procedure) days' notice of any general meeting.

The General Meeting of Shareholders has exclusive competence to determine certain matters, including, but not limited to, the following:

(a) the introduction of amendments and supplements to, or the approval of new versions of, the Charter;

(b) the voluntary reorganisation or winding up of the Bank, including any change in the Bank's status as a Kazakhstan joint stock company;

(c) any increase in the amount of authorised Shares of the Bank or any change in the class of any authorised Shares of the Bank which have not been issued or placed;

(d) the determination of the scope and the expiry dates of the powers of the Board of Directors, the selection of members of the Board of Directors and early termination of their powers, as well as determination of the amount and payment terms of remuneration to members of the Board of Directors;

(e) the appointment of an auditor of the Bank;

(f) approval of annual financial statements and the amount of the annual dividend paid on Shares, if any;

(g) determination of conditions and procedures for converting the Bank's securities or amending the rights attached to such securities; and

(h) if such decision may not be taken by the Board of Directors, decisions on behalf of the Bank to conclude any transaction by the Bank with any affiliate of the Bank.

Matters referred to in paragraphs (a) to (c) above shall require the approval by a qualified majority of shareholders.

The General Meeting of Shareholders has the right to cancel any decision made by any other management body of the Bank on issues related to the internal organisation of the Bank.

Directors

The Board of Directors must comprise no fewer than three persons, of which no fewer than one third should be independent directors. Members of the Board of Directors are appointed by shareholders by way of cumulative voting (whereby each shareholder has a right to give the votes owned by such shareholder completely to one candidate or to be distributed among several candidates to the Board of Directors). Candidates receiving a majority of votes are appointed to the Board of Directors. If two or more candidates gain an equal number of votes then an additional election is carried out with regard to such candidates.

The quorum required for a duly convened meeting of the Board of Directors shall be not less than half of the members of the Board of Directors. Each member of the Board of Directors has one vote. Decisions of the Board of Directors are made by a simple majority of votes of the members present at the meeting.

A General Meeting of Shareholders has the right to terminate at any time the powers of all or any members of the Board of Directors and to remove any member of the Board of Directors from office.

The Board of Directors has exclusive competence to determine certain matters including the following:

- the allotment of Shares, including the price, number and the manner of subscription of the Shares to be placed and qualification requirements for investors;
- the powers of the Management Board, the selection of the Chairman of the Management Board and members of the Management Board, and early termination of their powers;
- the remuneration and bonuses to be paid to the members of the Management Board;
- any agreements concerning major transactions of the Bank (being a transaction or combination of interrelated transactions which result or may result in the purchase or disposal by the Bank of assets representing 25.0 per cent. or more of the total value of the Bank's assets), transactions resulting in an increase of the Bank's liabilities by an amount equal to or exceeding 10.0 per cent. of the Bank's net worth, related party transactions and acquisitions of 10.0 per cent. or more of the voting shares of other legal entities;
- the establishment of the general terms and conditions of the Bank's operations and approval of certain internal regulations; and
- the establishment of the Bank's strategic plan, annual operation plan, annual budget, business plan and investment plan.

Remuneration of Directors

The remuneration of the members of the Board of Directors shall be determined by the General Meeting of Shareholders. The Chairman of the Board of Directors should inform shareholders of the amount and composition of the remuneration of directors and the members of the Management Board of the Bank.

Conflicts of Interest of Directors

A member of the Board of Directors cannot participate in discussions or vote on any transaction between the Bank and:

- himself or any connected persons;
- any legal entity in which she/he or any connected persons has a material interest in, or is otherwise affiliated with; or
- any legal entity in which she/he or any connected persons is a director or manager.

Disclosure of Beneficial Ownership

A list of shareholders that have the right to participate in a meeting of shareholders and vote at the meeting will be prepared by the Bank's registrar on the basis of information recorded in the register of shareholders of the Bank. Any shareholder holding Shares through a nominee and whose identity is not disclosed to the KCD shall not be entitled to vote at a meeting of shareholders.

Ownership of the Shares is also subject to certain legislative restrictions under Kazakhstan law. Specifically (i) legal entities registered in certain specified offshore jurisdictions such as Andorra, Liechtenstein, Liberia, Monaco and the Marshall Islands or which have affiliates registered in such jurisdictions (except for international banks having a credit rating of "A" or above from certain rating agencies); or (ii) natural persons who are participants or shareholders in such legal entities, may not directly or indirectly own voting Shares in the capital of the Bank. Accordingly, holders of the Shares falling under (i) or (ii) above are not entitled to vote at meetings of shareholders and cannot own, hold or dispose of the Shares.

Although the Bank has been advised that such restrictions should not prevent a holder of Shares registered in any such jurisdiction (or which has an affiliate registered in such jurisdiction) from exercising or benefiting

from other rights (including the right to receive dividends and pre-emptive rights in respect of the non-voting Shares) there is no guarantee that the FMSA or any other relevant authority such as a Kazakhstan court will not take a different view thereby restricting all such holders of Shares from exercising or benefiting from such shareholder rights. Moreover, there can be no assurance that the FMSA or any other relevant authority would not interpret the foregoing legislation as restricting such entities or persons from owning the Shares. In addition, any natural person or legal entity becoming a "major shareholder" or, for legal entities, a "bank holding" company in relation to the Bank should obtain prior written permission of the FMSA. A major shareholder or bank holding company means a person directly or indirectly owning or holding 10.0 or 25.0 per cent. respectively, of the voting Shares or who can otherwise influence the decisions of the Bank on the basis of an agreement or otherwise as set out by the FMSA regulations.

In addition, any person acquiring 10.0 per cent. or more of the voting shares of the Bank is considered an affiliate of the Bank and must disclose its identity to the Bank. Information about the identity of an affiliate is public information.

Mandatory Offers

Under the JSC Law a person either alone or jointly with its affiliated persons who acquired 30.0 per cent. or more of the voting Shares is required to make an offer to the remaining shareholders to buy out their Shares at no less than the market price. Any failure by the acquirer to make such an offer would result in the acquirer being obligated to reduce its shareholding to below 29.0 per cent.

Related Party Transactions

Related party transactions should be approved by a majority of non-interested members of the Board of Directors or, if all directors are interested, by the decision of a meeting of shareholders made by a majority of non-interested shareholders or by a simple majority vote if all shareholders are interested.

GLOBAL DEPOSITARY RECEIPTS

The Bank has entered into a deposit agreement dated 19 July 2007 (together with a letter agreement of the same date) with The Bank of New York as depositary under the Bank's GDR programme. The Bank is considering making the following amendments to this agreement:

- removing the existing requirement to maintain a listing for the GDRs on the London Stock Exchange or another internationally recognised stock exchange, thereby converting the GDR programme into an unlisted programme and
- extending the type of shares that may be deposited in exchange for new GDRs to include deposits of Preference Shares. The agreement currently only provides for the deposit of Common Shares.

The Bank and the Bank of New York have not entered into any agreement in respect of these amendments and the Bank cannot guarantee they will be made.

TAXATION

The following summary covers only certain taxation matters in Kazakhstan and does not cover taxation matters in any other jurisdiction.

The following summary of certain Kazakhstan taxation matters is based on the laws and practice in force as at the date of this Information Memorandum and is subject to any changes in the law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of New Notes and Shares, and does not purport to deal with the tax consequences applicable to all categories of Claimants, some of which may be subject to special rules. Save as otherwise indicated, this summary addresses only the position of Claimants who do not have any connection with Kazakhstan other than a holding of New Notes or Shares.

Each Creditor is urged to consult its own tax adviser as to the particular tax consequences to such Creditor relating to the Restructuring Plan and selecting Options, including the applicability and effect of tax laws or tax treaties in any relevant jurisdiction, and of pending or proposed changes in applicable tax laws as at the date of this Information Memorandum, and of any actual changes in applicable tax laws after such date, and to seek specialist Kazakhstan tax advice as necessary.

This summary discusses the Kazakhstan tax consequences of the acquisition, ownership and disposal of New Notes and Shares. In general, Kazakhstan tax legislation with respect to the taxation of securities and financial instruments is not well developed, and in many cases the exact scope of Kazakhstan tax, compliance rules and enforcement mechanisms is unclear or open to different interpretations.

The only tax that may under certain circumstances apply in Kazakhstan to the above transactions is income tax. No other taxes or duties should be levied in Kazakhstan with respect to the above transactions. For all relevant purposes of this summary, except as noted below (*e.g.*, in relation to treaty relief in respect of dividends), legal entities and individuals are subject to similar income tax treatment.

Shares

Tax Residence

Non-resident persons will not become resident in Kazakhstan for Kazakhstan tax purposes by reason only of the acquisition, ownership or disposal of the Shares. Therefore, under Kazakhstan tax law, holders of the Shares should be taxed only on their income earned from sources in Kazakhstan, rather than their worldwide income.

References to holders of the Shares in this summary mean legal owners of such Shares. This summary assumes that no holders of the Shares are resident in Kazakhstan for tax purposes.

Exempt Disposals of Shares

The new Tax Code came into effect in Kazakhstan on 1 January 2009. Under the new Tax Code, generally all disposals and acquisitions of the Shares are exempt from any tax payment, reporting or compliance requirements in Kazakhstan, except where disposal is made to a Kazakhstan resident (or a non-resident with a permanent establishment in Kazakhstan) by a transferor registered in a country with a favourable tax regime (e.g., Cyprus, Liechtenstein, Luxembourg, Nigeria, Malta, Aruba, etc.). In addition, any income derived from open sales of the Shares on a Kazakhstan stock exchange or foreign stock exchange is tax exempt, *provided that* such Shares are admitted to the official lists of such stock exchanges at the time of sale. The tax treatment of all disposals that do not qualify for such exemption is discussed below.

Taxable Disposals of Shares

This discussion applies only to disposals that are not exempt as described above.

Treatment of Acquirer

Non-resident buyers or other transferees (including recipients of gifts or inheritances) of the Shares are not subject to Kazakhstan income tax upon acquisition of the Shares.

Treatment of Transferor

If the disposal of the Shares is made to a Kazakhstan resident (or a non-resident with a permanent establishment in Kazakhstan) and the transferor is registered in a country with a favourable tax regime, the net gain realised from such a disposal is subject to withholding tax in Kazakhstan at the rate of 20.0 per cent. Disposals include sales, exchanges and gifts.

Taxation of Dividends

Under the Tax Code, dividends paid on the Shares are exempt from any tax payment, reporting or compliance requirements in Kazakhstan if the Shares are admitted to the official list of a Kazakhstan stock exchange on the date of the accrual of such dividends. In addition, if a holder has been holding shares of a company for longer than three years, dividends payable on such shares become exempt from any tax payment, reporting or compliance requirements in Kazakhstan starting from the fourth year of holding such shares.

If dividends paid on the Shares are not exempt, such dividends are subject to withholding tax at the rate of 15.0 per cent. The withholding tax is applied to the gross amount of dividends without allowance for any deductions and satisfies all Kazakhstan income tax obligations with respect to dividends. Holders of Shares should not be subject to any other tax reporting, payment, registration or compliance requirements with respect to dividends paid on the Shares.

Holders of Shares who are resident in countries with which Kazakhstan has bilateral taxation treaties may be entitled to a reduced rate of withholding tax. Depending on the country of residence and satisfaction of certain other conditions, the dividend withholding tax rates under Kazakhstan's bilateral tax treaties in effect as at the date of this Information Memorandum may be between 5.0 per cent. and 15.0 per cent. Under bilateral tax treaties effective on the date of this Information Memorandum, reductions below 10.0 per cent. may be available only to beneficial owners that are legal entities.

In order to avail themselves of this relief, eligible holders must provide the Bank with a document issued by the tax authority of their country of residence confirming their tax residence in a treaty jurisdiction.

If the above document is not made available to the Bank prior to the date of payment of the dividends, then the Bank should apply withholding tax at a standard 15.0 per cent. rate and account for the withheld amounts to the relevant authority. Holders who are eligible for a lower withholding tax rate should later be able to claim a refund of overpaid tax from the government of Kazakhstan. In doing so, they should provide the respective tax authority with a tax residence confirmation. In practice, however, this process may prove to be administratively burdensome.

New Notes

Under Kazakhstan law as presently in effect, payments of interest on the New Notes to an individual who is a non-resident of Kazakhstan or to a legal entity that (i) is not established in accordance with the legislation of Kazakhstan, (ii) does not have its actual governing body (place of actual management) in Kazakhstan, (iii) does not maintain a permanent establishment in Kazakhstan and (iv) otherwise has no taxable presence in Kazakhstan (together, "non-Kazakhstan holders") will be subject to withholding tax at a rate of 15.0 per cent. unless the New Notes are listed, as at the date of accrual of interest, on the official list of a stock exchange operating in the territory of Kazakhstan. Payments of interest on the New Notes to non-Kazakhstan holders registered in specified countries with a favourable tax regime (such as Cyprus, Liechtenstein, Luxembourg, Nigeria, Malta, Aruba and others) will be subject to the Kazakhstan withholding tax at a rate of 20.0 per cent.

Non-Kazakhstan holders who are resident in countries with which Kazakhstan has bilateral taxation treaties may be entitled to a reduced rate of withholding tax.

Gains realised by non-Kazakhstan holders derived from the disposal, sale, exchange or transfer of the New Notes will be subject to withholding tax at a rate of 15.0 per cent. unless such New Notes are listed as at the date of sale on the official list of a stock exchange operating in the territory of Kazakhstan or foreign stock exchange and sold through an open auction on such stock exchange. If the disposal of the New Notes is made to a Kazakhstan resident (or a non-resident with a permanent establishment in Kazakhstan) and the transferor is registered in a country with a favourable tax regime, the net gain realised from such a disposal is subject to withholding tax in Kazakhstan at the rate of 20.0 per cent.

Debt Cancellation

Partial cancellation of indebtedness, including as a result of an exchange of the existing debt instruments into new instruments, would be a taxable event for the Bank. The Bank would be liable to pay tax at the rate of 20.0 per cent. (17.5 per cent. from 1 January 2010 to 1 January 2011 and 15.0 per cent. from 1 January 2011 onwards) on the amount of the cancelled indebtedness.

Under Kazakhstan law, an exchange of the existing debt instruments into new instruments of the Bank would not have any tax consequences for the Claimants.

ISSUANCE AND TRANSFER RESTRICTIONS

United States

The New Notes and Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States or other jurisdiction and may not be offered, sold, pledged or otherwise transferred except (i) to a person who is located outside the United States and is not a U.S. Person, in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act or (ii) in a transaction exempt from, or not subject to, the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. Any future sale, offer, pledge or transfer of the New Notes and Shares will also be subject to (i) and (ii) above.

Therefore, by electing to receive New Notes or Shares, a Claimant will be required, unless in any instance the Bank otherwise agrees, to represent, acknowledge and agree that:

(1) the New Notes and Shares have not been and will not be registered under the Securities Act or any other securities laws and are being offered in transactions not involving any public offering in the United States; and

(2) unless so registered, the New Notes and Shares may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in the first paragraph under the heading "Issuance and Transfer Restrictions".

(3) it is not, nor is it acting on behalf of, an affiliate of the Bank or acting on the Bank's behalf and that it is either:

(i) not a U.S. Person or acting for the account or benefit of a U.S. Person, it is located outside the United States and it acknowledges that until the expiration of the period which expires on and includes the 40th day after the later of the commencement of the offering of the New Notes and Shares and the Closing Date (the "distribution compliance period"), any offer or sale of these New Notes or Shares shall not be made by it (a) to a person whom it reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A or (b) to a person that is not a U.S. Person or acting for the account or benefit of a U.S. Person in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; and, in each case, accordance with any applicable securities laws of any state of the United States or any other jurisdiction; or

(ii) an Accredited Investor and, if it is participating on behalf of one or more investor accounts, each of these investor accounts is an Accredited Investor, and it:

- is acquiring the New Notes and Shares for investment, in the normal course of its business, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act;
- invests in or purchase securities similar to the New Notes and Shares and it has such knowledge and experience in financial and business matters that makes it capable of evaluating the merits and risks of acquiring the New Notes and Shares; and
- is aware that it (or any of these investor accounts) may be required to bear the economic risk of an investment in the New Notes and Shares for an indefinite period of time and it (or that investor account) is able to bear this risk for an indefinite period; or

(iii) it is a QIB, and, if it is participating on behalf of one or more investor accounts, each of these investor accounts is a QIB;

(4) it understands that the New Notes will bear a legend to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. BY ACCEPTANCE OF THE SECURITY REPRESENTED HEREBY, EACH BENEFICIAL OWNER HEREOF REPRESENTS THAT (A) IT IS EITHER (I) NOT A U.S. PERSON AND IS LOCATED OUTSIDE THE UNITED STATES AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT; OR (II) AN ACCREDITED INVESTOR AS DEFINED IN RULE 501(a) OF REGULATION D UNDER THE SECURITIES ACT ("AN ACCREDITED INVESTOR") OR (III) A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("QIB") AND (B) THE SECURITY MAY NOT BE

OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (I) OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS AS DEFINED IN, AND IN ACCORDANCE WITH, REGULATION S AND (II) WITHIN THE UNITED STATES IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QIB; AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR RESALES OF THIS SECURITY.

THIS SECURITY AND ALL RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFERS OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF THIS SECURITY. THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

(5) if it is a QIB or an Accredited Investor, it understands that the New Notes offered pursuant to an exemption from the Securities Act other than Regulation S will be represented by a Restricted Global Note. Before any interest in any Restricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note, it will be required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

(6) if it has elected to participate in compliance with Regulation S, it understands that the New Notes will be represented by an Unrestricted Global Note. Prior to the expiration of the distribution compliance period, before any interest in any Unrestricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Note, it will be required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

(7) the Bank, the Registrar, the Trustee and the Principal Paying and Transfer Agent and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Transfer Restrictions

The New Notes and Shares issued to persons in the United States are transferable in the United States only to QIBs in a transaction meeting the requirements of Rule 144A or outside the United States under Regulation S. Because of the following restrictions, such persons are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such New Notes and Shares.

Each subsequent purchaser or transferee of New Notes and Shares in the United States or that is a U.S. Person will be deemed to have represented, agreed and acknowledged as follows:

(i) the purchaser (a) is a QIB, (b) is acquiring the New Notes and Shares for its own account or for the account of such a QIB and (c) such person is aware that the sale of the New Notes and Shares to it is being made in reliance on Rule 144A or another exemption from the registration under Securities Act;

(ii) the New Notes and Shares have not been and will not be registered under the Securities Act or any other securities laws and are being offered in transactions not involving any public offering in the United States;

(iii) unless so registered, the New Notes and Shares may not be reoffered, resold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, except in accordance with the restrictions set forth above; and

(iv) it understands that the New Notes offered pursuant to an exemption from the Securities Act will be represented by a Restricted Global Note. Before any interest in any Restricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note, it will be required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws;

(v) each Restricted Global Note and any Restricted Note Certificates issued in exchange for an interest in a Restricted Global Note will bear the same legend as set forth in above, unless the Bank determines otherwise in accordance with applicable law; and

(vi) the Bank, the Registrar, the Trustee and the Principal Paying and Transfer Agent and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each subsequent purchaser or transferee of the New Notes or Shares in re-sales during the distribution compliance period will be deemed to have represented, agreed and acknowledged as follows:

(i) it is, or at the time New Notes and Shares are purchased will be, the beneficial owner of such New Notes and Shares and it is not a U.S. Person and it is located outside the United States (within the meaning of Regulation S);

(ii) it understands that such New Notes and Shares 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 New Notes or Shares (a) to a person whom it reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A or (b) to a person that is not a U.S. Person or acting for the account of benefit of a U.S. Person in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; and, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; and

(iii) it understands that the New Notes will be represented by an Unrestricted Global Note. Prior to the expiration of the distribution compliance period, before any interest in any Unrestricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Note, it will be required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

(iv) the Bank, the Registrar, the Trustee and the Principal Paying and Transfer Agent and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

If you wish to participate in the Restructuring Plan, and you are a Claimant who is a U.S. Person and are not an Eligible Investor, please contact the Bank on +7 727 258 4040 extension 52432 or investorrelations@alb.kz.

FORM OF THE NEW NOTES DENOMINATED IN DOLLARS AND PROVISIONS RELATING TO SUCH NOTES IN GLOBAL FORM

The following information relates to the form of the New Notes denominated in Dollars and to such New Notes when in global form. In this section, references to "New Notes" are to New Notes denominated in U.S. Dollars. Appropriate information relating to New Notes denominated in Tenge will be set forth in a supplement to this Information Memorandum containing the Terms and Conditions of the New Notes denominated in Tenge.

1. Form of the New Notes

All New Notes will be in registered form, without interest coupons attached. New Notes offered and sold outside the United States in reliance on Regulation S to persons who are not U.S. Persons will be represented by interests in an Unrestricted Global Note, in definitive fully registered form, without interest coupons attached, which will be deposited on or about the Closing Date with the Common Depositary, acting through its London branch, as common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of its nominee, as nominee for such common depositary in respect of interests held through Euroclear and Clearstream, Luxembourg.

New Notes allocated to Eligible Investors will be represented by interests in a Restricted Global Note, in fully registered form, without interest coupons attached, which will be registered in the name of Cede & Co., as nominee for, and which will be deposited on or about the Closing Date with a custodian for DTC. Each Restricted Global Note (and any Note Certificates issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Note as set forth under paragraph (4) in the section entitled "*Issuance and Transfer Restrictions*".

Each Unrestricted Global Note will have an ISIN number and a Common Code and each Restricted Global Note will have a separate CUSIP number.

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

2. Notices

So long as any New Note is represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holder of such New Note may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders except that so long as the New Notes are listed on the Luxembourg Stock Exchange or the KASE and the rules of such Exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg or Kazakhstan.

3. Transfers between Global Notes

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

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

Any beneficial interest in either a Restricted Global Note or any Unrestricted Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note will, upon

transfer, cease to be a beneficial interest in such Global Note and become a beneficial interest in the other Global Note and, accordingly, will thereafter be subject to the transfer restrictions set out in the section entitled "*Issuance and Transfer Restrictions*" and other procedures applicable to a beneficial interest in such other Global Note for so long as such person retains such an interest.

4. Exchange of Interests in Global Notes for Note Certificates

A Restricted Global Note will become exchangeable, free of charge to the holder, in whole but not in part, for Restricted Note Certificates if DTC (i) notifies the Bank that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to a Restricted Global Note or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Bank is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC or (ii) an Event of Default (as defined and set out in Condition 12 (*Events of Default*) of the relevant New Notes) occurs. In such circumstances, such Restricted Note Certificates shall be registered in such names as DTC shall direct in writing and the Bank will procure that the Registrar notify the holders as soon as practicable after the occurrence of the events specified in (i) and (ii).

An Unrestricted Global Note will become exchangeable, free of charge to the holder, in whole but not in part, for Unrestricted Note Certificates if (i) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so or (ii) an Event of Default occurs. In such circumstances, such Unrestricted Note Certificates will be registered in such names as Euroclear and Clearstream, Luxembourg shall direct in writing and the Bank will procure that the Registrar notify the holders as soon as practicable after the occurrence of the events specified in (i) and (ii).

In the event that a Restricted Global Note is to be exchanged for Restricted Note Certificates or an Unrestricted Global Note is to be exchanged for Unrestricted Note Certificates the relevant Global Note shall be exchanged in full for the relevant Note Certificates and the Bank 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 Note Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders.

On exchange, a person having an interest in a Global Note must provide the Registrar with (i) a written order containing instructions and such other information as the Bank and the Registrar may require to complete, execute and deliver such Note Certificates and (ii) in the case of a Restricted Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Note Certificates issued in exchange for a beneficial interest in the Restricted Global Note shall bear the legends applicable to transfers pursuant to Rule 144A, as set out in "*Issuance and Transfer Restrictions*". Restricted Note Certificates issued as described above will not be exchangeable for beneficial interests in a Unrestricted Global Note and Unrestricted Note Certificates issued as described above will not be exchangeable for beneficial interests in a Restricted Global Note.

In addition to the requirements described under "*Form of the New Notes Denominated in Dollars and Provisions Relating to Notes in Global Form — Transfer between the Global Notes*" above, the holder of a Note may transfer such Note only in accordance with the provisions of Conditions of the New Notes.

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

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

5. Euroclear, Clearstream, Luxembourg and DTC Arrangements

Custodial and depositary links have been established between Euroclear, Clearstream and DTC to facilitate the initial issue of the New Notes and cross-market transfers of the New Notes associated with secondary market trading.

Euroclear and Clearstream

Euroclear and Clearstream each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Payments with respect to book-entry interests in the New Notes held through Euroclear or Clearstream will be credited, to the extent received by the Principal Paying and Transfer Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

DTC

DTC has advised the Bank as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC participants (including Euroclear and Clearstream) and facilitates the clearance and settlement of securities transactions between DTC participants through electronic computerised book entry changes in DTC participants' accounts. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organisations. Indirect access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Holders of book entry interests in the New Notes holding through DTC will receive, to the extent received by the Principal Paying Agent, all payments with respect to book entry interests in the New Notes from the Principal Paying Agent through DTC and DTC participants. Distributions in the United States may be subject to relevant U.S. tax laws and regulations. ***Each Creditor is urged to consult its own tax adviser as to the particular tax consequences to such Creditor relating to the Restructuring Plan and selecting Options, including the applicability and effect of tax laws or tax treaties in any relevant jurisdiction.***

As DTC can act on behalf of DTC direct participants only, who in turn act on behalf of DTC indirect participants, the ability of beneficial owners who are indirect participants to pledge book entry interests in the New Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to book entry interests in the New Notes, may be limited.

General

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

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

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

The holdings of book-entry interests in the New Notes in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book-entry accounts of each such institution. As necessary, the Registrar will adjust the amounts of New Notes on the Register for the accounts of the nominee of the Common Depositary to reflect the amounts of New Notes held through Euroclear and Clearstream, Luxembourg on the one hand and DTC, on the other. Beneficial ownership in New Notes will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC.

Interests in any Unrestricted Global Note and any Restricted Global Note will be in uncertificated book-entry form.

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

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

Trading between DTC Participants.

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

Trading between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser.

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

Trading between Euroclear/Clearstream, Luxembourg Seller and DTC Purchaser.

When book-entry interests in the New Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the Restricted Global Note (subject to such certification procedures as are provided in the Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 5.00 p.m. Brussels or Luxembourg time, one Business Day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to

be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg account holder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will transmit appropriate instructions to the Custodian who will in turn deliver such book-entry interest in the New Notes free of payment to the relevant account of the DTC participant and instruct the Registrar to decrease the amount of New Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by an Unrestricted Global Note and increase the amount of New Notes registered in the name of Cede & Co. and evidenced by a Restricted Global Note. See above concerning the Record Date for payment of interest.

Although the foregoing sets out the procedures of Euroclear, Clearstream, Luxembourg and DTC in order to facilitate the transfers of interests in the New Notes among participants of DTC, Clearstream, Luxembourg and Euroclear, none of Euroclear, Clearstream, Luxembourg or DTC is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Bank, the Trustee, the Principal Paying and Transfer Agent or any of the Agents or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act, will have any responsibility for the performance by DTC, Euroclear and Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

6. Central Securities Depositary, Tenge-denominated Notes and Shares

Central Securities Depository is a not-for-profit organisation established and registered in 1997 as the sole organisation in Kazakhstan that conducts depository activities. Its shares are held by professional securities market participants, trade organisations and international financial organisations. Central Securities Depositary conducts activities on the securities market, opens and maintains bank accounts for legal entities in Tenge and foreign currency, processes money transfer instructions and performs activities related to the use of encrypted means of information protection.

The Central Securities Depositary's main functions include providing nominee shareholder services for its participants, settling trades of financial instruments conducted on organised securities markets and over-the-counter transactions involving its participants, depository servicing of state issued securities in accordance with the Kazakhstan law and its code of conduct, providing consultancy, information and other services that do not contradict Kazakhstan law, clearing trades of financial instruments both in exchange for financial instruments and money, providing settlement between brokers and dealers, providing paying agent functions for income payment and redemptions of financial instruments, designating money transfers for trades with securities and other financial instruments and receipt of income payments and redemptions.

According to Kazakhstan law, the clients of Central Securities Depositary may be broker-dealers, custodian banks licensed by the authorised body dealing with the state regulation of securities market and foreign depositories and custodians.

Records of financial instruments held by Central Securities Depositary are maintained on personal accounts of depositors. In order to separate the financial instruments of the depositor and its clients, each depositor has sub-accounts in which the financial instruments of its clients are held.

Central Securities Depositary issues extracts in electronic or documentary form of the personal account of a depositor as proof of such depositor's ownership and nominal holding of its securities in accordance with the Code of Practice of Central Securities Depositary.

Central Securities Depositary also serves as a paying agent for short-term notes of the NBK by effecting payment on the primary market, as well as provides money transfers upon repayment of such short-term notes. It also acts as paying agent in respect of government bonds issued by the Ministry of Finance of Kazakhstan, as well as provides money transfers upon repayment of state treasury bills.

Central Securities Depositary also transfers money to the holders of securities upon interest payment and settlement of securities issued in accordance with the laws of other states.

The Bank will publish details regarding clearing and settlement of Tenge-denominated New Notes.

See "*Description of Share Capital and Certain Matters of Kazakhstan Law — Transfer of Shares*" for information regarding Clearing and Settlement of Shares.

7. Prescription

Claims against the Bank in respect of principal and interest on a New Note while such New Note is represented by a Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in the relevant New Notes).

8. Meetings

The holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of holders of New Notes and, at any such meeting, as having one vote in respect of each U.S.$1,000 in principal amount in respect of U.S. Dollar denominated New Notes and KZT100 in principal amount of Tenge denominated New Notes for which the Global Note may be exchanged.

9. Purchase and Cancellation; Prepayments

Cancellation of any Note required by the Conditions to be cancelled following its purchase and any prepayment will be effected by a reduction in the principal amount of the relevant Global Note as provided in the New Notes Trust Deed.

10. Trustee's Powers

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

11. Put Option

The put option in the Conditions of the New Notes (other than Subordinated Notes) may be exercised by the holder of the relevant Global Note giving notice to the Principal Paying and Transfer Agent of the principal amount of such New Notes in respect of which the option is exercised and presenting the Global Note for endorsement of exercise within the time limits specified in such Condition and as otherwise provided in the Agency Agreement for the New Notes.

ADDITIONAL INFORMATION

Significant Change

Except as described under "*Management's Discussion and Analysis of Results of Operations and Financial Condition — Recent Developments*", there has been no significant change in the financial or trading position of the Bank since 30 June 2009.

Auditors

Deloitte, LLP (Kazakhstan), independent auditors (acting as an auditor under licence No. 0000015, Type MFU-2, dated 13 September 2006 issued by the Ministry of Finance of Kazakhstan), 36, Al-Farabi Avenue, Almaty Financial District, Building "B", Almaty, 050059 Republic of Kazakhstan, have audited the Bank's Annual Financial Statements and their audit report is included on page F-61 of this Information Memorandum and reviewed the Bank's Unaudited Interim Financial Statements and their review report is included on page F-5 of this Information Memorandum.

The audit report issued by Deloitte, LLP (Kazakhstan) in respect of the Annual Financial Statements expressed a qualified opinion with regard to the effects of the adjustment related to the derivative liabilities (Notes 14 and 15 to the Annual Financial Statements), and the effects of such adjustments, if any, as might have been determined to be necessary had Deloitte, LLP (Kazakhstan) been able to establish the completeness of guarantees and pledges (Note 30 to the Annual Financial Statements); related parties disclosures and their associated tax effects, if any (Notes 1 and 34 to the Annual Financial Statements); and the valuation of land and buildings within property, equipment and intangible assets, revaluation reserve balances and depreciation expense related to land and buildings (Note 3 to the Annual Financial Statements).

In addition, the auditors' report included emphasis of matter paragraphs in respect of the material uncertainty which exists in respect of the Bank continuing as a going concern and the absence of corresponding figures relating to guarantees and related parties.

The review report issued by Deloitte, LLP (Kazakhstan) in respect of the Unaudited Interim Financial Statements expressed a qualified conclusion with regard to the effects of the adjustment related to the derivative liabilities (Notes 13 and 14 to the Unaudited Interim Financial Statements), the effects of any adjustment related to the derivative liabilities, and the effects of such adjustments, if any, as might have been determined to be necessary had they been able to satisfy ourselves as to the completeness of guarantees and pledges (Note 25 to the Unaudited Interim Financial Statements); related parties disclosures and their associated tax effects, if any (Notes 1 and 29 to the Unaudited Interim Financial Statements); and the valuation of land and buildings within property, equipment and intangible assets, revaluation reserve balances and depreciation expense related to land and buildings (Note 3 to the Unaudited Interim Financial Statements). In addition the auditors' report on review included emphasis of matter paragraphs in respect of the material uncertainty which exists in respect of the Bank continuing as a going concern and the absence of corresponding figures relating to guarantees and related parties.

Costs of the Restructuring

As at 26 October 2009, the Bank had incurred costs in relation to the Restructuring of approximately U.S.$8.5 million.

Assuming that the Restructuring Plan is implemented on the timetable contemplated in this Information Memorandum, the Bank estimates that the total costs and expenses payable by the Bank in relation to the Restructuring (including amounts payable to advisers, but excluding amounts payable to current and former employees), for the period beginning with the engagement of the Financial Adviser to assist the Bank in exploring options to address funding requirements in March 2009 to the Restructuring Date, will be approximately U.S.$30 million.

As is customary in a financial restructuring of the nature proposed by the Bank, in addition to the costs and expenses of its own advisers, the Bank has agreed to pay the expenses of the Steering Committee and BNY Corporate Trustee Services Limited as Trustee and the professional fees and expenses of certain advisers, including those of the Steering Committee and BNY Corporate Trustee Services Limited.

Governing Law and Jurisdiction

The Restructuring Plan shall be governed by, and construed in accordance with, the laws of the Republic of Kazakhstan. The Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and

to settle any dispute which may arise out of this Information Memorandum or any provisions of the Restructuring Plan or out of any action taken or omitted to be taken under the Restructuring Plan or in connection with the administration of the Restructuring Plan.

Documents Available for Inspection

Copies of certain documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this Information Memorandum until the date of the Claimants Meeting at the registered office of the Bank and on the Bank's websites at www.albinvestorrelations.com and www.alb.kz. These documents include:

- the Charter;
- the Corporate Governance Code;
- the Financial Statements;
- this Information Memorandum; and
- drafts of the Restructuring Documentation, as and when they become available.

SCHEDULE 1 — THE RESTRUCTURING PLAN

1 INTERPRETATION

In this Restructuring Plan, unless the context otherwise requires or otherwise expressly provides for:

(a) terms not otherwise defined herein shall have the meanings ascribed to them in the information memorandum (the "Information Memorandum") of the Bank dated 5 November 2009 under "*Key Terms and Definitions*";

(b) references to Clauses, Annexes and Recitals are references to the Clauses, Annexes and Recitals respectively of this Restructuring Plan;

(c) references to a "person" include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;

(d) references to a statute or a statutory provision include the same as subsequently modified, amended or re-enacted from time to time;

(e) the singular includes the plural and vice versa and words importing one gender shall include all genders; and

(f) headings are for ease of reference only and shall not affect the interpretation of this Restructuring Plan.

2 RESTRUCTURING DATE AND IMPACT OF RESTRUCTURING

2.1 This Restructuring Plan will come into effect on the Restructuring Date, expected to be on or about 1 March 2010.

2.2 The order and mechanics of the Restructuring are described below in Clauses 3 and 4. Entitlement is determined in accordance with Annex 2.

2.3 The procedures as to voting, deemed voting and submission of Claims or otherwise described in the Information Memorandum form an integral part of the Restructuring and of this Restructuring Plan.

2.4 Claimants and Related Parties understand and irrevocably agree that once the Court approves this Restructuring Plan they will be bound by its terms and conditions.

2.5 The expected financial consequences of the Restructuring are set out in the Information Memorandum.

3 THE RESTRUCTURING PLAN

Release of Claims

3.1 (a) Immediately following the Restructuring Date, the Designated Financial Indebtedness (including but not limited to the financial indebtedness listed in Annex 2) and any guarantee or surety given by the Bank in respect thereof shall be cancelled or restructured as set out herein and all Claims shall be satisfied and released fully and absolutely and treated as paid in full, in each case so as to bind the Claimants, the Related Parties and any person who acquires any interest in or arising out of a Claim after the Record Date.

(b) In consideration for the satisfaction and release referred to in Clause 3.1(a), each Euronoteholder (or the Trustee on its behalf) and Agreed Creditor shall, subject to the other provisions of the Restructuring Plan, become entitled on the Restructuring Date to have transferred to it or to its Nominated Recipient an amount of cash, New Notes and/or Shares equal to its Entitlement in accordance with the procedures set out in this Restructuring Plan.

(c) The Entitlement (or part thereof) of any Euronoteholder (or the Trustee on its behalf) or Agreed Creditor referred to in Clause 3.1(b), shall be satisfied in accordance with the provisions of Clause 4.

Entitlements of Claimants

3.2 (a) Euronoteholders (or the Trustee on their behalf) and eligible Agreed Creditors shall receive cash, New Notes and/or Shares in accordance with the elections made in their Option Election Form or as determined by the Allocation and Reallocation of Claims Mechanism.

(b) Samruk-Kazyna shall receive Preference Shares equal in value to KZT 105,000 million. For the avoidance of doubt, Samruk-Kazyna will not be entitled to any other Distribution.

(c) On the Restructuring Date, or as soon as reasonably practicable thereafter, cash, New Notes and Shares will be distributed to Euronoteholders (or the Trustee on their behalf) and Agreed Creditors through their Existing Accounts, Designated Accounts or Local Accounts.

Interest on Claims

3.3 (a) Payable Interest shall be paid by the Bank in full on or before the Business Day immediately following the Approval Date. Restructured Interest shall be included in the relevant Claim.

(b) On the Restructuring Date all accrued Default Interest and the default element of Late Payment Donations under any Islamic Finance Instrument shall be written off in full by the relevant Claimants and will not form part of any Claim.

No Proceedings

3.4 Creditors, Euronoteholders and the Trustee understand and irrevocably agree that once the Court approves this Restructuring Plan, no Proceeding or other judicial, quasi-judicial, administrative or regulatory process whatsoever against the Bank or its property shall be commenced or continued in any jurisdiction whatsoever to recover any Claim or to establish the existence or amount of a Claim.

Assignments or Transfers after the Record Date

3.5 (a) The Bank shall be under no obligation to recognise any assignment or transfer of a Claim after the Record Date for the purposes of determining Entitlements under the Restructuring Plan and has no obligations hereunder to any person other than a Claimant, provided that, where the Bank has received from the relevant parties notice in writing of an assignment or transfer, the Bank may, in its sole discretion and subject to the production of such other evidence in relation to such transfer or assignment as the Bank may require and to any other terms and conditions which the Bank may consider necessary or desirable, agree to recognise such assignment or transfer for the purposes of making distributions under the Restructuring Plan. Any assignee or transferee of a Claim so recognised by the Bank shall be bound by the terms of this Restructuring Plan. Upon assignment or transfer of a Claim after the Record Date a Claimant or Related Party (as the case may be) shall set out in the terms and conditions of such assignment or transfer of a Claim the Bank's rights under this Clause 3.5(a) and also the irrevocable authority of the assignee or transferee (as the case may be) to bind the assignee or transferee under the Deed of Release.

(b) To the extent that any Claimant transfers or assigns all or part of its Claim after the Record Date, the transfer by or on behalf of the Bank to the Claimant or the Claimant's Nominated Recipient named in any Option Election Form submitted by such Claimant, or any assignee or transferee recognised by the Bank in accordance with Clause 3.5(a), of its entitlement to cash and New Notes and Shares shall be effective to discharge and extinguish any Liabilities as at the Restructuring Date or thereafter of the Bank to any transferee or assignee of such Claim arising directly or indirectly in relation to or arising out of or in connection with the relevant Claim.

Set off

3.6 Claimants cannot set off a Claim acquired on or after 13 April 2009 against a claim the Bank has against it.

Release

3.7 (a) Each Claimant and Related Party hereby authorises the Bank from the Restructuring Date to enter into, execute and deliver as a deed on behalf of each Claimant, Related Party and any person to whom a Claimant or Related Party has transferred any Claim after the Record Date an agreement, in substantially the form of the Deed of Release attached hereto as Annex 4, pursuant to which any and all claims of such persons against the parties named therein shall be waived and released fully and absolutely from the Restructuring Date.

(b) On the Restructuring Date or as soon as reasonably practicable thereafter the Bank shall enter into and deliver the Deed of Release as principal and on behalf of all Claimants and Related Parties pursuant to the authority conferred by Clause 3.7(a).

(c) Each Claimant and Related Party understands that once the Court approves this Restructuring Plan any and all claims of Claimants and Related Parties against the Bank shall be waived and released fully and absolutely from the Restructuring Date.

4 DETERMINATION OF AGREED CLAIMS AND ENTITLEMENTS OF CLAIMANTS

Procedure

4.1 This Restructuring Plan will not come into effect unless the procedures set out in this Clause 4 are carried out on or prior to the Restructuring Date, as the case may be.

Notification

4.2 (a) No Claimant shall be entitled to receive any cash, New Notes or Shares under the Restructuring Plan in respect of any Claim unless that Claim becomes an Agreed Claim in whole or in part.

(b) Creditors must notify the Bank of their Claims in writing. Notification will only be effective if it is received by the Bank on or before the Claims Submission Date and includes details of (i) the identity of the Creditor, (ii) a description of the nature of their Claim and how such Claim arose; and (iii) the Outstanding Amount of their Claim. For the avoidance of doubt, the receipt by the Bank of a Claim Form on or prior to the Claims Submission Date shall, subject to Clause 4.9 below, constitute notification for these purposes. Creditors who wish to have their Claims considered by the Trade Finance Adjudicator must submit their Claim Form and all documentation regarding such Claim no later than 21 days after the date of this Information Memorandum.

(c) Euronoteholders are not required to notify the Bank of their Claims. The Trustee will submit on their behalf a Claim Form in respect of the outstanding amount under the relevant series of Euronotes.

Agreement of Claims

4.3 The value of a Claim shall be determined as at the Record Date.

4.4 Each Creditor understands and irrevocably agrees that once the Court approves this Restructuring Plan no Creditor shall have any right after the Claims Submission Date to increase the amount of its Claim irrespective if such increase is based on real damage, any loss, moral damage or lost opportunity.

4.5 The value of each Claimant's Agreed Claim shall be equal to that Claimant's Outstanding Amount.

4.6 The Outstanding Amount of each Claim shall be the principal amount of an Agreed Claim as at the Record Date plus Restructured Interest.

As soon as practicable after the date of the Information Memorandum, the Bank will, for informational purposes only, publish on its websites at www.albinvestorrelations.com and www.alb.kz the amount of accrued but unpaid interest (or Late Payment Donations) up to the Record Date less interest (or Late Payment Donation) falling due on or before 8 September 2009 for all Designated Financial Indebtedness.

Related Parties

4.7 On the Restructuring Date Related Party Debt shall be cancelled in full and no further payment of Related Party Debt shall be made by the Bank.

Trade Finance Debt

4.8 (a) With the exception of this Clause 4.8 and Clauses 4.10 to 4.12, no other provision of Clause 4 of this Restructuring Plan applies to Claims determined to be Trade Finance Debt in accordance with Clause 4.8(b).

(b) The Trade Finance Adjudicator will consider every Claim which purports to be Trade Finance Debt and will review all necessary documentation provided by the relevant Creditor and the Bank. Claims determined by the Trade Finance Adjudicator as being Trade Finance Debt will be treated in accordance with this Clause 4.8. In the event the Trade Finance Adjudicator is unable to make a determination as to whether a Claim is comprised of Trade Finance Debt, such Claim will not be treated as Trade Finance Debt under the Restructuring Plan. The Trade Finance Adjudicator will act as an expert and not as an arbitrator or legal adviser. Each determination by the Trade Finance Adjudicator is final and binding on the Bank and the relevant Creditor. In the event of a dispute between the Bank and a Trade Finance Creditor as to the Outstanding Amount of a Claim determined to be Trade Finance Debt, such dispute will be adjudicated in accordance with Clause 4.10 to 4.12 below.

(c) In the event that the aggregate amount of Trade Finance Debt (as determined by the Trade Finance Adjudicator) exceeds U.S.$100 million, each Claim deemed to be Trade Finance Debt shall be reduced pro rata so that the aggregate amount of Trade Finance Debt equals U.S.$100 million. In such case a Trade Finance Creditor shall have a subsequent Claim (and is entitled to submit an Option Election Form in respect of such Claim) equal to the amount by which its Trade Finance Debt was reduced but such subsequent Claim will not be Trade Finance Debt for the purposes of this Restructuring Plan.

(d) The following provisions shall apply to Trade Finance Debt:

(i) there shall be no increase in the interest rate or applicable fees relating to any Trade Finance Debt or any improvement of terms for the Creditor which applied to such Trade Finance Debt pre-Restructuring; and

(ii) if the existing documentation setting out the terms of any indebtedness comprising the Trade Finance Debt contains events of default (or their equivalents), as of the Restructuring Date the Events of Default applicable to the Discount Notes and Par Notes shall also apply to Trade Finance Debt in place of any events of default previously agreed in the documentation governing the terms of such Trade Finance Debt.

(e) Claims determined to be Trade Finance Debt for which payment would otherwise fall due on or prior to 31 December 2009 shall be extended by 12 months from the original payment schedules. Trade Finance Creditors with Claims determined to be Trade Finance Debt outstanding as of 31 October 2009 for which payment falls due after 31 December 2009 shall be repaid in accordance with the original terms of such Claim.

Other Claims

4.9 (a) Claims may be admitted or agreed by the Bank either for the whole amount claimed or for part of that amount. The Bank may reject a Claim in whole or in part.

(b) Claims of Euronoteholders (or the Trustee on their behalf) of record on the Record Date set out in the relevant Claim Form submitted by the Trustee are not subject to adjudication and shall be treated as Agreed Claims.

(c) Claims (other than Claims of Euronoteholders) (or the Trustee on their behalf) shall not be capable of becoming Agreed Claims (in accordance with the provisions of this Restructuring Plan) unless and until a duly completed Claim Form in respect of that Claim (or part thereof) has been received by the Bank. Creditors shall provide the Bank with such other information as the Bank may reasonably require to enable the relevant Claim to be determined.

(d) If the Bank rejects any Claim in whole or in part, it shall prepare a written statement of its reasons for doing so and notify the relevant Creditor that its Claim is a Disputed Claim as soon as reasonably practicable.

(e) The Bank shall endeavour to reach agreement with each Creditor as to the validity and amount of its Disputed Claim. Any Disputed Claim so agreed shall be treated as an Agreed Claim for the purposes of this Restructuring Plan.

(f) Where more than one person seeks to assert an Entitlement pursuant to this Restructuring Plan in respect of the same Disputed Claim (or part thereof), the Disputed Claim shall not become an Agreed Claim unless and until it shall have been determined to the Bank's reasonable satisfaction (or by the Independent Adjudicator in accordance with Clauses 4.10 to 4.12) who is entitled to the relevant Entitlement and in what proportions.

(g) In the event that the validity of a Claim (or part thereof) and/or the amount of a Claim (as included in the relevant Claim Form) has not been agreed by the Bank on or before the Adjudication Reference Date, the Bank shall refer that Claim (or disputed part thereof) to the Independent Adjudicator as a Disputed Claim, and send by electronic mail, facsimile or Post to the Creditor concerned a notice to the effect that the Claim has become a Disputed Claim. Thereafter, the dispute between the Bank and the Creditor concerned regarding the Claim will be determined by the Independent Adjudicator in accordance with Clauses 4.10 to 4.12.

(h) Any Claim which at the Record Date is not immediately due and payable but on the Bank going into bankruptcy or conservation would, either automatically without further action by any party or by the issue of any notice by the relevant Creditor, be capable of being made legally and immediately due and payable shall be treated for the purposes of calculating an Outstanding Amount under this Restructuring Plan as immediately due and payable as at the Record Date (and hence not a debt payable at a future time).

Adjudication of Disputed Claims

4.10 (a) Within five Business Days of the Adjudication Reference Date, the Bank shall request the LCIA to nominate a fit and proper person duly qualified to adjudicate on the points in issue therein who will be the Independent Adjudicator for the purposes of the Restructuring Plan.

(b) The Bank shall provide the Independent Adjudicator with copies of the correspondence between the parties and/or between Creditors relating to the validity of a Disputed Claim and/or the calculation of the Claim and/or the relative entitlements of Creditors to a Disputed Claim and any other relevant

documentation. The Independent Adjudicator shall be entitled to call for copies of any further documentation he considers necessary to assist him to reach a conclusion on the issue and the Bank and the Creditor concerned (as appropriate) shall cooperate in providing such information.

(c) In relation to any matter which is referred to the Independent Adjudicator, the Independent Adjudicator shall consider the papers and documents before him and shall, within 14 days of receipt of the records and information referred to in Clause 4.10(b), send a notice to the person concerned stating whether the Independent Adjudicator requires:

(i) further documents, data or information from the Creditor or the Bank in which case the relevant person or persons shall within 14 days after receipt of such request provide the Independent Adjudicator with the required documents, data or information; and/or

(ii) the Creditor (or his duly authorised representative) or the Bank (or its duly authorised representative) to appear before him and address him on any matters he shall determine, in which case the Creditor (or his duly authorised representative) or the Bank (or its duly authorised representative) shall be at liberty to so appear on such date and at such place as the Independent Adjudicator shall prescribe.

(d) If the Independent Adjudicator requires a party (or his representative) to appear before him, he shall also give notice of this request to the other party and make arrangements to allow that other party to appear before him to respond to the evidence brought by such party, if desired by the other party, on such date and at such place as the Independent Adjudicator shall prescribe.

(e) If the Independent Adjudicator requires the parties to appear before him, the Independent Adjudicator shall be entitled to prescribe and lay down such procedures or provisions as he in his absolute discretion deems appropriate for the purposes of assisting him in reaching his decision, and the Independent Adjudicator shall be entitled to call for such evidence, documents, data and information as he may require.

(f) The Independent Adjudicator shall be entitled to consult with such advisers, including legal advisers and experts, as he may deem appropriate and, for the avoidance of doubt, all costs, charges, and expenses shall be paid in accordance with Clause 4.11.

(g) If, after seven days of the request for further information pursuant to Clause 4.10(c)(i), none has been provided or the person concerned fails to appear before the Independent Adjudicator pursuant to Clause 4.10(c)(ii), then the Independent Adjudicator shall make such determination as he sees fit on the basis of information then available to him.

(h) In adjudicating on any Disputed Claim being referred to him, the Independent Adjudicator shall act as an expert and not as an arbitrator.

(i) Upon any Disputed Claim being referred to the Independent Adjudicator in accordance with Clause 4.10(h), the Independent Adjudicator shall use his reasonable endeavours to, on or before the expiration of 28 days from the date on which such Claim was referred to him by the Bank certify in writing by electronic mail, facsimile or Post to the relevant Creditor and the Bank his determination in respect of the dispute concerning the Disputed Claim. If the Independent Adjudicator requires an extension of time in making his determination, he may, with the consent of the Bank (such consent not to be unreasonably withheld) extend the said period by such amount of time as he and the Bank shall agree.

(j) Each determination made by the Independent Adjudicator pursuant to this Clause 4.10 shall state the amount of the Disputed Claim that should be rejected (if any) and the Outstanding Amount of the Disputed Claim that should be admitted by the Bank as an Agreed Claim (if any).

4.11 (a) On the production of a certificate (in accordance with Clause 4.10(i)) in relation to a Disputed Claim, the Independent Adjudicator may make such directions in respect of payment of his reasonable remuneration and in respect of the reasonable costs, charges and expenses incurred by him, the Bank or the relevant Creditor as he shall think just. In particular, but without limitation, one party may be directed to pay remuneration and costs, charges and expenses of another party if, in the opinion of the Independent Adjudicator, any such party has made a claim, relied on a defence or otherwise howsoever conducted himself in relation to the adjudication in a manner which is frivolous, vexatious, or had no reasonable prospect of success.

(b) If the Independent Adjudicator shall direct that any such reasonable remuneration, costs, charges and expenses be paid by the Bank, the same shall forthwith be paid in full by the Bank.

(c) If the Independent Adjudicator shall direct that any such reasonable remuneration, costs, charges and expenses be paid by a Creditor, the same shall forthwith be paid in full by such party and, if not so paid then, for the purposes of determining whether such party is entitled to participate in any distribution under the Restructuring Plan, cash and New Notes and Shares to which the relevant Creditor would otherwise have been entitled shall be sold by the Distribution Agent or the Bank, as the case may be, to the extent necessary to meet such reasonable remuneration, costs, charges and expenses, and the Net Proceeds of Sale of such sale required to meet such liability shall be transferred to the Independent Adjudicator and the relevant Creditor's Entitlement shall thereafter be reduced accordingly. The price, terms, timing and manner of such sale, and any currency exchange effected by the Distribution Agent or the Bank, as the case may be, in connection with or related to such sale shall be at the Distribution Agent's or the Bank's, as the case may be, sole discretion and none of the Distribution Agent, the Bank or the Steering Committee or any of their respective Advisers, as the case may be, shall not have any Liability for any loss or alleged loss arising from such a sale.

(d) Subject to any directions which may be given by the Independent Adjudicator in accordance with Clause 4.11(b), the Bank shall pay all reasonable costs, charges and expenses incurred by the Independent Adjudicator in the course of exercising and performing his powers, duties and functions under the Restructuring Plan.

4.12 (a) The Independent Adjudicator's determination of the issue shall, to the extent permitted by law, be final and binding on the Bank and the Creditor concerned.

(b) For the avoidance of doubt, to the extent permitted by law, there shall be no right of appeal from a decision of the Independent Adjudicator.

(c) The Independent Adjudicator is not liable for anything done or omitted in the discharge or purported discharge of his functions as the Independent Adjudicator and there shall be no right to make any claim against the Independent Adjudicator in respect thereof unless the act or omission is shown to have been in bad faith. This applies to an employee or agent of the Independent Adjudicator as it applies to the Independent Adjudicator himself.

(d) Once a Disputed Claim, or part thereof, has been referred to the Independent Adjudicator for adjudication, and pending the determination of the Independent Adjudicator, the Bank shall not treat the Disputed Claim (or the relevant part thereof) as an Agreed Claim. To the extent that the Independent Adjudicator in accordance with the provisions of Clause 4.10 determines the validity and the Outstanding Amount of a Disputed Claim (or the relevant part thereof), that amount (if any) shall be treated as an Agreed Claim for the purposes of the Restructuring Plan.

Option Election Forms

4.13 Claimants (other than as regards Claims determined to be Trade Finance Debt, Samruk-Kazyna and holders of Perpetual Securities) will elect to receive cash, New Notes and/or Shares by electing one or more Options in respect of each Claim in an Option Election Form. Claimants (other than as regards any Claims determined to be Trade Finance Debt, Samruk-Kazyna and holders of Perpetual Securities) with a Claim in excess of US$5 million may split such a Claim and elect a Preferred Option or a Guaranteed Allocation in respect of each portion. Trade Finance Creditors (unless otherwise notified by the Bank), Samruk-Kazyna and holders of Perpetual Securities are not eligible to submit an Option Election Form. On the Option Election Date, cash, New Notes and Shares will be allocated in accordance with the Allocation and Reallocation of Claims Mechanism.

Claimants' Entitlement

Distribution

4.14 Each Euronoteholder or Agreed Creditor other than as regards Claims determined to be Trade Finance Debt will be entitled to receive a Distribution, being an amount of cash, New Notes and/or Shares representing the Option(s) selected by such Euronoteholder or Agreed Creditor in an Option Election Form or as determined by the Allocation and Reallocation of Claims Mechanism.

4.15 In determining a Euronoteholder or Agreed Creditor's entitlement to a Distribution under the Restructuring Plan, fractions of New Notes and Shares shall be disregarded and not transferred to the relevant Euronoteholder or Agreed Creditor.

Method of Distribution; Full and Final Settlement of Claims

4.16 On the Distribution Date, the Bank shall issue and allot the cash, New Notes and Shares to satisfy all its obligations to Euronoteholders and Agreed Claims under the Restructuring Plan.

4.17 In order to make the Distribution, if any, to a Euronoteholder or Agreed Creditor, as the case may be, the Distribution Agent or the Bank, as the case may be, shall aggregate the total amount of cash, New Notes and/or Shares attributable to each Euronoteholder or Agreed Creditor, as the case may be and shall transfer such cash, New Notes and/or Shares into the appropriate Existing Account, Designated Account or Local Account in accordance with the instructions set out in each Option Election Form and as determined by the Allocation and Reallocation of Claims Mechanism.

4.18 Each Euronoteholder or Agreed Creditor, as the case may be agrees that the transfer of cash, New Notes and/or Shares to the appropriate account in the manner described at Clause 4.16 and 4.17 shall constitute full and final settlement of the Bank's obligations to it under the Restructuring Plan.

4.19 A Euronoteholder with an Agreed Claim will have its Entitlement and Distribution, if any, (or part thereof) credited to its Existing Account, Local Account or as otherwise set out in its Option Election Form.

4.20 A Creditor with an Agreed Claim who requires Distribution, if any, (or part thereof) to be transferred to a Nominated Recipient or credited to an Existing Account, Designated Account or Local Account shall make an Account Designation in an Option Election Form.

4.21 If a Creditor does not complete a Claim Form or does not complete it correctly, or if an Option Election Form does not include an Account Designation in respect of the relevant cash, New Notes and/or Shares, or if the operators of a Clearing System are unable or unwilling to provide clearing facilities in respect of the relevant New Notes and Shares, or if for any other reason the Bank so wishes, the obligations of the Bank to transfer (or procure the transfer of) such cash, New Notes and/or Shares to a Claimant with an Agreed Claim shall be discharged by the transfer of cash, New Notes and/or Shares to the relevant Claimant or its Nominated Recipient (as appropriate) by certified cheque or wire transfer, in the case of cash, or in certificated form, in the case of New Notes and Shares.

4.22 If, for any reason, a Claimant with a Securities Entitlement does not wish to, or is unable to, hold the New Notes and Shares to which it is entitled, it may direct the Distribution Agent or the Bank, as the case may be, to sell its Securities Entitlement and account to such Claimant for the Net Proceeds of Sale thereof. The price, terms, timing and manner of such sale, and any currency exchange effected by the Distribution Agent or the Bank, as the case may be, in connection with or related to such sale, or the Net Proceeds of Sale, shall be at the sole discretion of the Distribution Agent or the Bank, as the case may be, or that of any agent the Distribution Agent or the Bank, as the case may be, shall employ to effect such sale and neither the Distribution Agent, the Bank, the Steering Committee nor any of its advisers nor any person acting on behalf of any or all of them shall have any Liability for any loss or alleged loss arising from such sale or a failure to procure any purchaser for such New Notes and Shares.

4.23 If the address of a Claimant or a Claimant's Nominated Recipient supplied in a Claim Form or Option Election Form is in a particular jurisdiction and, in the opinion of the Bank, the allotment, issue or transfer of New Notes and Shares pursuant to the Restructuring Plan to that Claimant or its Nominated Recipient may be prohibited by any relevant law or so prohibited except after compliance with conditions or requirements which the Distribution Agent or the Bank regard as unduly onerous, the Distribution Agent shall, if so directed by the Bank, or the Bank shall sell, or procure the sale of, the same and pay the Net Proceeds of Sale from such sale of them to that Claimant or its Nominated Recipient, as the case may be, in full satisfaction of that Claimant's rights under the Restructuring Plan. Any such sale shall be deemed to have been undertaken at the request and authorisation of the relevant Claimant and the Distribution Agent and the Bank are irrevocably and unconditionally requested and authorised to (i) sell such New Notes and Shares on behalf of such Claimant in the market; (ii) transfer the document(s) of title in respect of such New Notes and Shares; and (iii) remit the Net Proceeds of Sale as soon as reasonably practicable to the relevant Claimant or its Nominated Recipient, as the case may be. The price, terms, timing and manner of the sale, and any currency exchange effected by the Bank or the Distribution Agent in connection with or related to the sale or the proceeds of the sale, shall be at the Bank's sole discretion, or that of any agent the Distribution Agent or the Bank shall employ in connection with or related to such sale and neither the Distribution Agent, the Bank, the Steering Committee nor any of their advisers or any person acting on behalf of any or all of them shall have any Liability for any loss or alleged loss arising from such sale or a failure to procure any purchaser for such New Notes and Shares.

4.24 To the extent that any Claimant transfers or assigns all or part of its Agreed Claim after the Record Date, the transfer of the Claimant's entitlement to cash and/or New Notes and Shares by or on behalf of the Bank to the

Claimant or its Nominated Recipient, to an Existing Account, Designated Account, Local Account or other account as set out in the Option Election Form submitted by a Claimant, or to any assignee or transferee recognised by the Bank in accordance with Clause 3.5(a) shall be effective to discharge and extinguish any Liabilities as at the Restructuring Date or thereafter of the Bank to any transferee or assignee of such Agreed Claim arising directly or indirectly in relation to or arising out of or in connection with the relevant Agreed Claim.

4.25 No Claimant shall have any entitlement to any distribution of cash and/or New Notes and Shares other than in accordance with Clauses 4.13 to 4.24 inclusive.

5. DISTRIBUTION AGENT ARRANGEMENT

Consent to Escrow Arrangements

5.1 Each Claimant agrees to the New Notes and Shares being delivered (to the extent necessary) to the Distribution Agent on the Restructuring Date (or as soon as reasonably practicable thereafter) pursuant to the Restructuring Plan, and being held in escrow by the Distribution Agent in accordance with the Distribution Agent Agreement.

Distribution Agent Agreement

5.2 Prior to the Restructuring Date, the Bank will enter into an agreement with the Distribution Agent setting out the terms on which the Distribution Agent will hold cash and New Notes and Shares on behalf of eligible Claimants. The Distribution Agent Agreement will include provisions to the following effect:

(a) Cash and New Notes and Shares held by the Distribution Agent pursuant to the Restructuring Plan applicable to Claims will be held by the Distribution Agent on bare trust absolutely for the relevant Claimants. The Distribution Agent shall at no time whatsoever either present or future have any beneficial interest in any cash and New Notes and Shares held by it pursuant to the Restructuring Plan.

(b) Any dividends paid on any Shares held in escrow by the Distribution Agent or any other payment whatsoever made in respect of the New Notes and Shares held by the Distribution Agent shall be paid to and received by the Distribution Agent as the case may be, to be held on bare trust absolutely for the relevant Claimant and to pay such amounts on to that Claimant's Existing Account, Local Account, Designated Account (or as otherwise set out in the relevant Option Election Form) and/or that Claimant's Nominated Recipient (as appropriate) together with any interest which may have accrued thereon at the time any distribution of New Notes and Shares, or the cash proceeds thereof, is made to the relevant Claimant; and

(c) The Distribution Agent shall be under no obligation to exercise any of the voting rights attaching to any New Notes and Shares held by it or exercise any other right whatsoever in respect of the New Notes and Shares (save as may be required by law).

(d) The Distribution Agent's liabilities shall be limited to those set out in the Distribution Agent Agreement.

6 GENERAL SCHEME PROVISIONS

Costs

6.1 (a) Subject to Clause 4.11, the Bank will pay in full all costs, charges, expenses and disbursements incurred by it in connection with the negotiation, preparation and implementation of the Restructuring Plan as and when they arise, including, but not limited to, the costs of holding the Euronoteholders' Meetings and the Claimants' Meeting, the costs of obtaining the approval of the Court and the costs of placing the notices required by the Restructuring Plan. For the avoidance of doubt, the Bank will not be liable for any costs of any Claimant in relation to the Euronoteholders' Meetings and the Claimants' Meeting.

(b) Notwithstanding any other provision in this Restructuring Plan, the Bank shall not be released or waived from any Liability to pay the fees and expenses of the Steering Committee.

Modifications of the Restructuring Plan

6.2 (a) The Bank may without the consent of the Claimants and the Related Parties, make a modification to the Restructuring Plan or any procedures to complete the Restructuring, in each case which are of a minor

or technical nature or to correct a manifest error and/or to postpone particular events or deadlines by which particular aspects of the Restructuring need to be completed so long as the postponement is not materially prejudicial to the interests of the Claimants or Related Parties and if it does do so will give appropriate notice to Claimants and Related Parties.

(b) Save for amendments to the Restructuring Plan made in accordance with Clause 6.2(a), no other amendment to the Restructuring Plan will be effective without the prior approval of two-thirds of Claimants (and Related Parties).

Payments on Days other than a Business Day

6.3 If any sum is due or obligation is to be performed under the terms of the Restructuring Plan on a date other than a Business Day, the relevant payment shall be made, or obligation performed, on the next Business Day.

Limitations on the business of the Bank prior to completion of the Restructuring

6.4 The Bank, in accordance with the FMSA Agreement, cannot carry out any advertising campaigns to attract individual depositors and cannot accept deposits from individual depositors in excess of 5 million Tenge or the equivalent in any other currency. The Bank is not subject to any other limitations on its business prior to completion of the Restructuring.

List of assets subject to the Restructuring

6.5 No assets of the Bank will be restructured in the course of the Restructuring.

Actions and measures taken in the course of the Restructuring

6.6 A list of principal events, measures and activities which the Bank is subject to in the course of the Restructuring is set out in the Information Memorandum.

Governing Law and Jurisdiction

6.7 This Restructuring Plan shall be governed by, and construed in accordance with, the laws of the Republic of Kazakhstan and the Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which may arise out of the Restructuring or any provision of this Restructuring Plan, or out of any action taken or omitted to be taken under this Restructuring Plan or in connection with the administration of this Restructuring Plan and, for such purposes, the Claimants irrevocably submit to the jurisdiction of the Court, provided, however, that nothing in this Clause 6.7 shall affect the validity of other provisions determining governing law and jurisdiction as between the Bank and any of its Claimants, whether contained in any contract or otherwise.

ANNEX 1 — ALLOCATION AND REALLOCATION OF CLAIMS MECHANISM

1. PRINCIPLES OF ALLOCATION AND REALLOCATION

1.1 After the implementation of the Allocation and Reallocation Mechanism, the Bank must restructure its regulatory capital in order to comply with regulatory capital requirements. The following restrictions shall apply to the allocation and reallocation of Claims among the Options:

(a) the minimum (but no more than minimum) capital adequacy ratio required by the regulations applicable to the Bank must be restored;

(b) the cash available for Option 1 and Option 1A shall be limited to U.S.$500 million and the maximum principal amount of Claims to be allocated into Option 1A shall be limited to U.S.$22 million;

(c) the maximum amount of Designated Financial Indebtedness to be allocated into Options 2 and 3 shall be limited to the amount necessary for the Bank to be able to comply with minimum (i) regulatory capital requirements and (ii) cash requirements;

(d) the maximum amount of Designated Financial Indebtedness to be allocated into Options 4 and 4A shall be limited to U.S.$120 million; and

(e) any residual cash (after the Guaranteed Allocations have been made and cash allocated under Options 1 and 1A has been deducted) will be used to reduce the outstanding principal amount of Discount Notes and Par Notes from Options 2 and 3 on a pro rata basis amongst Notes of the same series and on a pro rata basis between the series themselves based upon the amounts of Designated Financial Indebtedness converted into them.

1.2 Claims deemed to be Trade Finance Debt shall not be subject to this Allocation and Reallocation of Claims Mechanism. See "*Information for Claimants — Trade Finance Creditors*" in the Information Memorandum.

1.3 Guaranteed Allocations are not subject to Reallocation and Claimants who elect a Guaranteed Option will receive cash and/or New Notes and Shares in accordance with the Guaranteed Allocation elected as set out in Clause 4. Preferred Options may be subject to Reallocation if any of the events in Clause 5.1 occurs. In such a case Claims will be reallocated to different Options in accordance with Clause 5.2 notwithstanding Claimants' elections.

2. PROCEDURE FOR ALLOCATION AND REALLOCATION

2.1 If the Restructuring Plan is approved at the Claimants' Meeting, within five Business Days of the Approval Date the Bank will distribute Option Election Forms. Claimants (other than as regards Claims determined to be Trade Finance Debt, Samruk-Kazyna and holders of Perpetual Securities) will elect to receive Entitlements by electing one or more Options in an Option Election Form to be submitted to the Allocation Manager or the Bank, as the case may be, no later than the Option Election Date.

2.2 Guaranteed Allocations shall not be subject to any reallocation. Preferred Options shall be subject to Reallocation in accordance with Clause 5 below. Claimants who do not elect an Option will have their Claims allocated in accordance with Clause 5.4.

Each Claim of U.S.$5 million or more is divisible and can be split between one or more Guaranteed Allocations and/or one or more Preferred Options in amounts of not less than $1 million each. Claimants with Claims in an amount less than U.S.$5 million may only choose either a Guaranteed Allocation or a Preferred Option for each such Claim held.

Claimants with Unsubordinated Claims may elect a Guaranteed Allocation and/or a Preferred Option for the purposes of the allocation process in respect of each claim.

2.3 Claimants with Subordinated Claims may elect Guaranteed Allocation "5" and/or Preferred Option 4 or Preferred Option 4A in respect of each Claim.

2.4 Only Claims derived from Islamic Finance Instruments and held by Islamic Financial Institutions may be allocated to Guaranteed Allocation "1A".

2.5 Claims of holders of Perpetual Securities shall be automatically allocated into Option 5.

2.6 The Allocation Manager or the Bank, as the case may be, will collate the Option Election Forms and apply the Allocation and Reallocation Mechanism set out herein.

3. INITIAL ALLOCATION

3.1 The Initial Allocation will proceed in the following order:

(a) Guaranteed Allocations; then

(b) Preferred Options as follows:

(i) Option 1 pro rata until Option 1 is fully subscribed;

(ii) Option 2 pro rata until Option 2 is fully subscribed (subject to any application of Residual Cash (as defined below));

(iii) Option 3 pro rata until Option 3 is fully subscribed (subject to any application of Residual Cash);

(iv) Option 4A pro rata until Option 4A is fully subscribed (limited as per paragraph 1.1(d) above);

(v) Option 4 in accordance with Clause 5.2(f) until Option 4 is fully subscribed (limited as per Clause 1.1(d) above after item (iv) above has been deducted (the "Option 4 Capped Amount")); and

(vi) Option 5 pro rata.

3.2 Reallocation will occur after all first choice Options have been served to the greatest extent possible considering numerical, capital ratio and cash resources constraints.

4. GUARANTEED ALLOCATIONS

The following table sets out the Guaranteed Allocations. Guaranteed Allocations are not subject to Reallocation. For example, a Claimant who elects Guaranteed Allocation "Max 1" will have 58 per cent. of its Claim allocated to Option 1 and 42 per cent. of its Claim allocated to Option 2.

	% of Claims allocated into Option 1	% of Claims allocated into Option 1A	% of Claims allocated into Option 2	% of Claims allocated into Option 3	% of Claims allocated into Option 4	% of Claims allocated into Option 4A	% of Claims allocated into Option 5
Guaranteed Allocation "Max 1"	58%	0%	42%	0%	0%	0%	0%
Guaranteed Allocation "Max 2"	0%	0%	68%	0%	0%	0%	32%
Guaranteed Allocation "Max 3"	0%	0%	0%	34%	0%	0%	66%
Guaranteed Allocation "1A"	0%	100%	0%	0%	0%	0%	0%
Guaranteed Allocation "5"	0%	0%	0%	0%	0%	0%	100%

5. REALLOCATION

5.1 If any of the following occurs as a result of the Initial Allocation, the relevant Preferred Option shall be deemed oversubscribed and the Reallocation set out in Clause 5.2 shall apply:

(a) more than U.S.$500 million is required to repay all debt allocated to Option 1 and Option 1A at the relevant discount;

(b) the Bank's regulatory capital is insufficient as a result of the Initial Allocation;

(c) the amount allocated into either Option 2 or Option 3 has exceeded the amount necessary for the Bank to be able to comply with (i) minimum regulatory capital requirements and (ii) cash requirements;

(d) the amount allocated into Option 4A has exceeded U.S.$120 million; or

(e) the amount allocated into Option 4 has exceeded the Option 4 Capped Amount.

5.2 In the event of oversubscription in accordance with Clause 5.1, Claimants' Preferred Options will be reallocated in the following order:

(a) if Option 1 is oversubscribed, the unallocated remainder shall be reallocated (in each case pro rata and if necessary) first to Option 2, second to Option 3, third to Option 4 and fourth to Option 5 in accordance with (e) below;

(b) if Option 2 is oversubscribed, the unallocated remainder shall be reallocated (in each case pro rata and if necessary) first to Option 1, second to Option 4 and third to Option 5 in accordance with (e) below;

(c) if Option 3 is oversubscribed, the unallocated remainder shall be reallocated (in each case pro rata and if necessary) first to Option 1, second to Option 4 and third to Option 5 in accordance with (e) below;

(d) if Option 4 is oversubscribed, the unallocated remainder shall be reallocated pro rata in accordance with (e) below.

(e) if, in the course of the Initial Allocation, Claimants with Unsubordinated Claims elect Option 4, or are reallocated to Option 4 on any subsequent reallocation(s), and, as a result, the aggregate of Claims allocated into Option 4 exceeds the Option 4 Capped Amount, reallocation shall occur as follows:

(i) a minimum of 50 per cent. of the Option 4 Capped Amount shall be eligible for Subordinated Claims on a pro rata basis;

(ii) up to 50 per cent. of the Option 4 Capped Amount shall be eligible for Unsubordinated Claims; and

(iii) the unallocated remainder shall be reallocated to Option 1 and then Option 5 for Unsubordinated Claims, and to Option 5 for Subordinated Claims.

(f) If Option 4A is oversubscribed the unallocated remainder shall be reallocated into Option 5 on a pro rata basis.

5.3 If, after the Initial Allocation and Reallocation has been applied in accordance with Clauses 3.1 and 5.2, any residual cash is left (after the Guaranteed Allocations and the cash allocated under Options 1 and 1A have been deducted) ("Residual Cash"), it will be used to reduce the outstanding principal amount of Discount Notes and Par Notes from Options 2 and 3 on a pro rata basis amongst Notes of the same series and on a pro rata basis between the series themselves based upon the amounts of Designated Financial Indebtedness converted into them.

5.4 Claimants who do not make an election (but are eligible to do so) will be allocated into Option 5 subject to the Initial Allocation and Reallocation of:

(a) Claimants who elected Preferred Option 5 and/or were reallocated into Option 5 in accordance with Clause 5.2; and

(b) Claims comprised solely of Perpetual Securities,

with (a) and (b) ranking *pari passu*.

5.5 The aggregate amount of Claims allocated and/or reallocated to Option 5 shall in no circumstances result in an issuance by the Bank to Claimants of Preference Shares in an amount exceeding of 33 per cent. of the total number of outstanding Preference Shares of the Bank (the "Option 5 Capped Amount"). In the event the aggregate amount of Claims allocated and/or reallocated to Option 5 exceeds the Option 5 Capped Amount, the unallocated remainder shall, subject to Clause 5.4, be reallocated into Option 1 and thereafter, reallocated (if necessary) in accordance with Clause 3.1(b) (ii) to (v) respectively.

6. ALLOCATION OF SHARES

6.1 Shares will be allocated to Claimants who have been allocated and/or reallocated into Options 2, 3, 4, 4A or 5 on the basis of the Share apportionment ratios applied to Claims as set out in the example calculation below (per U.S. Dollar of original debt):

	Share apportionment ratio
Claims allocated into Option 1	0
Claims allocated into Option 2	30
Claims allocated into Option 3	8
Claims allocated into Options 4 and 4A	2
Claims allocated into Option 5	60

6.2 Shares to be so allocated on the Distribution Date shall comprise:

(a) 33 per cent. of the Common Shares; and

(b) Preference Shares which have not been allocated into Option 5 up to 33 per cent. of the number of outstanding Preference Shares.

The determination of how many Shares each Option will receive will be made after the Reallocation is complete.

ANNEX 2 — DESIGNATED FINANCIAL INDEBTEDNESS

Type	Borrower / Issuer	Creditor / Agent	Transaction No. / ISIN	Transaction / Issuance Date	Original Amount	Debt outstanding as of 08/10/2009	Currency
Syndicated Loans							
	Alliance Bank	Standard Bank plc	—	01.11.2006	300,000,000	20,583,333	USD
	Alliance Bank	Sumitomo Mitsui Banking Corporation Europe Limited	—	13.06.2007	400,000,000	223,500,000	USD
	Alliance Bank	Calyon Bank	—	19.03.2007	150,000,000	65,000,000	USD
Bilateral Loans							
	Alliance Bank	Morgan Stanley	—	25.04.2006	13,500,000,000	13,500,000,000	KZT
	Alliance Bank	JP Morgan Chase Bank N.A.	—	21.08.2006	8,567,400,000	8,567,400,000	KZT
	Alliance Bank	National City	—	31.10.2007	30,000,000	30,000,000	USD
	Alliance Bank	Wachovia Bank, National Association	—	11.05.2006	16,000,000	8,000,000	USD
	Alliance Bank	Morgan Stanley & Co International PLC	—	27.06.2007	18,375,000,000	18,375,000,000	JPY
	Alliance Bank	Asian Development Bank	—	15.06.2006	50,000,000	33,300,000	USD
	Alliance Bank	DEG — Deutsche Investitions- und Entwicklungsgesellschaft mbH — senior loan	—	22.06.2007	22,500,000	22,500,000	USD
	Alliance Bank	DEG —Deutsche Investitions- und Entwicklungsgesellschaft mbH — subordinated loan	—	24.05.2007	22,500,000	22,500,000*	USD
	Alliance Bank	European Bank for Reconstruction and Development — Kazakhstan Small Business Programme	36443	26.01.2006	5,000,000	2,000,000	USD
	Alliance Bank	European Bank for Reconstruction and Development — Small and Medium Enterprises	36659	09.03.2006	10,000,000	6,666,667	USD
Swaps							
	Alliance Bank	Calyon Bank	—			50,351,671	USD
	Alliance Bank	HSBC Bank plc	—			161,608,848	USD
	Alliance Bank	UBS AG	—			302,000	USD
	Alliance Bank	ICICI Bank Limited	—			TBD	USD
Eurobonds							
	ALB Finance BV		XS0234283264	22.11.2005	200,000,000	200,000,000	USD
	ALB Finance BV		XS0251846969	20.04.2006	250,000,000	250,000,000	USD
	ALB Finance BV		XS0286552400	12.02.2007	250,000,000	250,000,000	GBP
	ALB Finance BV		XS0284859054	01.02.2007	750,000,000	750,000,000	EUR
	ALB Finance BV		XS0268818118	25.09.2006	350,000,000	350,000,000	USD
	ALB Finance BV		XS0251702618	19.04.2006	150,000,000	150,000,000	USD
	Alliance Bank		XS0308183853	27.06.2007	20,000,000,000	20,000,000,000	JPY
Russian Bonds							
	Alliance Finance Ltd		RU000A0JPB90	27.06.2007	3,000,000,000	3,000,000,000	RUB
Kazakh Bonds							
	Alliance Bank		KZ2CKY07A701	23.12.2002	3,000,000,000	3,000,000,000*	KZT
	Alliance Bank		KZ2CKY07B394	29.10.2004	3,000,000,000	3,000,000,000*	KZT
	Alliance Bank		KZPC3Y03B577	10.04.2006	7,000,000,000	7,000,000,000	KZT
	Alliance Bank		KZPC4Y07B576	24.07.2006	5,000,000,000	5,000,000,000*	KZT
	Alliance Bank		KZPC5Y05B577	26.12.2006	5,000,000,000	5,000,000,000	KZT
	Alliance Bank		KZPC6Y03B570	23.02.2007	10,000,000,000	8,373,500,000	KZT
	Alliance Bank		KZPC7Y07B579	08.11.2007	7,000,000,000	7,000,000,000*	KZT
	Alliance Bank		KZP02Y07C960	20.09.2008	7,000,000,000	152,400,000	KZT
	Alliance Bank		KZP03Y02C969	20.09.2008	5,000,000,000	2,400,000	KZT
	Alliance Bank		KZP04Y10C960	20.09.2008	15,000,000,000	2,652,400,000	KZT
Bank Bonds (Domestic Notes held by Samruk-Kazyna)							
	Alliance	Samruk-Kazyna	KZP01Y06D418	18.03.2009	10,500,000,000	10,500,000,000	KZ
	Alliance	Samruk-Kazyna	KZP02Y07D414	18.03.2009	10,500,000,000	10,500,000,000	KZ
	Alliance	Samruk-Kazyna	KZP03Y08D410	18.03.2009	10,500,000,000	10,500,000,000	KZ
	Alliance	Samruk-Kazyna	KZP04Y09D416	18.03.2009	10,500,000,000	10,500,000,000	KZ
	Alliance	Samruk-Kazyna	KZP05Y10D411	18.03.2009	10,500,000,000	10,500,000,000	KZ

* Subordinated Claims

Type	Borrower / Issuer	Creditor / Agent	Transaction No. / ISIN	Transaction / Issuance Date	Original Amount	Debt outstanding as of 08/10/2009	Currency
	Alliance	Samruk-Kazyna	KZP06Y11D417	18.03.2009	10,500,000,000	10,500,000,000	KZ
	Alliance	Samruk-Kazyna	KZP07Y12D413	18.03.2009	10,500,000,000	10,500,000,000	KZ
	Alliance	Samruk-Kazyna	KZP08Y13D419	18.03.2009	10,500,000,000	10,500,000,000	KZ
	Alliance	Samruk-Kazyna	KZP09Y14D415	18.03.2009	10,500,000,000	10,500,000,000	KZ
	Alliance	Samruk-Kazyna	KZP10Y15D410	18.03.2009	10,500,000,000	10,500,000,000	KZ
Other debt							
	Alliance Bank	Cobank, Denver, USA (Guaranteed by USDA)	IMP/053/040708	09.07.2008	5,624,862	3,749,908	USD
	Alliance Bank	Cobank, Denver, USA (Guaranteed by USDA)	IMP/079/040908	09.09.2008	13,177,751	10,981,460	USD
	Alliance Bank	Cobank, Denver, USA (Guaranteed by USDA)	IMP/082/160908	18.09.2008	5,987,501	4,989,584	USD
	Alliance Bank	Cobank, Denver, USA (Guaranteed by USDA)	IMP/083/160908	18.09.2008	2,693,592	2,244,660	USD
	Alliance Bank	Cobank, Denver, USA (Guaranteed by USDA)	IMP/085/250908	29.09.2008	9,910,498	8,258,748	USD
	Alliance Bank	Cobank, Denver, USA (Guaranteed by USDA)	IMP/088/031008	07.10.2008	5,488,458	4,573,715	USD
	Alliance Bank	ICICI Bank UK PLC, London, UK	IMP/188/170707	24.07.2007	8,000,000	8,000,000	USD
	Alliance Bank	Cobank, Denver, USA (Guaranteed by USDA)	IMP/090/201008	24.10.2008	5,961,081	4, 967,568	USD
	Alliance Bank	Cobank, Denver, USA (Guaranteed by USDA)	IMP/092/041108	07.11.2008	9,964,282	8,303,568	USD
	Alliance Bank	Cobank, Denver, USA (Guaranteed by USDA)	IMP/092/241008	28.10.2008	5,889,980	4,908,316	USD
	Alliance Bank	Abu Dhabi Commercial Bank, UAE	IMP/041/200207	26.02.2007	20,000,000	20,000,000	USD
	Alliance Bank	Abu Dhabi Commercial Bank, UAE	IMP/064/160307	25.03.2007	7,000,000	7,000,000	USD
	Alliance Bank	Cobank, Denver, USA (Guaranteed by USDA)	IMP/030/250408	28.04.2008	5,000,000	3,333,333	USD
	Alliance Bank	Cobank, Denver, USA (Guaranteed by USDA)	IMP326/2008	09.12.2008	7,102,861	5,919,050	USD
	Alliance Bank	Cobank, Denver, USA (Guaranteed by USDA)	IMP330/2008	23.12.2008	7,180,010	5,983,342	USD
	Alliance Bank	Dresdner Bank AG, Hamburg, Germany	IMP/248/280907	18.10.2007	10,000,000	10,000,000	USD
	Alliance Bank	ABN Amro Bank NV, Montreal,Canada (Guaranteed by EDC)	IMP/045/230608	27.06.2008	5,000,000	5,000,000	USD
	Alliance Bank	Credit Suisse, Geneva, Switzerland	IMP/061/250708	29.07.2008	2,000,000	2,000,000	USD
	Alliance Bank	Samba Financial Group London, London, UK	IMP/062/250708	04.08.2008	13,000,000	13,000,000	USD
	Alliance Bank	Landes Hessen-Thuerunger Ginozentrale, Frankfurt am Main, Germany	IMP/071/150808	18.08.2008	5,000,000	5,000,000	USD
	Alliance Bank	Deutsche Bank AG, Zurich, Switzerland	IMP/074/200808	21.08.2008	5,000,000	5,000,000	USD
	Alliance Bank	ABN Amro Bank NV, Montreal,Canada	IMP/070/150808	19.08.2008	3,500,000	3,500,000	USD
	Alliance Bank	Doha Bank, New York, USA	IMP/065/080808	28.08.2008	10,000,000	10,000,000	USD
	Alliance Bank	The Bank of Nova Scotia, Winnipeg, Canada	SF-180/180607	27.06.2007	10,000,000	10,000,000	USD
	Alliance Bank	Banif-Banco Internacional Do Funchal S.A., Portugal	SF-207/100608	16.06.2008	5,000,000	5,000,000	USD
	Alliance Bank	Cobank, Greenwood Village, USA (Guaranteed by USDA)	SF-209/270109/2	02.02.2009	1,739,842	1,739,842	USD
	Alliance Bank	Cobank, Denver, USA (Guaranteed by USDA)	SF-134/030407	10.04.2007	3,010,260	1,003,420	USD
	Alliance Bank	Intesa Soditic Trade Finance Limited, London, UK	SF-193/170807	21.08.2007	2,000,000	2,000,000	USD
	Alliance Bank	Intesa Soditic Trade Finance Limited, London, UK	SF-198/260907	28.09.2007	1,000,000	1,000,000	USD
	Alliance Bank	Marfin Factors & Fortfaitors SA, Greece	SF-198/260907	28.09.2007	1,500,000	1,500,000	USD
	Alliance Bank	Deutsche Bank AG, New York, NY, USA (Guaranteed by USDA)	SF-199/221007	08.11.2007	4,650,604	2,325,302	USD
	Alliance Bank	Cobank, Greenwood Village, USA (Guaranteed by USDA)	SF-209/270109/1	02.02.2009	13,678,875	11,399,063	USD
	Alliance Bank	Cobank, Greenwood Village, USA (Guaranteed by USDA)	SF-179/130607	20.06.2007	2,201,839	733,946	USD
	Alliance Bank	The Bank of Nova Scotia, Ontario, Canada (Guaranteed by EDC)	Credit Agreement	24.03.2006	24,302,100	11,864,057	USD
	Alliance Bank	Wirtgen International GmbH, Germany	07/GO-48	19.03.2007	751,824	359,337	EUR
	Alliance Bank	ING Bank Amsterdam, Netherlands	IMP/021/280308	04.07.2008	105,700	105,700	EUR
	Alliance Bank	ING Belgium NV/SA, Belgium	IMP/046/190608	30.06.2008	154,075	154,075	EUR
	Alliance Bank	Deutsche Bank, Moscow, Russia	IMP/063/310708	01.09.2008	245,134	245,134	EUR

Type	Borrower / Issuer	Creditor / Agent	Transaction No. / ISIN	Transaction / Issuance Date	Original Amount	Debt outstanding as of 08/10/2009	Currency
	Alliance Bank	Deutsche Bank AG, Vienna, Austria	IL004/11.3.2009	15.05.2009	182,610	182,610	EUR
	Alliance Bank	ING Belgium NV/SA, Belgium	IMP/050/250608	06.10.2008	37,444	37,444	USD
	Alliance Bank	Erste Bank der Oesterreichischen Sparkassen AG, Vienna, Austria	IMP/056/210708	25.09.2008	60,508	60,508	USD
	Alliance Bank	ING Belgium NV/SA, Belgium	IMP/029/240408	20.08.2008	77,561	77,561	USD
	Alliance Bank	Deutsche Bank AG, Zurich, Switzerland	IMP/052/020708	15.12.2008	282,132	282,132	USD
	Alliance Bank	Nova Ljubljanska Banka, Slovenia	IL/003/5.3.2009	18.03.2009	98,493	98,493	EUR
	Alliance Bank	LandesBank Berlin AG, Berlin, Germany (Guaranteed by Euler Hermes)	IMP/141/030305	04.04.2005	255,000	51,000	EUR
	Alliance Bank	Deutsche Bank AG, Tokyo, Japan	IMP/043/180608	21.08.2008	152,256	152,256	USD
	Alliance Bank	Commerzbank AG, Hannover, Germany	IMP/078/260808	17.09.2008	285,531	285,531	USD
	Alliance Bank	DeutscheBank AG, Hannover, Germany	IMP/080/090908	25.09.2008	278,520	278,520	USD
	Alliance Bank	Deutsche Bank AG, London, UK	IMP/324/2008	04.03.2009	294,653	294,653	USD
	Alliance Bank	Deutsche Bank OOO, Moscow, Russia	IMP/068/140808	23.10.2008	228,531	228,531	EUR
	Alliance Bank	Erste Bank der Oesterreichischen Sparkassen AG, Vienna, Austria	IMP/044/190608	09.09.2008	1,583,194	1,583,194	EUR
	Alliance Bank	Deutsche Bank, Zurich, Switzerland	IMP/032/200508	04.08.2008	421,956	421,956	USD
	Alliance Bank	Erste Bank der Oesterreichischen Sparkassen AG, Vienna, Austria	IMP/076/220808	03.11.2008	449,312	449,312	EUR
	Alliance Bank	Erste Bank der Oesterreichischen Sparkassen AG, Vienna, Austria	IMP/086260908	05.12.2008	789,728	789,728	EUR
	Alliance Bank	Deutsche Bank AG, Zurich, Switzerland	IMP/075/280808	31.10.2008	470,609	470,609	USD
	Alliance Bank	Erste Bank der Oesterreichischen Sparkassen AG, Vienna, Austria	IMP/325/2008	27.01.2009	781,432	781,432	EUR
	Alliance Bank	Commerzbank AG, Hannover, Germany	IMP329/2008	17.02.2009	745,006	745,006	USD
	Alliance Bank	Deutsche Bank, Vienna, Austria	IL001/21012009	06.04.2009	528,706	528,706	EUR
	Alliance Bank	Nova Ljubljanska Banka, Slovenia	IL/002/25.02.2009	20.03.2009	1,198,078	1,198,078	EUR
	Alliance Bank	Deutsche Bank AG, Zurich, Switzerland	IL005/13.3.2009	01.06.2009	564,623	564,623	USD
	Alliance Bank	Nordea BankFinland PLC, Helsinki, Finland	IMP/186/160707	06.06.2008	1,548,000	1,548,000	EUR
	Alliance Bank	Deutsche Bank AG, Frankfurt am Main, Germany	IMP/054/110708	28.07.2008	546,606	546,606	EUR
	Alliance Bank	Commerzbank AG, Hannover, Germany	IMP/073/150808	02.09.2008	537,014	537,014	USD
	Alliance Bank	Deutsche Bank, Hannover, Germany	IMP/084/220908	22.10.2008	809,544	809,544	EUR
	Alliance Bank	Commerzbank AG, Frankfurt am Main, Germany	IMP/089/161008	01.12.2008	1,000,000	1,000,000	USD
	Alliance Bank	Commerzbank AG, Hannover, Germany	IMP/328/2008	17.12.2008	1,025,985	1,025,985	USD
	Alliance Bank	Deutsche Bank AG, Hannover, Germany	IMP/331/2008	12.01.2009	373,083	373,083	USD
	Alliance Bank	Commerzbank ZAO, Moscow, Russia	IMP/066/110808	17.09.2008	318,398	318,398	USD
	Alliance Bank	Deutsche Bank OOO, Moscow, Russia	IMP/077/040908	14.10.2008	938,252	938,252	RUB
	Alliance Bank	ING Belgium NV/SA, Brussels, Belgium (Guaranteed by Cisco)	KOHTPAKT No 1A/01308	27.09.2007	2,017,843	1,239,708	USD
	Alliance Bank	Commerzbank ZAO, Moscow, Russia	IMP/094/071108	14.01.2009	277,375	277,375	EUR
	Alliance Bank	Sampo Bank PLC, Helsinki, Finland	IMP/028/090306	17.03.2006	382,000	63,667	USD
	Alliance Bank	Sampo Bank PLC, Helsinki, Finland	IMP/029/090306	17.03.2006	445,000	74,167	USD
	Alliance Bank	Sampo Bank PLC, Helsinki, Finland	IMP/030/090306	16.03.2006	1,782,000	297,000	USD
	Alliance Bank	The Export-Import Bank of Korea, Seoul, Korea	IMP/242/120907	15.11.2007	242,971	242,971	EUR
	Alliance Bank	HSBC Bank Kazakhstan, Almaty, Kazakhstan	IMP/064/310708	13.08.2008	19,998,125	19,998,125	KZT
	Alliance Bank	Deutsche Bank OOO, Moscow, Russia	IMP/058/220708	15.08.2008	303,000	303,000	USD
	Alliance Bank	Deutsche Bank OOO, Moscow, Russia	IMP/060/230708	15.08.2008	303,000	303,000	USD
	Alliance Bank	Deutsche Bank OOO, Moscow, Russia	IMP/057/220708	26.08.2008	35,800	35,800	USD
	Alliance Bank	UBS AG, Zurich, Switzerland	IMP/067/120808	06.10.2008	200,000	200,000	USD
	Alliance Bank	Commerzbank AG, Frankfurt am Main, Germany	IMP/049/240608	18.07.2008	280,638	280,638	USD
	Alliance Bank	Commerzbank AG, Frankfurt am Main, Germany	IMP/047/200608	18.07.2008	306,600	306,600	USD

Type	Borrower / Issuer	Creditor / Agent	Transaction No. / ISIN	Transaction / Issuance Date	Original Amount	Debt outstanding as of 08/10/2009	Currency
	Alliance Bank	Deutsche Bank OOO, Moscow, Russia	IMP/055/160708	30.07.2008	324,500	324,500	USD
	Alliance Bank	Deutsche Bank OOO, Moscow, Russia	IMP/059/220708	13.08.2008	606,000	606,000	USD
	Alliance Bank	Banka Agricola Mantovana, Mantova, Italy	IMP/139/300507	14.12.2007	931,500	652,050	EUR
	Alliance Bank	Deutsche Bank OOO, Moscow, Russia	IMP/072/150808	16.09.2008	198,532,170	198,532,170	RUB
	Alliance Bank	Commerzbank Eurasia, Moscow, Russia	IMP/253/290806	08.09.2006	3,300,000	3,300,000	USD
	Alliance Bank	LandesBank Berlin AG, Berlin, Germany (Guaranteed by Euler Hermes)	IMP/012/170206	16.03.2006	1,744,756	725,628	EUR
	Alliance Bank	LandesBank Berlin AG, Berlin, Germany (Guaranteed by Euler Hermes)	IMP/244/250806	29.09.2006	324,749	54,125	EUR
	Alliance Bank	Dresdner Bank AG, Frankfurt am Main, Germany (Guaranteed by Euler Hermes)	IMP/183/140706	10.11.2006	915,824	549,494	EUR
	Alliance Bank	LandesBank Berlin AG, Berlin, Germany (Guaranteed by Euler Hermes)	IMP/370/301106	24.01.2007	5,283,492	3,773,923	USD
	Alliance Bank	LandesBank Berlin AG, Berlin, Germany (Guaranteed by Euler Hermes)	IMP/369/301106	01.02.2007	788,294	563,067	USD
	Alliance Bank	LandesBank Berlin AG, Berlin, Germany (Guaranteed by Euler Hermes)	IMP/017/010207	12.03.2007	511,761	307,057	EUR
	Alliance Bank	LandesBank Berlin AG, Berlin, Germany (Guaranteed by Euler Hermes)	IMP/116/110508	14.01.2008	11,117,327	8,735,042	USD
	Alliance Bank	Calyon, Seoul, Korea	IMP/136/280507	15.06.2007	772,500	240,000	USD
	Alliance Bank	Calyon, Seoul, Korea	IMP/136/280507	07.08.2007	807,500	52,500	USD
	Alliance Bank	Swed Bank, Stokholm, Sweden	IMP/051/270608	27.06.2008	1,574,376	1,574,376	EUR
	Alliance Bank	The Export -Import Bank of Korea, Seoul, Korea	IMP/277/121107	29.11.2007	842,000	842,000	USD
	Alliance Bank	Dresdner Bank AG, Frankfurt am Main, Germany	IMP/023/100408	02.07.2008	1,168,575	818,003	USD
	Alliance Bank	Swed Bank, Stokholm, Sweden	IMP/177/060707	08.01.2008	1,980,834	990,417	EUR
	Alliance Bank	VTB Bank, AG, Frankfurt, Germany	SF-187/270607	27.06.2007	5,000,000	5,000,000	USD
	Alliance Bank	VTB Bank, AG, Frankfurt, Germany	SF-189/200707	20.07.2007	1,900,000	1,900,000	USD
	Alliance Bank	Societe Generale Financial Corporation, New York, USA (Guaranteed by US ExIm Bank)	Guaranteed Credit Agreement	03.05.2007	18,367,148	13,896,379	USD
	Alliance Bank	Societe Generale Financial Corporation, New York, USA	Commercial Credit Agreement	19.04.2007	3,017,550	603,509	USD
	Alliance Bank	Calyon, Seoul, Korea (Guaranteed by KEIC)	Master Credit Agreement	30.11.2007	4,876,853	3,413,797	USD
	Alliance Bank	Bayerische Hypo-und Vereinsbank Aktiengesellschaft, Munich, Germany (Guaranteed by Euler Hermes)	Framework Agreement (SLA 01)	25.06.2004	1,275,000	127,500	USD

The Designated Financial Indebtedness in this Annex 2 is for indicative purposes only. Designated Financial Indebtedness includes any Guarantee and any surety provided by the Bank in respect of the Rouble Notes whether or not demand has been made under the relevant Guarantee or surety.

ANNEX 3 — CALCULATION OF ENTITLEMENTS

The Outstanding Amount of an Agreed Claim shall be the principal amount of an Agreed Claim as at the Record Date plus the Restructured Interest.

As Claims are denominated in different currencies, to calculate each Entitlement the Bank will apply the following currency conversions (each a "Conversion Rate"):

- Claimants with Claims denominated in any currency other than Tenge will receive Entitlements denominated in U.S. Dollars unless the relevant Claimant elects to have its debt denominated in Tenge. If the relevant Claimant elects to have its debt denominated in Tenge, such debt shall be converted (i) firstly into U.S. Dollars at the rate displayed on the appropriate page of the Thompson Reuters screen at or about 11 a.m. Almaty time on the date two business days prior to the date on which the application of the Allocation and Reallocation of Claims Mechanism is implemented (the "Conversion Date") and (ii) secondly into Tenge using the rate available on the Thompson Reuters page AFINEX 01 on the Conversion Date (either rate being the "Conversion Rate");
- In respect of Claims being allocated into Option 1 the following shall apply: Claims originally denominated in any currency other than Tenge or Dollars shall be settled in Dollars; Claims originally denominated in Dollars shall be settled in Dollars; and Claims originally denominated in Tenge shall be settled in Tenge (or, at the option of the relevant Claimant, converted into Dollars at the rate displayed on the appropriate page of the Thompson Reuters screen at or about 11 a.m. Almaty time on the Conversion Date); and
- Claims originally denominated in Tenge and governed by non-Kazakhstan law shall be converted into Dollars for the purposes of Option 2, 3, 4 and/or 4A using the rate displayed on the Thompson Reuters page AFINEX 01 at or about 11 a.m. Almaty time on the Conversion Date. For the purposes of Option 1 and 5, such Claims shall remain in Tenge (or, in the case of Option 1, as set out above).

The value of a Claimant's Entitlement in respect of each of its Claims will be the product of the relevant Outstanding Amount and the Conversion Rate multiplied by the relevant rate of return of each Guaranteed Allocation or Preferred Option and subject to the Allocation and Reallocation of Claims Mechanism.

Interest Amounts

Every Claimant's interest amount will be the amount calculated as equal to Payable Interest plus Restructured Interest in respect of each Liability comprised in the calculation of that Claimant's Principal Amount at the rate or rates at which interest (or Late Payment Donation) accrues under the applicable provisions of the relevant instrument or agreement (if any) relating to such Liability.

The amounts of Restructured Interest and Payable Interest in respect of Claims will be calculated on a daily basis for the number of days elapsed from the last day in relation to which interest or Late Payment Donation was paid in respect of such Liability up to the Record Date and, unless the instrument or agreement constituting such Liability otherwise provides, computed on the basis of a 360 day year and compounded at such time or times as is provided in the relevant instrument or agreement. No interest or Late Payment Donation accruing after the Record Date will be included in the calculation of a Claimant's Outstanding Amount.

ANNEX 4 — FORM OF DEED OF RELEASE

THIS DEED is made the day of 2010

BETWEEN:

(1) **JSC ALLIANCE BANK**, a company incorporated in the Republic of Kazakhstan under registered number 4241-1900-AO whose registered office is at 50 Furmanova Street, Zhetysuskiy Region, Almaty 050004, Kazakhstan (the "**Bank**");

(2) **THE CLAIMANTS** acting by the Bank pursuant to the authority conferred upon the Bank by the Claimants under the Restructuring, as defined herein; and

(3) **THE RELATED PARTIES** acting by the Bank pursuant to the authority conferred upon the Bank by the Claimants under the Restructuring, as defined herein.

WHEREAS:

(A) Pursuant to the terms of the Restructuring Plan, each Claimant and Related Party has authorised the Bank to enter into and execute and deliver this Deed on its behalf.

(B) The parties hereto have agreed to enter into and execute and deliver this Deed on the terms set out below.

NOW IT IS AGREED as follows:

1. **INTERPRETATION**

1.1 In this Deed, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"**Advisers**" means Lazard Frères, Ernst & Young LLP, White & Case LLP, White & Case Kazakhstan, LLP, White & Case LLC (Moscow), Denton Wilde Sapte LLP, Denton Wilde Sapte Kazakhstan Limited, Field Fisher Waterhouse LLP, the Allocation Manager and their respective Affiliates and Subsidiaries and any other adviser to the Bank, its Subsidiaries, the government of Kazakhstan, the NBK, the FMSA, Samruk-Kazyna and the Steering Committee appointed in relation to the Restructuring;

"**Claim**" or "**Claims**" means all and any actions, claims, demands or rights whatsoever or howsoever arising, whether present, future, prospective or contingent, whether or not for a fixed or unliquidated amount, whether or not involving the payment of money or the performance of an act or obligation, whether arising in any jurisdiction or in any manner whatsoever;

"**Directors and Officers**" means any person who is an officer or director of the Bank or any of its Subsidiaries as at the Restructuring Date or such reduced class of individuals as the Bank may subsequently determine;

"**Information Memorandum**" means the information memorandum of the Bank dated 5 November 2009 as amended or supplemented from time to time;

"**Liability**" or "**Liabilities**" means any debt, liability or obligation whatsoever whether it is present, future, prospective or contingent, whether or not its amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation and whether it arises in any manner whatsoever, but such expression does not include any liability which is barred by statute or is otherwise unenforceable or arises under a contract which is void or, being voidable, has been duly avoided;

"**New Notes and Shares**" shall have the meaning ascribed to it in the Information Memorandum as amended from time to time;

"**Restructuring**" means the financial restructuring of the Designated Financial Indebtedness as agreed with the Claimants and Related Parties and approved by the Court as more fully described in the Information Memorandum;

"**Restructuring Claim**" means any claim in respect of any Liability of the Bank to any person arising directly or indirectly in relation to or arising out of or in connection with all or any of the Designated Financial Indebtedness, including any Liability of the Bank or any of its Subsidiaries in respect of loss or damage suffered or incurred as a result of or in connection with such Liability in each case arising as at the Record Date or after that date by reason of a Liability of the Bank or any of its Subsidiaries incurred before that date (including, for the avoidance of doubt, any interest accruing on, or accretions arising in respect of, such claims after the Record Date);

"**Subsidiary**" means an affiliate controlled by a person directly, or indirectly through one or more intermediaries;

"**Trust Deeds**" shall have the meaning ascribed to it in the Information Memorandum;

1.2 In this Deed, unless the context otherwise requires or expressly provides:

(a) terms used herein and not otherwise defined shall have the meanings ascribed to them in the Information Memorandum;

(b) references to any clause, without further designation, shall be construed as a reference to the clause of this Deed so numbered;

(c) section headings are for convenience only and shall not be taken into account in the interpretation of this Deed;

(d) reference to any act, statute or statutory provision shall include a reference to that provision as amended, re-enacted or replaced from time to time whether before or after the date of this Deed and any former statutory provision replaced (with or without modification) by the provision referred to;

(e) words importing the plural shall include the singular and vice versa*;* and

(f) reference to a person includes a reference to any body corporate, unincorporated association or partnership and to that person's legal personal representatives or successors.

2. WAIVER, RELEASE AND CONFIRMATION

2.1 The Claimants and the Related Parties hereby irrevocably and unconditionally waive, on their own behalf and on behalf of any person to whom they may have transferred their Restructuring Claims after the Record Date, in each case to the extent permitted as a matter of law, each and every Claim which they or any of them have, or may have, against each and all of:

(a) the Bank;

(b) the Subsidiaries of the Bank;

(c) Samruk-Kazyna;

(d) the government of Kazakhstan;

(e) the NBK;

(f) the FMSA;

(g) the Directors and Officers;

(h) the Steering Committee;

(i) the Trustee;

(j) the Trade Finance Adjudicator;

(k) the Independent Adjudicator; and

(l) the Advisers,

in relation to or arising out of or in connection with the Designated Financial Indebtedness, the Trade Finance Debt and/or the implementation of the Restructuring.

2.2 The Claimants and the Related Parties hereby irrevocably and unconditionally release on their own behalf and on behalf of any person to whom they may have transferred their Restructuring Claims after the Record Date, in each case to the extent permitted as a matter of law, each and all of:

(a) the Bank;

(b) the Subsidiaries of the Bank;

(c) Samruk-Kazyna;

(d) the government of Kazakhstan;

(e) the NBK;

(f) the FMSA;

(g) the Directors and Officers;

(h) the Steering Committee;

(i) the Trustee;

(j) the Trade Finance Adjudicator;

(k) the Independent Adjudicator; and

(l) the Advisers,

from each and every Liability which they or any of them may have to a Claimant or a Related Party, or any person to whom they may have transferred their Restructuring Claims after the Record Date in relation to, in connection with or in any way arising out of the Designated Financial Indebtedness (including the Trade Finance Debt) or otherwise by virtue of such a person's holding of the Designated Financial Indebtedness and/or the implementation of the Restructuring.

2.3 Notwithstanding any other provision of this Deed, no person shall be released or waived from any Liability arising from gross negligence, the fraud or wilful misconduct on the part of such person.

2.4 Notwithstanding any other provision of this Deed, the Bank shall not be released or waived from any Liability to pay the fees and expenses of the Steering Committee.

2.5 The Claimants hereby acknowledge that their right to receive the cash and New Notes and Shares in accordance with the provisions of the Restructuring Plan is accepted in full and final settlement of all Claims and Liabilities waived and released pursuant to this Deed.

3. FURTHER ASSURANCE

Each party shall at its own cost do and execute or procure to be done and executed all necessary acts, deeds, documents and things reasonably within its power to give effect to this Deed.

4. CONFLICT

This Deed is expressly intended to supplement the obligations set out in the Restructuring Plan in relation to the releases to be given thereunder. If at any time there shall be any conflict between the provisions of this Deed and the provisions of the Restructuring Plan, the provisions of the Restructuring Plan shall prevail.

5. THIRD PARTIES

Subject to the Bank, its Subsidiaries, Samruk-Kazyna, the Directors and Officers, the Steering Committee, the Trustee and the Advisers being able to enforce the waivers and releases in Clauses 2.1 and 2.2 respectively, a person who is not a party to this Deed shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

6. GOVERNING LAW

This Deed and any non-contractual obligations arising out of or in connection with this Deed shall be governed by and construed in accordance with English law.

SCHEDULE 2 — FORM OF CLAIM FORM

CLAIM FORM

FOR THE RESTRUCTURING PLAN

in respect of

JSC ALLIANCE BANK

THIS CLAIM FORM IS TO BE COMPLETED BY ALL CREDITORS IN RESPECT OF THEIR CLAIMS FOR FINANCIAL INDEBTEDNESS.

EURONOTEHOLDERS DO NOT NEED TO COMPLETE A CLAIM FORM IN RESPECT OF CLAIMS ARISING OUT OF DESIGNATED FINANCIAL INDEBTEDNESS UNDER EURONOTES HELD, AS AT THE RECORD DATE, IN THE CLEARING SYSTEMS.

Creditors must submit separate Claim Forms in relation to each Claim prior to the Claims Submission Date in order to be eligible to elect or be allocated to an Option as cash and New Notes and Shares. The provisional date of the Claims Submission Date is 10 December 2009, and should this date change it will be notified to Creditors by announcement on a Regulatory Information Service and on the Bank's websites at www.albinvestorrelations.com and www.alb.kz.

Creditors wishing to have their Claims considered by the Trade Finance Adjudicator must submit their Claim Form and all documentation regarding such Claim no later than 21 days after the date of publication of the Information Memorandum. Claims purporting to be Trade Finance Debt not notified to the Bank by this time will not be considered by the Trade Finance Adjudicator and will be dealt with in the same manner as Claims which are not comprised of Trade Finance Debt.

Creditors who do not submit a Claim Form prior to the Claims Submission Date will have their Claims cancelled and will, if the Restructuring Plan is approved, only be entitled to receive Shares in consideration for their Claims.

Before completing and executing this Claim Form, you should read the instructions below and the detailed instructions set out at the end of this Claim Form. If the Claim Form is not completed in its entirety and executed in accordance with the detailed instructions, you may not be eligible to receive your Entitlement under the Restructuring Plan.

If you have any questions relating to the completion of this Claim Form, please contact the Bank at the address and telephone number set out below. If you require further copies of this Claim Form, the Information Memorandum or Form of Proxy referred to below, please visit the Bank's websites at www.albinvestorrelations.com and www.alb.kz.

This Claim Form is to be read in conjunction with the Information Memorandum dated 5 November 2009 and the Restructuring Plan contained therein that has been prepared in connection with the Restructuring. The definitions contained in the Information Memorandum apply to this Claim Form.

Instructions for completion and return of this Claim Form:

1. Detailed instructions regarding completion of this Claim Form are set out at the end of this form.
2. If a Creditor is unable to make all of the representations and undertakings set out in Box 3 of this Claim Form, their Claim Form will be rejected.

   Bank details for return of Claim Forms and queries:

Contact:	Victoria Tyo
Tel:	+7 727 258 4040 extension 52432
Fax:	+7 727 259 807
Email:	gardenia.collection@alb.kz

Agreement of Claim Forms:

In respect of all Claims other than those determined by the Trade Finance Adjudicator to be Trade Finance Debt, in the event that the validity of a Claim (or part thereof) and/or the amount of a Creditor's Claim (as included on the Claim Form) has not been agreed by the Bank on or before the Adjudication Reference Date, the Bank may refer the dispute to the Independent Adjudicator, whose determination of the issue will be final and binding on the Bank and the relevant Creditor.

1 FULL NAME AND CONTACT DETAILS OF CREDITOR (BOX 1)

Creditor name: _____

Contact person with respect to this Claim Form: _____

_____

Contact Telephone Number: _____

E-mail: _____

Full Address: _____

_____

_____

2 CLAIM (BOX 2)

PLEASE PROVIDE DESCRIPTION

_____

_____

_____

Outstanding Amount (stating currency) as of the Record Date (being the principal amount of the Claim plus Restructured Interest):

_____

CATEGORY OF CLAIM

Please mark the appropriate box in respect of this Claim:

- ☐ an Islamic Finance Instrument held by and Islamic Finance Institution
- ☐ Trade Finance Debt
- ☐ a syndicated loan
- ☐ a bilateral loan
- ☐ a derivative contract
- ☐ notes issued by the Bank
- ☐ notes issued by Alliance Finance
- ☐ subordinated debt denominated in Tenge
- ☐ subordinated debt denominated in U.S. Dollars
- ☐ any other form financial indebtedness

3 REPRESENTATIONS AND UNDERTAKINGS (BOX 3)

The Creditor represents and undertakes as follows:

(1) If a body corporate, the Creditor is duly organised, validly existing and in good standing under the laws of the jurisdiction of its organisation and has full power and authority to execute this Claim Form.

(2) The execution and delivery of this Claim Form in connection with the Restructuring Plan do not and will not: (1) violate any law or regulation applicable to the Creditor; or (2) constitute a breach or default of any provision of any document under which, if a body corporate, the Creditor is organised, or any other agreement to which it is a signatory or by which it is bound, or to which any of its assets is subject.

(3) This Claim Form has been duly completed by the Creditor and constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms hereof, subject to the general principles of equity and any applicable bankruptcy, insolvency, reorganisation or similar law in any jurisdiction affecting creditors' rights generally.

(4) The Creditor is a creditor of record on the Record Date and has not entered into any prior assignment, sale, grant, conveyance or other transfer of its rights in respect of the Claim to which this Claim Form relates and has good title to make the Claim to which this Claim Form relates.

(5) The Creditor has adequate information concerning its Claim and the business and financial condition of the Bank to make an informed decision regarding the Restructuring Plan and the Entitlements to be received under the Restructuring Plan in exchange for cancellation or restructuring of its Claim, and no reliance has been made on any document other than the Information Memorandum.

(6) The creditor understands that the New Notes and Shares have not been and will not be registered under the Securities Act or any other securities laws and are being offered in transactions not involving any public offering in the United States and unless so registered, the New Notes and Shares may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in the first paragraph under the heading "*Issuance and Transfer Restrictions*" in the information Memorandum.

(7) It is not, nor is it acting on behalf of, an affiliate of the Bank or acting on the Bank's behalf and it is either:

(i) not a U.S. Person or acting for the account or benefit of a U.S. Person, it is located outside the United States and it acknowledges that until the expiration of the period which expires on and includes the 40th day after the later of the commencement of the offering of the New Notes and Shares and the Closing Date (the "distribution compliance period"), any offer or sale of these New Notes or Shares shall not be made by it (a) to a person whom it reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A or (b) to a person that is not a U.S. Person or acting for the account or benefit of a U.S. Person in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; and, in each case, accordance with any applicable securities laws of any state of the United States or any other jurisdiction; or

(ii) an Accredited Investor and, if it is participating on behalf of one or more investor accounts, each of these investor accounts is an Accredited Investor, and it:

- is acquiring the New Notes and Shares for investment, in the normal course of its business, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act;
- invests in or purchase securities similar to the New Notes and Shares and it has such knowledge and experience in financial and business matters that makes it capable of evaluating the merits and risks of acquiring the New Notes and Shares; and
- is aware that it (or any of these investor accounts) may be required to bear the economic risk of an investment in the New Notes and Shares for an indefinite period of time and it (or that investor account) is able to bear this risk for an indefinite period; or

(iii) it is a QIB, and, if it is participating on behalf of one or more investor accounts, each of these investor accounts is a QIB;

(8) It understands that the New Notes will bear a legend to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. BY ACCEPTANCE OF THE SECURITY REPRESENTED HEREBY, EACH BENEFICIAL OWNER HEREOF REPRESENTS THAT (A) IT IS EITHER (I) NOT A U.S. PERSON AND IS LOCATED OUTSIDE THE UNITED STATES AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT; OR (II) AN ACCREDITED INVESTOR AS DEFINED IN RULE 501(a) OF REGULATION D UNDER THE SECURITIES ACT ("AN ACCREDITED INVESTOR") OR (III) A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("QIB") AND (B) THE SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (I) OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS AS DEFINED IN, AND IN ACCORDANCE WITH, REGULATION S AND (II) WITHIN THE UNITED STATES IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QIB; AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR RESALES OF THIS SECURITY.

THIS SECURITY AND ALL RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFERS OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF THIS SECURITY. THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

(9) If it is a QIB or an Accredited Investor, it understands that the New Notes offered pursuant to an exemption from the Securities Act other than Regulation S will be represented by a Restricted Global Note. Before any interest in any Restricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note, it will be required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

(10) If it has elected to participate in compliance with Regulation S, it understands that the New Notes will be represented by an Unrestricted Global Note. Prior to the expiration of the distribution compliance period, before any interest in any Unrestricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Note, it will be required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

(11) The Bank, the Registrar, the Trustee and the Principal Paying and Transfer Agent and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

4 **EXECUTION** (BOX 4)

PLEASE SEE NOTES AT THE BACK OF THIS CLAIM FORM REGARDING EVIDENCE TO BE ATTACHED TO THE CLAIM FORM.

EXECUTE A OR B BELOW

(A) Execution by a company (or a partnership or other entity which has a separate legal personality from its partners or members)

EITHER (i) IF THE CREDITOR'S SEAL IS TO BE AFFIXED

This Claim Form has been executed on _____ (date)

Executed by the Creditor named below:

_____ Name of Creditor

(Affix company seal)

_____	_____	_____
Name in full *(please print)*	Director/Authorised signatory	Signature
_____	_____	_____
Name in full *(please print)* *(if two signatories are required)*	Director/Authorised signatory	Signature *(if two signatories are required)*

OR (ii) IF THE CREDITOR'S SEAL IS **NOT** TO BE AFFIXED

This Claim Form has been executed on._____

Executed by the Creditor named below:

Name of Creditor._____

Acting by the person (or persons) named below each of whom is duly authorised on behalf of the Creditor named above:

_____	_____	_____
Name in full *(please print)*	Director/Authorised signatory (*Delete as applicable*)	Signature
_____	_____	_____
Name in full *(please print)* *(if two signatories are required)*	Director/Authorised signatory (*Delete as applicable*)	Signature *(if two signatories are required)*

_____

(C) Execution by individuals

This Claim Form has been executed

on _____ (date)

Signed:

1. _____ _____
   Name in full *(please print)* — Signature

2. _____ _____
   Name in full *(please print)* *(If two signatories are required)* — Signature *(If two signatories are required)*

NOTES FOR COMPLETION OF THIS CLAIM FORM

PLEASE FOLLOW THESE NOTES CAREFULLY WHEN COMPLETING THIS CLAIM FORM.
ALL BOXES MUST BE COMPLETED AS DESCRIBED IN THESE NOTES.

---

1 FULL NAME AND CONTACT DETAILS OF CREDITOR (Box 1)

This Box must be completed by the Creditor. Please provide all information requested.

---

2 CLAIM (Box 2)

Full details of the Claim should be provided and a continuation sheet should be used, if necessary. Creditors should reference any specific agreement or document pursuant to which the Claim is being made. Creditors should also indicate the category of a Claim, in particular whether it is:

- an Islamic Finance Instrument held by and Islamic Finance Institution;
- Trade Finance Debt;
- a syndicated loan;
- a bilateral loan;
- a derivative contract;
- notes issued by the Bank;
- notes issued by Alliance Finance;
- subordinated debt denominated in Tenge;
- subordinated debt denominated in U.S. Dollars; or
- any other form financial indebtedness.

The Creditor should detail the Outstanding Amount (being the principal amount of the Claim plus Restructured Interest).

---

3 REPRESENTATIONS AND UNDERTAKINGS (Box 3)

Please read Box 3 carefully. If Box 3 is amended in any way, this Claim Form will be invalid. If the representations and undertakings cannot be made, please contact the Bank.

---

4 EXECUTION (Box 4)

Box 4 must be signed by each person who is named as a Creditor as explained below.

Insert the date on which this Claim Form is executed. This date must be the date on which the person who signs the Claim Form actually does so. Where more than one person signs the Claim Form, the date inserted should be the date on which the last person to sign the Claim Form actually does so.

As described in the notes below, in most cases evidence of the authority of the signatory(ies) to execute this Claim Form needs to be submitted with the Claim Form.

Companies (and partnerships or other entities which have a separate legal personality):

Where a person signing and executing Box 4 is a company (or partnership or other entity which has a separate legal personality), then section (A) must be executed as follows. Either:

(1) that company's seal may be affixed in accordance with the company's articles of association. The person(s) witnessing the affixing of the seal must also complete and sign Box 4 where indicated; or

(2) authorised signatories of the company may sign Box 4 on behalf of that company.

In either case, the persons signing on behalf of the company must specify their position in that company and must submit the evidence of their authority to sign as described in the notes below.

Individuals:

Where a Creditor is an individual or individuals, that person or persons must sign and complete Box 4, section (B).

If the person signing in section (B) as an individual is a Creditor who is not holding a Claim solely for his own account (for example, if he holds that Claim as a trustee, executor or personal representative or a partner in a partnership), evidence of his authority to sign the Claim Form must be submitted as described in the notes below.

Even where an attorney has been appointed to sign the Claim Form in Box 4 on behalf of a Creditor, the Creditor must be named in Box 1.

In all cases, the attorney must submit evidence of his, her or its authority to sign as described in the notes below.

Powers of attorney:

This note applies if a person named as Creditor in Box 1 has appointed someone else to execute the Claim Form on his, her or its behalf under a power of attorney. If the attorney so appointed is an individual, he or she must (i) sign and complete section (B) as an individual, as described above under "Individuals", and (ii) when he or she prints his or her name in section (B), also write the words "as attorney for X", X being the name of the Creditor who has granted the power of attorney. If the attorney so appointed is a company or a partnership or other entity having its own legal personality, then (i) section (A) must be completed and signed in the manner described above, and (ii) when the name of the company (or other entity) is inserted in section (A), the words "as attorney for X" must be inserted, X being the name of the Creditor who has granted the power of attorney.

Even where an attorney has been appointed to sign the Claim Form in Box 4 on behalf of a Creditor, the Creditor must be named in Box 1.

In all cases, the attorney must submit evidence of his, her or its authority to sign as described in the notes below.

Evidence to be submitted:

In all cases other than where an individual who signs the Claim Form is claiming as a Creditor solely for his own account, evidence of the authority of the signatory(ies) to execute the Claim Form on behalf of the Creditor must be submitted with the Claim Form.

Where the Creditor (or the person signing the Claim Form on behalf of the Creditor) is a company, partnership or other entity, this evidence must consist of:

(i) copies of, or extracts from, the company, partnership or entity's constitutional documents (such as articles of association or partnership agreement) indicating which officers or bodies of the company, partnership or entity are authorised to execute documents, or have the capacity to delegate authority to execute documents, on behalf of that company; and

(ii) copies of, or extracts from, minutes or resolutions of the appropriate officers or bodies of the company, partnership or entity, evidencing that such authority has been delegated to the person(s) completing and signing the Claim Form on behalf of that company, partnership or entity.

For other individuals (such as personal representatives or executors) this evidence should show that the relevant individual is authorised to sign the Claim Form.

The Bank reserves the right to request that evidence of a signatory(ies) authority to execute the Claim Form has been duly legalised or apostilled and is accompanied by a notarised translation into the Russian language.

Where a Creditor has appointed an attorney, a copy of the power of attorney must be submitted with the Claim Form, together with any other evidence of authority required to be submitted as described in the notes above. The power of attorney must authorise the attorney to execute this Claim Form. If the power of attorney has been granted under English law, that power of attorney must be executed as a deed. If the power of attorney has been granted under Kazakhstan law, that power of attorney must be notarised when applicable, signed by the authorised officer of the Creditor and its chief financial officer and duly sealed and must contain the date of issuance and term of the power of attorney.

Corrections and amendments:

If, in completing this Claim Form, any corrections or amendments, however minor, are made, each person who signs in Box 4 must also sign his or her initials next to each correction or amendment. No amendment may be made to the wording in Box 4.

SCHEDULE 3 — NOTICE OF CLAIMANTS' MEETING

JSC ALLIANCE BANK

NOTICE IS HEREBY GIVEN that a meeting (the "Claimants' Meeting") be convened of the Creditors (as defined in the Information Memorandum referred to below (and, generally, being a person having a claim in respect of the financial indebtedness of JSC Alliance Bank (the "Bank")) arising under or in connection with certain financial indebtedness of the Bank for the purpose of considering and, if thought fit, approving a restructuring plan proposed to be made between the Bank and the Creditors (the "Restructuring Plan"). The Claimants' Meeting will be held in Almaty on 15 December 2009 at or about 10:00 a.m. (Almaty time) at 98 Panfilov Street, 050000, Almaty, Kazakhstan at which place and time all the Creditors are requested to attend either in person or by proxy. Each Creditor or his proxy will be required to register his attendance at the Claimants' Meeting prior to its commencement. Registration will commence at 10:00 a.m. (Almaty time) on 14 December 2009 and will close at 10:00 a.m. (Almaty time) on 15 December 2009.

The agenda of the Claimants' Meeting is the consideration and, if thought fit, approval of the Restructuring Plan. The quorum for the purposes of the Claimants' Meeting is established at two-thirds of the Bank's obligations by value subject to the Restructuring.

Creditors may vote in person at the Claimants' Meeting or they may appoint another person, whether a Creditor or not, as their proxy to attend and vote in their place. Creditors are requested to submit their form of proxy to an agent whose details are included in the form of proxy included with the Information Memorandum. Creditors or their proxies must be duly authorised to vote.

The text of the Restructuring Plan and of the Information Memorandum are incorporated in the Information Memorandum of which this notice forms a part. Additional copies of such Information Memorandum are available to Creditors at www.albinvestorrelations.com and www.alb.kz. A blank form of proxy is enclosed with the Information Memorandum and can be obtained from the Bank's websites at www.albinvestorrelations.com and www.alb.kz.

It is requested that forms of proxy be lodged with the Bank by no later than 5:00 p.m. (Almaty time) on 10 December 2009, but if forms of proxy are not so lodged they may be accepted at the discretion of the Chairman at any time prior to the Claimants' Meeting if properly completed and executed.

By an order of the Specialised Financial Court of the Regional Financial Centre of Almaty (the "Court") dated 18 September 2009, the Court has authorised Mr Maxat Kabashev, or failing him, Mr Gaziz Shakhanov, to act as Chairman of the Claimants' Meeting.

The Restructuring Plan will be subject to the subsequent approval of the Court. All Creditors are entitled to attend the Court hearing for approval in person or by counsel to support or oppose the approval of the Restructuring Plan. The hearing is expected to take place at the Court on or around 20 January 2010.

DATED 5 November 2009

SCHEDULE 4 — FORM OF PROXY

Record Date 26 November 2009	FORM OF PROXY FOR CREDITORS OF JSC ALLIANCE BANK	Voting Deadline: 10 December 2009

Instructions for completing and transmitting this Form of Proxy:

1. This form should only be completed by persons who are Creditors as at the Record Date.
2. **Box 1** is to be completed for each Claim held. Complete part (i) and part (ii).

PLEASE NOTE THAT A SEPARATE FORM OF PROXY MUST BE COMPLETED IN RESPECT OF EACH CLAIM.

3. **Box 2** is the certification box. Complete all the details and sign in the appropriate place.
4. **Box 3** is your voting instruction.
   (i) Detail at part (a) whether you would like to appoint the Chairman of the Meeting or yourself or another person as your proxy.
   (ii) If you would like to appoint the Chairman as your proxy, please indicate at (c) whether you would like the Chairman to vote for or against the Restructuring Plan. The Chairman can only vote as directed and cannot be directed to vote at his discretion. There is no need to complete (b) if you appoint the Chairman of the Claimants' Meeting as your proxy.
   (iii) If you do not wish to appoint the Chairman of the Claimants' Meeting as your proxy, please complete the details of your chosen proxy (which may include yourself or an employee) at (a)(ii). You can detail at (b) either whether you wish your proxy to vote at his own discretion or to vote in accordance with your instructions for or against the Restructuring Plan. If you do not want your proxy to vote at his own discretion, please also complete (c).
   (iv) The proxy must produce an appropriate proof of personal identity (for example, his or her passport or driving licence with photo-card) at the Claimants' Meeting in order to verify their identity and gain admission to the Claimants' Meeting.
5. THE VOTING DEADLINE IS 5:00 P.M. (ALMATY TIME) ON 10 DECEMBER 2009. PLEASE MAKE SURE YOU RETURN THIS FORM TO THE BANK IN SUFFICIENT TIME FOR YOUR VOTE TO BE CAST.

General instructions

1. Forms of Proxy may be returned to the Bank by post, fax or electronic mail as set out below:

   Contact: Victoria Tyo
   Tel: +7 727 258 4040 extension 52432
   Fax: +7 727 259 807
   Email: gardenia.collection@alb.kz

2. The person appointed under this Form of Proxy must attend the Claimants' Meeting in person to represent you.
3. All references to defined terms in this Form of Proxy are to be given the same meaning as in the Information Memorandum and the Restructuring Plan.

1 CLAIM (BOX 1)

The Creditor, identified in Box 2, certifies that as at the Record Date, the undersigned held a Claim arising out of an interest identified at (i) below in the aggregate unpaid Outstanding Amount (which shall be equal to the Outstanding Amount set out in the Creditor's Claim Form) identified at (ii) below:

(i) **PLEASE PROVIDE DETAILS (including a reference to any agreement or document pursuant to which a Claim arises):**

_____

_____

_____

Please use a continuation sheet if necessary

(ii) Outstanding Amount (stating currency) as of the Record Date (being the principal amount of the Claim plus Restructured Interest): [ ]

2 CERTIFICATION (BOX 2)

TO BE COMPLETED BY ALL CREDITORS

By returning this Form of Proxy, the Creditor certifies that it:

(a) was at the Record Date a Creditor;

(b) has full power and authority to vote at the Claimants' Meeting with respect to the Claim listed in Box 1;

(c) has received a copy of the Information Memorandum; and

(d) has adequate information to make an informed decision regarding the Restructuring Plan.

Creditor: _____

Signature: _____

Name and title of signatory: _____

Address: _____

_____

_____

Tel No: _____

Email: _____

Fax No: _____

Date: _____

3 FORM OF PROXY AND VOTE (BOX 3)

TO BE COMPLETED BY ALL CREDITORS

The Creditor identified in Box 2 hereby:

(a) appoints the following person as its proxy-holder **(please check one box in (a) only and then follow the arrows as directed)**

(i) THE CHAIRMAN **OR** **(ii) YOURSELF OR OTHER PROXY**

☐ **The Chairman,** in accordance with the instructions given in paragraph (c) below **(if you check this box, proceed directly to (c) below)**

☐ the person whose details are given immediately below, in accordance with the instructions given in paragraphs (b) and (c) below:

Name_____

Address:_____

_____

Tel no_____

Passport no_____

(b) instructs its proxy-holder to vote as instructed below **(please check one box in (b) only):**

(i) ☐ to vote on all matters arising at his own discretion **(if you check this box do not complete (c))** OR (ii) ☐ in accordance with the instructions given in paragraph (c) below.

(c) instructs it proxy-holder **(please check one box in (c) only):**

☐ to vote **FOR** the Restructuring Plan ☐ to vote **AGAINST** the Restructuring Plan

NB. Complete this section if you have appointed the Chairman of the meeting as your proxy-holder of if you have chosen to give specific instructions to your proxy-holder in section (b) above.

IF YOU HAVE ANY QUESTIONS

If you have any questions regarding this Form of Proxy or the voting procedures or if you need a Form of Proxy or additional copies of the Information Memorandum or other enclosed materials, please contact the Bank as follows:

Contact:	Victoria Tyo
Tel:	+7 727 258 4040 extension 52432
Fax:	+7 727 259 807
Email:	gardenia.collection@alb.kz

SCHEDULE 5 — NOTICES OF EURONOTEHOLDERS' MEETINGS

ANNEX 1 — NOTICE OF MEETING

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN INDEPENDENT ADVISERS IMMEDIATELY

ALB FINANCE B.V.

(a private company with limited liability incorporated under the laws of The Netherlands)
*(the "**Issuer**")*

NOTICE OF MEETING

of the holders of those of the

US$250,000,000 8.75% Notes due 2011 of the Issuer presently outstanding (the "Notes")

and listed on the official list of the UK Listing Authority

Common Code: 025184696 ISIN: XS0251846969

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Schedule 4 (*Provisions for Meetings of Noteholders*) to the trust deed dated 30 March 2006 as supplemented pursuant to a supplemental trust deed dated 5 September 2006 (together, the "**Trust Deed**") between the Issuer, JSC Alliance Bank (the "**Guarantor**") and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (the "**Trustee**") in respect of the above-referenced Notes, a meeting (the "**Noteholders' Meeting**") of the holders of the Notes (the "**Noteholders**") convened by the Guarantor will be held at or about 10:00 a.m. (London time) on 27 November 2009 at the offices of White & Case LLP at 5 Old Broad Street, London EC2N 1DW, United Kingdom for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed. If within fifteen minutes after such time the quorum specified in the Trust Deed is not present, the Noteholders' Meeting will be adjourned until 11 December 2009 (at the same location). Unless the context otherwise requires, terms used in this Notice of Noteholders' Meeting (including the Extraordinary Resolution) shall bear the meanings given to them in the Trust Deed and/or the information memorandum published by the Guarantor dated 5 November 2009 (the "**Information Memorandum**").

EXTRAORDINARY RESOLUTION

THE TERMS OF THE EXTRAORDINARY RESOLUTION are as follows**:**

"THAT this Meeting of the holders (the "**Noteholders**") of the US$250,000,000 8.75% Notes due 2011 (the "**Notes**") of ALB Finance B.V. (the "**Issuer**"), constituted by the trust deed dated 30 March 2006 as supplemented pursuant to a supplemental trust deed dated 5 September 2006 (together, the "**Trust Deed**") between the Issuer, JSC Alliance Bank (the "**Guarantor**") and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (the "**Trustee**") hereby:

(i) approves the Restructuring Plan;

(ii) instructs the Trustee to vote the principal amount of Notes outstanding in favour of and/or against the Restructuring Plan at the Claimants' Meeting in the same proportions as the Noteholders vote in favour of and/or against this Extraordinary Resolution;

(iii) instructs the Trustee, upon the request of the Guarantor, to accelerate the Notes and demand payment under the Guarantee;

(iv) instructs the Trustee to submit a Claim Form in respect of the amounts payable under the Guarantee;

(v) in the event the Restructuring Plan is approved at the Claimants' Meeting:

  (a) assents to the termination of the Guarantee; and

  (b) instructs the Trustee to release the Issuer and the Guarantor from their respective obligations under the Trust Deed;

(vi) discharges and exonerates the Trustee from any and all liability to the Noteholders by reason of its acting in accordance with this resolution and its implementation; and

(vii) authorises and requests the Trustee to concur in the above matters and to do all things and take any action which is, in the reasonable opinion of the Trustee, necessary, expedient or desirable in connection with this resolution,

all as provided in and subject to the conditions specified in the Restructuring Plan.

A Noteholder who votes against this Extraordinary Resolution shall be deemed to have authorised and directed the Trustee to vote against the Restructuring Plan at the Claimants' Meeting in the same proportion as the Noteholders who vote against this Extraordinary Resolution.

The Trustee shall not be obliged to take any of the steps set out in paragraph (iii) of this Extraordinary Resolution until it has been indemnified or provided with security or pre-funded to its satisfaction. As at the date of this notice, no such indemnity, security or pre-funding has been provided to the Trustee. The Extraordinary Resolution provides that the Bank can request acceleration of the Notes to facilitate set off under Kazakhstan law and to otherwise facilitate the implementation of the Restructuring Plan.

The Trustee has had no involvement in the formulation or negotiation of the Restructuring Plan and expresses no view on its merits. Furthermore, the Trustee makes no representation as to the admissibility of any Claim Form submitted by it in the event that the Extraordinary Resolution is passed. The Trustee has not reviewed the Information Memorandum and expresses no view on its contents.

Terms used in this resolution and defined in the Notice convening this Meeting or in the Information Memorandum are used herein as so defined."

Background

The Information Memorandum, a copy of which is available as indicated below, explains the background to and reasons for, gives full details of, and invites Noteholders to approve (at the Noteholders' Meeting), the above Extraordinary Resolution.

Documents Available for Inspection

Noteholders may, at any time during normal business hours on any weekday (not including Saturdays, Sundays and bank and other public holidays) prior to the Noteholders' Meeting, inspect at the offices of the Trustee, the Principal Paying Agent and the Registrar copies of the following documents:

(a) the Trust Deed;

(b) the Base Prospectus dated 13 September 2006 supplemented by the supplementary prospectuses dated 19 January 2007 and 29 January 2007 relating to the Notes;

(c) the Agency Agreement;

(d) the Information Memorandum; and

(e) the Form of Claim Form.

Copies of the Information Memorandum and the form of proxy (referred to below) are available for collection at the specified offices of the Principal Paying Agent and the Registrar and also on the Guarantor's websites at www.albinvestorrelations.com and www.alb.kz

General

Noteholders should pay particular attention to the requirements in respect of a quorum for the Noteholders' Meeting and an adjourned Noteholders' Meeting (if applicable) which are set out below. In light of such requirements, Noteholders are strongly urged either to attend the Noteholders' Meeting or to take the steps referred to below as soon as possible in order to be represented by proxy at the Noteholders' Meeting.

*Neither the Trustee nor Lazard Frères as the Guarantor's financial adviser (the "**Financial Adviser**") nor the Steering Committee express any view or make any recommendations as to the merits of the Extraordinary Resolution or any view on whether the Noteholders, whether individually or as a class, would be acting in their best interests in voting for or against the Extraordinary Resolution, but the Trustee has authorised it to be stated that it has no objection to the Extraordinary Resolution being put to Noteholders for their consideration. The Trustee has not been involved in formulating or negotiating the Extraordinary Resolution relating to the Notes and makes no representation that all relevant information has been disclosed to the Noteholders in or pursuant to the Information Memorandum and this Notice of Noteholders' Meeting. Neither the Trustee nor the Financial Adviser has verified any of the statements made in the Information Memorandum or in this Notice.*

Nothing in the Information Memorandum or this Notice of the Noteholders' Meeting should be construed as a recommendation to the Noteholders from the Trustee or the Financial Adviser to vote for or against the Extraordinary Resolution. Accordingly, each of the Issuer, the Guarantor, the Trustee and the Financial Adviser recommends that Noteholders who are unsure of the impact of the Extraordinary Resolution should seek their own financial and legal advice.

Voting and Quorum

The provisions governing the convening and holding of the Noteholders' Meeting are set out in Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed, a copy of which is available for inspection as described above. The Notes are currently represented by global certificates (the "**Global Certificate**") held by and registered in the name of The Bank of New York Depository (Nominees) Limited (the "**Registered Holder**") as nominee for Euroclear and Clearstream, Luxembourg (the "**Clearing Systems**", each a "**Clearing System**"). Each person (a "**Beneficial Owner**") who is the owner of a particular principal amount of the Notes, as shown in the records of Euroclear or Clearstream, Luxembourg or its accountholders ("**Direct Participants**"), should note that such person will not be a Noteholder for the purposes of the Noteholders' Meeting and will only be entitled to attend and vote at the Noteholders' Meeting or to cause the appointment of a proxy to do so in accordance with the procedures set out below. On this basis, the only Noteholder for the purposes of the Noteholders' Meeting will be the Registered Holder.

Direct Participants (directly or on behalf of Beneficial Owners) who have submitted Electronic Instruction Forms to the Clearing Systems in accordance with the procedures set out in the Information Memorandum need take no further action in relation to voting at the Noteholders' Meeting in respect of the Extraordinary Resolution. By submitting or delivering a duly completed Electronic Instruction Form to the relevant Clearing Systems, the Direct Participant of the Notes instructs the Registered Holder of such Notes to complete and sign a form of proxy in accordance with Schedule 4 (*Provisions for Meetings of Noteholders*) of the Trust Deed and in such form of proxy to authorise and instruct The Bank of New York Mellon as tabulation agent (the "**Tabulation Agent**") to act as proxy and to vote in favour of (or against, as the case may be) the Extraordinary Resolution and to take the steps referred to in the Extraordinary Resolution and authorises the Clearing Systems to disclose to the Issuer the identity of the Direct Participant or, if different, the Beneficial Owner.

The Registered Holder may by instrument in writing in the English language (a "**form of proxy**") in the form available from the office of the Registrar signed by the Registered Holder or, in the case of a corporation, executed under its seal or signed on its behalf by its duly appointed attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar not less than 48 hours before the time fixed for the Noteholders' Meeting (or any adjourned such meeting), appoint any person (a "**proxy**") to act on his or its behalf in connection with the Noteholders' Meeting (or any adjourned such meeting).

The Beneficial Owner can request through his Direct Participant to appoint the Tabulation Agent as proxy to cast the votes relating to the Notes in which he has an interest at the Noteholders' Meeting (or any adjourned such meeting).

A proxy so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with the Noteholders' Meeting (or any adjourned such meeting) to be the holder of the Notes to which such appointment relates and the Registered Holder of the Notes shall be deemed for such purposes not to be the holder.

Alternatively, Beneficial Owners and Direct Participants who wish a different person to be appointed as their proxy to attend and vote at the Noteholders' Meeting (or any adjourned such meeting) should contact the relevant Clearing System to make arrangements for such person to be appointed as a proxy in respect of the Notes in which they have an interest for the purposes of attending and voting at the Noteholders' Meeting (or any adjourned such meeting).

In either case, Beneficial Owners (or a Direct Participant itself) must have made arrangements to vote with the relevant Clearing System by not later than 48 hours before the time fixed for the Noteholders' Meeting (or any adjourned such meeting) and within the relevant time limit specified by the relevant Clearing System and request or make arrangements for the Clearing System to block the Notes in the relevant Direct Participant's account and to hold the same to the order or under the control of the Tabulation Agent.

Notice of any adjourned meeting shall be given in the same manner as notice of the original Noteholders' Meeting save that at least 10 days' notice, containing the information required for the notice of the original meeting shall be given. Such notice shall also state the quorum required at such adjourned meeting.

Any Note(s) so held or blocked for either of these purposes will be released to the Direct Participant by the relevant Clearing System on the earliest of: (i) the conclusion of the Noteholders' Meeting (or, if later, the adjourned Noteholders' Meeting) and (ii) upon such Note(s) ceasing in accordance with the procedures of the relevant Clearing System and with the agreement of the Tabulation Agent to be held to its order or under its control.

The Extraordinary Resolution may only be considered at the Noteholders' Meeting if the Noteholders' Meeting is quorate. The Noteholders' Meeting will be quorate if one or more persons being entitled to vote (whether as a Noteholder or as proxy) are present at the Noteholders' Meeting who together hold or represent the requisite principal amount of outstanding Notes satisfying the quorum requirement as set out below.

Votes in favour of the Extraordinary Resolution must represent a majority of not less than 75 per cent. of the persons voting thereat upon a show of hands or, if a poll is duly demanded, then by a majority consisting of not less than 75 per cent. of the votes cast, for the Extraordinary Resolution to be duly passed.

If, within fifteen minutes after the time appointed for the Noteholders' Meeting, a quorum is not present, the Noteholders' Meeting shall stand adjourned until a date which shall be not less than 14 days but not more than 42 days as determined by the chairman of the Noteholders' Meeting prior to the adjournment of such Meeting. The adjourned Noteholders' Meeting will be subject to lower quorum requirements as set out below.

The quorum requirements are as follows:

Noteholders' Meeting	**Quorum Requirement**
Original Noteholders' Meeting	One or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 75 per cent. in principal amount of the Notes for the time being outstanding.
Adjourned Noteholders' Meeting	One or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 25 per cent. in principal amount of the Notes for the time being outstanding.

Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Guarantor, the Trustee or one or more persons representing two per cent. of the Notes. Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded. A poll demanded on the election of a chairman or on a question of adjournment, shall be taken at once.

On a show of hands every person who is present in person and who produces a Note of which he is the registered holder or is a proxy or representative has one vote. On a poll every such person has one vote in respect of each U.S.$1,000 principal amount of Notes so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

This notice and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

TABULATION AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
United Kingdom
Email: eventsadmin@bnymellon.com
Attention: Corporate Trust Events Administration

PRINCIPAL PAYING AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR

The Bank of New York Mellon
101 Barclay Street
New York
NY 10286
USA

This Notice is given by:

JSC ALLIANCE BANK
50 Furmanov Street
Almaty 050004
Republic of Kazakhstan

The date of this Notice is 5 November 2009

ANNEX 2 - NOTICE OF MEETING

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN INDEPENDENT ADVISERS IMMEDIATELY

ALB FINANCE B.V.

(a private company with limited liability incorporated under the laws of The Netherlands)
*(the "**Issuer**")*

NOTICE OF MEETING

of the holders of those of the

US$200,000,000 9% Notes due 2010 of the Issuer presently outstanding (the "Notes")

and listed on the official list of the UK Listing Authority

Common Code: 023428326 ISIN: XS0234283264

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Schedule 3 (*Provisions for Meetings of Noteholders*) to the trust deed dated 22 November 2005 (the "**Trust Deed**") between the Issuer, JSC Alliance Bank (the "**Guarantor**") and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (the "**Trustee**") in respect of the above-referenced Notes, a meeting (the "**Noteholders' Meeting**") of the holders of the Notes (the "**Noteholders**") convened by the Guarantor will be held at or about 10:15 a.m. (London time) on 27 November 2009 at the offices of White & Case LLP at 5 Old Broad Street, London EC2N 1DW, United Kingdom for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed. If within fifteen minutes after such time the quorum specified in the Trust Deed is not present, the Noteholders' Meeting will be adjourned until 11 December 2009 (at the same location). Unless the context otherwise requires, terms used in this Notice of Noteholders' Meeting (including the Extraordinary Resolution) shall bear the meanings given to them in the Trust Deed and/or the information memorandum published by the Guarantor dated 5 November 2009 (the "**Information Memorandum**").

EXTRAORDINARY RESOLUTION

THE TERMS OF THE EXTRAORDINARY RESOLUTION are as follows:

"THAT this Meeting of the holders (the "**Noteholders**") of the US$200,000,000 9% Notes due 2010 (the "**Notes**") of ALB Finance B.V. (the "**Issuer**"), constituted by the trust deed dated 22 November 2005 (the "**Trust Deed**") between the Issuer, JSC Alliance Bank (the "**Guarantor**") and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (the "**Trustee**") hereby:

(i) approves the Restructuring Plan;

(ii) instructs the Trustee to vote the principal amount of Notes outstanding in favour of and/or against the Restructuring Plan at the Claimants' Meeting in the same proportions as the Noteholders vote in favour of and/or against this Extraordinary Resolution;

(iii) instructs the Trustee, upon the request of the Guarantor, to accelerate the Notes and demand payment under the Guarantee;

(iv) instructs the Trustee to submit a Claim Form in respect of the amounts payable under the Guarantee;

(v) in the event the Restructuring Plan is approved at the Claimants' Meeting:

  (a) assents to the termination of the Guarantee; and

  (b) instructs the Trustee to release the Issuer and the Guarantor from their respective obligations under the Trust Deed;

(vi) discharges and exonerates the Trustee from any and all liability to the Noteholders by reason of its acting in accordance with this resolution and its implementation; and

(vii) authorises and requests the Trustee to concur in the above matters and to do all things and take any action which is, in the reasonable opinion of the Trustee, necessary, expedient or desirable in connection with this resolution,

all as provided in and subject to the conditions specified in the Restructuring Plan.

A Noteholder who votes against this Extraordinary Resolution shall be deemed to have authorised and directed the Trustee to vote against the Restructuring Plan at the Claimants' Meeting in the same proportion as the Noteholders who vote against this Extraordinary Resolution.

The Trustee shall not be obliged to take any of the steps set out in paragraph (iii) of this Extraordinary Resolution until it has been indemnified or provided with security or pre-funded to its satisfaction. As at the date of this notice, no such indemnity, security or pre-funding has been provided to the Trustee. The Extraordinary Resolution provides that the Bank can request acceleration of the Notes to facilitate set off under Kazakhstan law and to otherwise facilitate the implementation of the Restructuring Plan.

The Trustee has had no involvement in the formulation or negotiation of the Restructuring Plan and expresses no view on its merits. Furthermore, the Trustee makes no representation as to the admissibility of any Claim Form submitted by it in the event that the Extraordinary Resolution is passed. The Trustee has not reviewed the Information Memorandum and expresses no view on its contents.

Terms used in this resolution and defined in the Notice convening this Meeting or in the Information Memorandum are used herein as so defined."

Background

The Information Memorandum, a copy of which is available as indicated below, explains the background to and reasons for, gives full details of, and invites Noteholders to approve (at the Noteholders' Meeting), the above Extraordinary Resolution.

Documents Available for Inspection

Noteholders may, at any time during normal business hours on any weekday (not including Saturdays, Sundays and bank and other public holidays) prior to the Noteholders' Meeting, inspect at the offices of the Trustee, the Principal Paying Agent and the Registrar copies of the following documents:

(a) the Trust Deed;

(b) the Prospectus dated 18 November 2005 relating to the Notes;

(c) the Paying Agency Agreement;

(d) the Information Memorandum; and

(e) the Form of Claim Form.

Copies of the Information Memorandum and the form of proxy (referred to below) are available for collection at the specified offices of the Principal Paying Agent and the Registrar and also on the Guarantor's website at www.albinvestorrelations.com.

General

Noteholders should pay particular attention to the requirements in respect of a quorum for the Noteholders' Meeting and an adjourned Noteholders' Meeting (if applicable) which are set out below. In light of such requirements, Noteholders are strongly urged either to attend the Noteholders' Meeting or to take the steps referred to below as soon as possible in order to be represented by proxy at the Noteholders' Meeting.

*Neither the Trustee, Lazard Frères as the Guarantor's financial adviser (the "**Financial Adviser**") nor the Steering Committee express any view or make any recommendations as to the merits of the Extraordinary Resolution or any view on whether the Noteholders, whether individually or as a class, would be acting in their best interests in voting for or against the Extraordinary Resolution, but the Trustee has authorised it to be stated that it has no objection to the Extraordinary Resolution being put to Noteholders for their consideration. The Trustee has not been involved in formulating or negotiating the Extraordinary Resolution relating to the Notes and makes no representation that all relevant information has been disclosed to the Noteholders in or pursuant to the Information Memorandum and this Notice of Noteholders' Meeting. Neither the Trustee nor the Financial Adviser has verified any of the statements made in the Information Memorandum or in this Notice.*

Nothing in the Information Memorandum or this Notice of the Noteholders' Meeting should be construed as a recommendation to the Noteholders from the Trustee or the Financial Adviser to vote for or against the Extraordinary Resolution. Accordingly, each of the Issuer, the Guarantor, the Trustee and the Financial Adviser recommends that Noteholders who are unsure of the impact of the Extraordinary Resolution should seek their own financial and legal advice.

Voting and Quorum

The provisions governing the convening and holding of the Noteholders' Meeting are set out in Schedule 3 (*Provisions for Meetings of Noteholders*) to the Trust Deed, a copy of which is available for inspection as described above. The Notes are currently represented by global certificates (the "**Global Certificate**") held by and registered in the name of The Bank of New York Depository (Nominees) Limited (the "**Registered Holder**") as nominee for Euroclear and Clearstream, Luxembourg (the "**Clearing Systems**", each a "**Clearing System**"). Each person (a "**Beneficial Owner**") who is the owner of a particular principal amount of the Notes, as shown in the records of Euroclear or Clearstream, Luxembourg or its accountholders ("**Direct Participants**"), should note that such person will not be a Noteholder for the purposes of the Noteholders' Meeting and will only be entitled to attend and vote at the Noteholders' Meeting or to cause the appointment of a proxy to do so in accordance with the procedures set out below. On this basis, the only Noteholder for the purposes of the Noteholders' Meeting will be the Registered Holder.

Direct Participants (directly or on behalf of Beneficial Owners) who have submitted Electronic Instruction Forms to the Clearing Systems in accordance with the procedures set out in the Information Memorandum need take no further action in relation to voting at the Noteholders' Meeting in respect of the Extraordinary Resolution. By submitting or delivering a duly completed Electronic Instruction Form to the relevant Clearing Systems, the Direct Participant of the Notes instructs the Registered Holder of such Notes to complete and sign a form of proxy in accordance with Schedule 3 (*Provisions for Meetings of Noteholders*) of the Trust Deed and in such form of proxy to authorise and instruct The Bank of New York Mellon as tabulation agent (the "**Tabulation Agent**") to act as proxy and to vote in favour of (or against, as the case may be) the Extraordinary Resolution and to take the steps referred to in the Extraordinary Resolution and authorises the Clearing Systems to disclose to the Issuer the identity of the Direct Participant or, if different, the Beneficial Owner.

The Registered Holder may by instrument in writing in the English language (a "**form of proxy**") in the form available from the office of the Registrar signed by the Registered Holder or, in the case of a corporation, executed under its seal or signed on its behalf by its duly appointed attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar not less than 48 hours before the time fixed for the Noteholders' Meeting (or any adjourned such meeting), appoint any person (a "**proxy**") to act on his or its behalf in connection with the Noteholders' Meeting (or any adjourned such meeting).

The Beneficial Owner can request through his Direct Participant to appoint the Tabulation Agent as proxy to cast the votes relating to the Notes in which he has an interest at the Noteholders' Meeting (or any adjourned such meeting).

A proxy so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with the Noteholders' Meeting (or any adjourned such meeting) to be the holder of the Notes to which such appointment relates and the Registered Holder of the Notes shall be deemed for such purposes not to be the holder.

Alternatively, Beneficial Owners and Direct Participants who wish a different person to be appointed as their proxy to attend and vote at the Noteholders' Meeting (or any adjourned such meeting) should contact the relevant Clearing System to make arrangements for such person to be appointed as a proxy in respect of the Notes in which they have an interest for the purposes of attending and voting at the Noteholders' Meeting (or any adjourned such meeting).

In either case, Beneficial Owners (or a Direct Participant itself) must have made arrangements to vote with the relevant Clearing System by not later than 48 hours before the time fixed for the Noteholders' Meeting (or any adjourned such meeting) and within the relevant time limit specified by the relevant Clearing System and request or make arrangements for the Clearing System to block the Notes in the relevant Direct Participant's account and to hold the same to the order or under the control of the Tabulation Agent.

Notice of any adjourned meeting shall be given in the same manner as notice of the original Noteholders' Meeting save that at least 10 days' notice, containing the information required for the notice of the original meeting shall be given. Such notice shall also state the quorum required at such adjourned meeting.

Any Note(s) so held or blocked for either of these purposes will be released to the Direct Participant by the relevant Clearing System on the earliest of: (i) the conclusion of the Noteholders' Meeting (or, if later, the adjourned Noteholders' Meeting) and (ii) upon such Note(s) ceasing in accordance with the procedures of the relevant Clearing System and with the agreement of the Tabulation Agent to be held to its order or under its control.

The Extraordinary Resolution may only be considered at the Noteholders' Meeting if the Noteholders' Meeting is quorate. The Noteholders' Meeting will be quorate if two or more persons being entitled to vote (whether as a Noteholder or as proxy) are present at the Noteholders' Meeting who together hold or represent the requisite principal amount of outstanding Notes satisfying the quorum requirement as set out below.

Votes in favour of the Extraordinary Resolution must represent a majority of not less than 75 per cent. of the persons voting thereat upon a show of hands or, if a poll is duly demanded, then by a majority consisting of not less than 75 per cent. of the votes cast, for the Extraordinary Resolution to be duly passed.

If, within fifteen minutes after the time appointed for the Noteholders' Meeting, a quorum is not present, the Noteholders' Meeting shall stand adjourned until a date which shall be not less than 14 days but not more than 42 days as determined by the chairman of the Noteholders' Meeting prior to the adjournment of such Meeting. The adjourned Noteholders' Meeting will be subject to lower quorum requirements as set out below.

The quorum requirements are as follows:

Noteholders' Meeting	**Quorum Requirement**
Original Noteholders' Meeting	Two or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 75 per cent. in principal amount of the Notes for the time being outstanding.
Adjourned Noteholders' Meeting	Two or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 25 per cent. in principal amount of the Notes for the time being outstanding.

Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Guarantor, the Trustee or one or more persons representing two per cent. of the Notes. Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded. A poll demanded on the election of a chairman or on a question of adjournment, shall be taken at once.

On a show of hands every person who is present in person and who produces a Note of which he is the registered holder or is a proxy or representative has one vote. On a poll every such person has one vote in respect of each U.S.$1,000 principal amount of Notes so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

This notice and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

TABULATION AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
United Kingdom
Email: eventsadmin@bnymellon.com
Attention: Corporate Trust Events Administration

PRINCIPAL PAYING AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR

The Bank of New York Mellon (Luxembourg) S.A.
Aerogolf Center, 1A, Hoehenhof
L-1736 Senningberg
Luxembourg

This Notice is given by:

JSC ALLIANCE BANK
50 Furmanov Street
Almaty 050004
Republic of Kazakhstan

The date of this Notice is 5 November 2009

ANNEX 3 — NOTICE OF MEETING

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN INDEPENDENT ADVISERS IMMEDIATELY

ALB FINANCE B.V.

(a private company with limited liability incorporated under the laws of The Netherlands)
*(the "**Issuer**")*

NOTICE OF MEETING

of the holders of those of the

US$350,000,000 9.25% Notes due 2013 of the Issuer presently outstanding (the "Notes")

and listed on the official list of the UK Listing Authority

Common Code (Reg S): 026881811 Common Code (Rule 144A): 0156EAA9 ISIN (Reg S): XS0268818118
ISIN (Rule 144A): US00156EAA91 CUSIP: 00156E AA9

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Schedule 4 (*Provisions for Meetings of Noteholders*) to the trust deed dated 30 March 2006 as supplemented pursuant to a supplemental trust deed dated 5 September 2006 (together, the "**Trust Deed**") between the Issuer, JSC Alliance Bank (the "**Guarantor**") and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (the "**Trustee**") in respect of the above-referenced Notes, a meeting (the "**Noteholders' Meeting**") of the holders of the Notes (the "**Noteholders**") convened by the Guarantor will be held at or about 10:30 a.m. (London time) on 27 November 2009 at the offices of White & Case LLP at 5 Old Broad Street, London EC2N 1DW, United Kingdom for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed. If within fifteen minutes after such time the quorum specified in the Trust Deed is not present, the Noteholders' Meeting will be adjourned until 11 December 2009 (at the same location). Unless the context otherwise requires, terms used in this Notice of Noteholders' Meeting (including the Extraordinary Resolution) shall bear the meanings given to them in the Trust Deed and/or the information memorandum published by the Guarantor dated 5 November 2009 (the "**Information Memorandum**").

EXTRAORDINARY RESOLUTION

THE TERMS OF THE EXTRAORDINARY RESOLUTION are as follows:

"THAT this Meeting of the holders (the "**Noteholders**") of the US$350,000,000 9.25% Notes due 2013 (the "**Notes**") of ALB Finance B.V. (the "**Issuer**"), constituted by the trust deed dated 30 March 2006 as supplemented pursuant to a supplemental trust deed dated 5 September 2006 (together, the "**Trust Deed**") between the Issuer, JSC Alliance Bank (the "**Guarantor**") and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (the "**Trustee**") hereby:

(i) approves the Restructuring Plan;

(ii) instructs the Trustee to vote the principal amount of Notes outstanding in favour of and/or against the Restructuring Plan at the Claimants' Meeting in the same proportions as the Noteholders vote in favour of and/or against this Extraordinary Resolution;

(iii) instructs the Trustee, upon the request of the Guarantor, to accelerate the Notes and demand payment under the Guarantee;

(iv) instructs the Trustee to submit a Claim Form in respect of the amounts payable under the Guarantee;

(v) in the event the Restructuring Plan is approved at the Claimants' Meeting:

  (a) assents to the termination of the Guarantee; and

  (b) instructs the Trustee to release the Issuer and the Guarantor from their respective obligations under the Trust Deed;

(vi) discharges and exonerates the Trustee from any and all liability to the Noteholders by reason of its acting in accordance with this resolution and its implementation; and

(vii) authorises and requests the Trustee to concur in the above matters and to do all things and take any action which is, in the reasonable opinion of the Trustee, necessary, expedient or desirable in connection with this resolution,

all as provided in and subject to the conditions specified in the Restructuring Plan.

A Noteholder who votes against this Extraordinary Resolution shall be deemed to have authorised and directed the Trustee to vote against the Restructuring Plan at the Claimants' Meeting in the same proportion as the Noteholders who vote against this Extraordinary Resolution.

The Trustee shall not be obliged to take any of the steps set out in paragraph (iii) of this Extraordinary Resolution until it has been indemnified or provided with security or pre-funded to its satisfaction. As at the date of this notice, no such indemnity, security or pre-funding has been provided to the Trustee. The Extraordinary Resolution provides that the Bank can request acceleration of the Notes to facilitate set off under Kazakhstan law and to otherwise facilitate the implementation of the Restructuring Plan.

The Trustee has had no involvement in the formulation or negotiation of the Restructuring Plan and expresses no view on its merits. Furthermore, the Trustee makes no representation as to the admissibility of any Claim Form submitted by it in the event that the Extraordinary Resolution is passed. The Trustee has not reviewed the Information Memorandum and expresses no view on its contents.

Terms used in this resolution and defined in the Notice convening this Meeting or in the Information Memorandum are used herein as so defined."

Background

The Information Memorandum, a copy of which is available as indicated below, explains the background to and reasons for, gives full details of, and invites Noteholders to approve (at the Noteholders' Meeting), the above Extraordinary Resolution.

Documents Available for Inspection

Noteholders may, at any time during normal business hours on any weekday (not including Saturdays, Sundays and bank and other public holidays) prior to the Noteholders' Meeting, inspect at the offices of the Trustee, the Principal Paying Agent and the Registrar copies of the following documents:

(a) the Trust Deed;

(b) the Base Prospectus dated 13 September 2006 supplemented by the supplementary prospectuses dated 19 January 2007 and 29 January 2007 relating to the Notes;

(c) the Agency Agreement;

(d) the Information Memorandum; and

(e) the Form of Claim Form.

Copies of the Information Memorandum and the form of proxy (referred to below) are available for collection at the specified offices of the Principal Paying Agent and the Registrar and also on the Guarantor's website at www.albinvestorrelations.com.

General

Noteholders should pay particular attention to the requirements in respect of a quorum for the Noteholders' Meeting and an adjourned Noteholders' Meeting (if applicable) which are set out below. In light of such requirements, Noteholders are strongly urged either to attend the Noteholders' Meeting or to take the steps referred to below as soon as possible in order to be represented by proxy at the Noteholders' Meeting.

*Neither the Trustee, Lazard Frères as the Guarantor's financial adviser (the "**Financial Adviser**") nor the Steering Committee express any view or make any recommendations as to the merits of the Extraordinary Resolution or any view on whether the Noteholders, whether individually or as a class, would be acting in their best interests in voting for or against the Extraordinary Resolution, but the Trustee has authorised it to be stated that it has no objection to the Extraordinary Resolution being put to Noteholders for their consideration. The Trustee has not been involved in formulating or negotiating the Extraordinary Resolution relating to the Notes and makes no representation that all relevant information has been disclosed to the Noteholders in or pursuant to the Information Memorandum and this Notice of Noteholders' Meeting. Neither the Trustee nor the Financial Adviser has verified any of the statements made in the Information Memorandum or in this Notice.*

Nothing in the Information Memorandum or this Notice of the Noteholders' Meeting should be construed as a recommendation to the Noteholders from the Trustee or the Financial Adviser to vote for or against the Extraordinary Resolution. Accordingly, each of the Issuer, the Guarantor, the Trustee and the Financial Adviser recommends that Noteholders who are unsure of the impact of the Extraordinary Resolution should seek their own financial and legal advice.

Voting and Quorum

The provisions governing the convening and holding of the Noteholders' Meeting are set out in Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed, a copy of which is available for inspection as described above. The Notes are currently represented by global certificates (the "**Global Certificate**") held by and registered in the name of The Bank of New York Depository (Nominees) Limited (the "**Registered Holder**") as nominee for Euroclear and Clearstream, Luxembourg (the "**Clearing Systems**", each a "**Clearing System**"). Each person (a "**Beneficial Owner**") who is the owner of a particular principal amount of the Notes, as shown in the records of Euroclear or Clearstream, Luxembourg or its accountholders ("**Direct Participants**"), should note that such person will not be a Noteholder for the purposes of the Noteholders' Meeting and will only be entitled to attend and vote at the Noteholders' Meeting or to cause the appointment of a proxy to do so in accordance with the procedures set out below. On this basis, the only Noteholder for the purposes of the Noteholders' Meeting will be the Registered Holder.

Direct Participants (directly or on behalf of Beneficial Owners) who have submitted Electronic Instruction Forms to the Clearing Systems in accordance with the procedures set out in the Information Memorandum need take no further action in relation to voting at the Noteholders' Meeting in respect of the Extraordinary Resolution. By submitting or delivering a duly completed Electronic Instruction Form to the relevant Clearing Systems, the Direct Participant of the Notes instructs the Registered Holder of such Notes to complete and sign a form of proxy in accordance with Schedule 4 (*Provisions for Meetings of Noteholders*) of the Trust Deed and in such form of proxy to authorise and instruct The Bank of New York Mellon as tabulation agent (the "**Tabulation Agent**") to act as proxy and to vote in favour of (or against, as the case may be) the Extraordinary Resolution and to take the steps referred to in the Extraordinary Resolution and authorises the Clearing Systems to disclose to the Issuer the identity of the Direct Participant or, if different, the Beneficial Owner.

The Registered Holder may by instrument in writing in the English language (a "**form of proxy**") in the form available from the office of the Registrar signed by the Registered Holder or, in the case of a corporation, executed under its seal or signed on its behalf by its duly appointed attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar not less than 48 hours before the time fixed for the Noteholders' Meeting (or any adjourned such meeting), appoint any person (a "**proxy**") to act on his or its behalf in connection with the Noteholders' Meeting (or any adjourned such meeting).

The Beneficial Owner can request through his Direct Participant to appoint the Tabulation Agent as proxy to cast the votes relating to the Notes in which he has an interest at the Noteholders' Meeting (or any adjourned such meeting).

A proxy so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with the Noteholders' Meeting (or any adjourned such meeting) to be the holder of the Notes to which such appointment relates and the Registered Holder of the Notes shall be deemed for such purposes not to be the holder.

Alternatively, Beneficial Owners and Direct Participants who wish a different person to be appointed as their proxy to attend and vote at the Noteholders' Meeting (or any adjourned such meeting) should contact the relevant Clearing System to make arrangements for such person to be appointed as a proxy in respect of the Notes in which they have an interest for the purposes of attending and voting at the Noteholders' Meeting (or any adjourned such meeting).

In either case, Beneficial Owners (or a Direct Participant itself) must have made arrangements to vote with the relevant Clearing System by not later than 48 hours before the time fixed for the Noteholders' Meeting (or any adjourned such meeting) and within the relevant time limit specified by the relevant Clearing System and request or make arrangements for the Clearing System to block the Notes in the relevant Direct Participant's account and to hold the same to the order or under the control of the Tabulation Agent.

Notice of any adjourned meeting shall be given in the same manner as notice of the original Noteholders' Meeting save that at least 10 days' notice, containing the information required for the notice of the original meeting shall be given. Such notice shall also state the quorum required at such adjourned meeting.

Any Note(s) so held or blocked for either of these purposes will be released to the Direct Participant by the relevant Clearing System on the earliest of: (i) the conclusion of the Noteholders' Meeting (or, if later, the adjourned Noteholders' Meeting) and (ii) upon such Note(s) ceasing in accordance with the procedures of the relevant Clearing System and with the agreement of the Tabulation Agent to be held to its order or under its control.

The Extraordinary Resolution may only be considered at the Noteholders' Meeting if the Noteholders' Meeting is quorate. The Noteholders' Meeting will be quorate if one or more persons being entitled to vote (whether as a Noteholder or as proxy) are present at the Noteholders' Meeting who together hold or represent the requisite principal amount of outstanding Notes satisfying the quorum requirement as set out below.

Votes in favour of the Extraordinary Resolution must represent a majority of not less than 75 per cent. of the persons voting thereat upon a show of hands or, if a poll is duly demanded, then by a majority consisting of not less than 75 per cent. of the votes cast, for the Extraordinary Resolution to be duly passed.

If, within fifteen minutes after the time appointed for the Noteholders' Meeting, a quorum is not present, the Noteholders' Meeting shall stand adjourned until a date which shall be not less than 14 days but not more than 42 days as determined by the chairman of the Noteholders' Meeting prior to the adjournment of such Meeting. The adjourned Noteholders' Meeting will be subject to lower quorum requirements as set out below.

The quorum requirements are as follows:

Noteholders' Meeting	Quorum Requirement
Original Noteholders' Meeting	One or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 75 per cent. in principal amount of the Notes for the time being outstanding.
Adjourned Noteholders' Meeting	One or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 25 per cent. in principal amount of the Notes for the time being outstanding.

Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Guarantor, the Trustee or one or more persons representing two per cent. of the Notes. Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded. A poll demanded on the election of a chairman or on a question of adjournment, shall be taken at once.

On a show of hands every person who is present in person and who produces a Note of which he is the registered holder or is a proxy or representative has one vote. On a poll every such person has one vote in respect of each U.S.$1,000 principal amount of Notes so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

DTC Voting Procedures

Record Date: 5 November 2009

Expiration Date: 10:30 a.m. (London time) 25 November 2009

Notes represented by a Rule 144A Global Note are held by a custodian for The Depository Trust Company ("**DTC**"). Any Noteholder who, as at the Record Date of 5 November 2009 established for the purposes of the Noteholders' Meeting, holds Notes through DTC who wishes to attend and vote at the Noteholders' Meeting or appoint a Proxy to attend and vote at the Noteholders' Meeting on their behalf will be required to satisfy the voting procedures of DTC and should contact the Tabulation Agent for details of how to vote.

This notice and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

TABULATION AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
United Kingdom
Email: eventsadmin@bnymellon.com
Attention: Corporate Trust Events Administration

PRINCIPAL PAYING AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR

The Bank of New York Mellon
101 Barclay Street
New York
NY 10286
USA

This Notice is given by:

JSC ALLIANCE BANK
50 Furmanov Street
Almaty 050004
Republic of Kazakhstan

The date of this Notice is 5 November 2009

ANNEX 4—NOTICE OF MEETING

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN INDEPENDENT ADVISERS IMMEDIATELY

ALB FINANCE B.V.

(a private company with limited liability incorporated under the laws of The Netherlands)
*(the "**Issuer**")*

NOTICE OF MEETING

of the holders of those of the

EUR 750,000,000 7.875% Notes due 2012 of the Issuer presently outstanding (the "Notes")

and listed on the official list of the UK Listing Authority

Common Code: 028485905 ISIN: XS0284859054

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Schedule 4 (*Provisions for Meetings of Noteholders*) to the trust deed dated 30 March 2006 as supplemented pursuant to a supplemental trust deed dated 5 September 2006 (together, the "**Trust Deed**") between the Issuer, JSC Alliance Bank (the "**Guarantor**") and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (the "**Trustee**") in respect of the above-referenced Notes, a meeting (the "**Noteholders' Meeting**") of the holders of the Notes (the "**Noteholders**") convened by the Guarantor will be held at or about 10:45 a.m. (London time) on 27 November 2009 at the offices of White & Case LLP at 5 Old Broad Street, London EC2N 1DW, United Kingdom for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed. If within fifteen minutes after such time the quorum specified in the Trust Deed is not present, the Noteholders' Meeting will be adjourned until 11 December 2009 (at the same location). Unless the context otherwise requires, terms used in this Notice of Noteholders' Meeting (including the Extraordinary Resolution) shall bear the meanings given to them in the Trust Deed and/or the information memorandum published by the Guarantor dated 5 November 2009 (the "**Information Memorandum**").

EXTRAORDINARY RESOLUTION

THE TERMS OF THE EXTRAORDINARY RESOLUTION are as follows**:**

"THAT this Meeting of the holders (the "**Noteholders**") of the EUR 750,000,000 7.875% Notes due 2012 (the "**Notes**") of ALB Finance B.V. (the "**Issuer**"), constituted by the trust deed dated 30 March 2006 as supplemented pursuant to a supplemental trust deed dated 5 September 2006 (together, the "**Trust Deed**") between the Issuer, JSC Alliance Bank (the "**Guarantor**") and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (the "**Trustee**") hereby:

(i) approves the Restructuring Plan;

(ii) instructs the Trustee to vote the principal amount of Notes outstanding in favour of and/or against the Restructuring Plan at the Claimants' Meeting in the same proportions as the Noteholders vote in favour of and/or against this Extraordinary Resolution;

(iii) instructs the Trustee, upon the request of the Guarantor, to accelerate the Notes and demand payment under the Guarantee;

(iv) instructs the Trustee to submit a Claim Form in respect of the amounts payable under the Guarantee;

(v) in the event the Restructuring Plan is approved at the Claimants' Meeting:

  (a) assents to the termination of the Guarantee; and

  (b) instructs the Trustee to release the Issuer and the Guarantor from their respective obligations under the Trust Deed;

(vi) discharges and exonerates the Trustee from any and all liability to the Noteholders by reason of its acting in accordance with this resolution and its implementation; and

(vii) authorises and requests the Trustee to concur in the above matters and to do all things and take any action which is, in the reasonable opinion of the Trustee, necessary, expedient or desirable in connection with this resolution,

all as provided in and subject to the conditions specified in the Restructuring Plan.

A Noteholder who votes against this Extraordinary Resolution shall be deemed to have authorised and directed the Trustee to vote against the Restructuring Plan at the Claimants' Meeting in the same proportion as the Noteholders who vote against this Extraordinary Resolution.

The Trustee shall not be obliged to take any of the steps set out in paragraph (iii) of this Extraordinary Resolution until it has been indemnified or provided with security or pre-funded to its satisfaction. As at the date of this notice, no such indemnity, security or pre-funding has been provided to the Trustee. The Extraordinary Resolution provides that the Bank can request acceleration of the Notes to facilitate set off under Kazakhstan law and to otherwise facilitate the implementation of the Restructuring Plan.

The Trustee has had no involvement in the formulation or negotiation of the Restructuring Plan and expresses no view on its merits. Furthermore, the Trustee makes no representation as to the admissibility of any Claim Form submitted by it in the event that the Extraordinary Resolution is passed. The Trustee has not reviewed the Information Memorandum and expresses no view on its contents.

Terms used in this resolution and defined in the Notice convening this Meeting or in the Information Memorandum are used herein as so defined."

Background

The Information Memorandum, a copy of which is available as indicated below, explains the background to and reasons for, gives full details of, and invites Noteholders to approve (at the Noteholders' Meeting), the above Extraordinary Resolution.

Documents Available for Inspection

Noteholders may, at any time during normal business hours on any weekday (not including Saturdays, Sundays and bank and other public holidays) prior to the Noteholders' Meeting, inspect at the offices of the Trustee, the Principal Paying Agent and the Registrar copies of the following documents:

(a) the Trust Deed;

(b) the Base Prospectus dated 13 September 2006 supplemented by the supplementary prospectuses dated 19 January 2007 and 29 January 2007 relating to the Notes;

(c) the Agency Agreement;

(d) the Information Memorandum; and

(e) the Form of Claim Form.

Copies of the Information Memorandum and the form of proxy (referred to below) are available for collection at the specified offices of the Principal Paying Agent and the Registrar and also on the Guarantor's website at www.albinvestorrelations.com.

General

Noteholders should pay particular attention to the requirements in respect of a quorum for the Noteholders' Meeting and an adjourned Noteholders' Meeting (if applicable) which are set out below. In light of such requirements, Noteholders are strongly urged either to attend the Noteholders' Meeting or to take the steps referred to below as soon as possible in order to be represented by proxy at the Noteholders' Meeting.

*Neither the Trustee, Lazard Frères as the Guarantor's financial adviser (the "**Financial Adviser**") nor the Steering Committee express any view or make any recommendations as to the merits of the Extraordinary Resolution or any view on whether the Noteholders, whether individually or as a class, would be acting in their best interests in voting for or against the Extraordinary Resolution, but the Trustee has authorised it to be stated that it has no objection to the Extraordinary Resolution being put to Noteholders for their consideration. The Trustee has not been involved in formulating or negotiating the Extraordinary Resolution relating to the Notes and makes no representation that all relevant information has been disclosed to the Noteholders in or pursuant to the Information Memorandum and this Notice of Noteholders' Meeting. Neither the Trustee nor the Financial Adviser has verified any of the statements made in the Information Memorandum or in this Notice.*

Nothing in the Information Memorandum or this Notice of the Noteholders' Meeting should be construed as a recommendation to the Noteholders from the Trustee or the Financial Adviser to vote for or against the Extraordinary Resolution. Accordingly, each of the Issuer, the Guarantor, the Trustee and the Financial Adviser recommends that Noteholders who are unsure of the impact of the Extraordinary Resolution should seek their own financial and legal advice.

Voting and Quorum

The provisions governing the convening and holding of the Noteholders' Meeting are set out in Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed, a copy of which is available for inspection as described above. The Notes are currently represented by global certificates (the "**Global Certificate**") held by and registered in the name of The Bank of New York Depository (Nominees) Limited (the "**Registered Holder**") as nominee for Euroclear and Clearstream, Luxembourg (the "**Clearing Systems**", each a "**Clearing System**"). Each person (a "**Beneficial Owner**") who is the owner of a particular principal amount of the Notes, as shown in the records of Euroclear or Clearstream, Luxembourg or its accountholders ("**Direct Participants**"), should note that such person will not be a Noteholder for the purposes of the Noteholders' Meeting and will only be entitled to attend and vote at the Noteholders' Meeting or to cause the appointment of a proxy to do so in accordance with the procedures set out below. On this basis, the only Noteholder for the purposes of the Noteholders' Meeting will be the Registered Holder.

Direct Participants (directly or on behalf of Beneficial Owners) who have submitted Electronic Instruction Forms to the Clearing Systems in accordance with the procedures set out in the Information Memorandum need take no further action in relation to voting at the Noteholders' Meeting in respect of the Extraordinary Resolution. By submitting or delivering a duly completed Electronic Instruction Form to the relevant Clearing Systems, the Direct Participant of the Notes instructs the Registered Holder of such Notes to complete and sign a form of proxy in accordance with Schedule 4 (*Provisions for Meetings of Noteholders*) of the Trust Deed and in such form of proxy to authorise and instruct The Bank of New York Mellon as tabulation agent (the "**Tabulation Agent**") to act as proxy and to vote in favour of (or against, as the case may be) the Extraordinary Resolution and to take the steps referred to in the Extraordinary Resolution and authorises the Clearing Systems to disclose to the Issuer the identity of the Direct Participant or, if different, the Beneficial Owner.

The Registered Holder may by instrument in writing in the English language (a "**form of proxy**") in the form available from the office of the Registrar signed by the Registered Holder or, in the case of a corporation, executed under its seal or signed on its behalf by its duly appointed attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar not less than 48 hours before the time fixed for the Noteholders' Meeting (or any adjourned such meeting), appoint any person (a "**proxy**") to act on his or its behalf in connection with the Noteholders' Meeting (or any adjourned such meeting).

The Beneficial Owner can request through his Direct Participant to appoint the Tabulation Agent as proxy to cast the votes relating to the Notes in which he has an interest at the Noteholders' Meeting (or any adjourned such meeting).

A proxy so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with the Noteholders' Meeting (or any adjourned such meeting) to be the holder of the Notes to which such appointment relates and the Registered Holder of the Notes shall be deemed for such purposes not to be the holder.

Alternatively, Beneficial Owners and Direct Participants who wish a different person to be appointed as their proxy to attend and vote at the Noteholders' Meeting (or any adjourned such meeting) should contact the relevant Clearing System to make arrangements for such person to be appointed as a proxy in respect of the Notes in which they have an interest for the purposes of attending and voting at the Noteholders' Meeting (or any adjourned such meeting).

In either case, Beneficial Owners (or a Direct Participant itself) must have made arrangements to vote with the relevant Clearing System by not later than 48 hours before the time fixed for the Noteholders' Meeting (or any adjourned such meeting) and within the relevant time limit specified by the relevant Clearing System and request or make arrangements for the Clearing System to block the Notes in the relevant Direct Participant's account and to hold the same to the order or under the control of the Tabulation Agent.

Notice of any adjourned meeting shall be given in the same manner as notice of the original Noteholders' Meeting save that at least 10 days' notice, containing the information required for the notice of the original meeting shall be given. Such notice shall also state the quorum required at such adjourned meeting.

Any Note(s) so held or blocked for either of these purposes will be released to the Direct Participant by the relevant Clearing System on the earliest of: (i) the conclusion of the Noteholders' Meeting (or, if later, the adjourned Noteholders' Meeting) and (ii) upon such Note(s) ceasing in accordance with the procedures of the relevant Clearing System and with the agreement of the Tabulation Agent to be held to its order or under its control.

The Extraordinary Resolution may only be considered at the Noteholders' Meeting if the Noteholders' Meeting is quorate. The Noteholders' Meeting will be quorate if one or more persons being entitled to vote (whether as a Noteholder or as proxy) are present at the Noteholders' Meeting who together hold or represent the requisite principal amount of outstanding Notes satisfying the quorum requirement as set out below.

Votes in favour of the Extraordinary Resolution must represent a majority of not less than 75 per cent. of the persons voting thereat upon a show of hands or, if a poll is duly demanded, then by a majority consisting of not less than 75 per cent. of the votes cast, for the Extraordinary Resolution to be duly passed.

If, within fifteen minutes after the time appointed for the Noteholders' Meeting, a quorum is not present, the Noteholders' Meeting shall stand adjourned until a date which shall be not less than 14 days but not more than 42 days as determined by the chairman of the Noteholders' Meeting prior to the adjournment of such Meeting. The adjourned Noteholders' Meeting will be subject to lower quorum requirements as set out below.

The quorum requirements are as follows:

Noteholders' Meeting	**Quorum Requirement**
Original Noteholders' Meeting	One or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 75 per cent. in principal amount of the Notes for the time being outstanding.
Adjourned Noteholders' Meeting	One or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 25 per cent. in principal amount of the Notes for the time being outstanding.

Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Guarantor, the Trustee or one or more persons representing two per cent. of the Notes. Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded. A poll demanded on the election of a chairman or on a question of adjournment, shall be taken at once.

On a show of hands every person who is present in person and who produces a Note of which he is the registered holder or is a proxy or representative has one vote. On a poll every such person has one vote in respect of each EUR 1,000 principal amount of Notes so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

This notice and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

TABULATION AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
United Kingdom
Email: eventsadmin@bnymellon.com
Attention: Corporate Trust Events Administration

PRINCIPAL PAYING AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR

The Bank of New York Mellon
101 Barclay Street
New York
NY 10286
USA

This Notice is given by:

JSC ALLIANCE BANK
50 Furmanov Street
Almaty 050004
Republic of Kazakhstan

The date of this Notice is 5 November 2009

ANNEX 5—NOTICE OF MEETING

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN INDEPENDENT ADVISERS IMMEDIATELY

ALB FINANCE B.V.

(a private company with limited liability incorporated under the laws of The Netherlands)
*(the "**Issuer**")*

NOTICE OF MEETING

of the holders of those of the

£250,000,000 9.75% Notes due 2011 of the Issuer presently outstanding (the "Notes")

and listed on the official list of the UK Listing Authority

Common Code: 028655240 ISIN: XS0286552400

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Schedule 4 (*Provisions for Meetings of Noteholders*) to the trust deed dated 30 March 2006 as supplemented pursuant to a supplemental trust deed dated 5 September 2006 (together, the "**Trust Deed**") between the Issuer, JSC Alliance Bank (the "**Guarantor**") and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (the "**Trustee**") in respect of the above-referenced Notes, a meeting (the "**Noteholders' Meeting**") of the holders of the Notes (the "**Noteholders**") convened by the Guarantor will be held at or about 11:00 a.m. (London time) on 27 November 2009 at the offices of White & Case LLP at 5 Old Broad Street, London EC2N 1DW, United Kingdom for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed. If within fifteen minutes after such time the quorum specified in the Trust Deed is not present, the Noteholders' Meeting will be adjourned until 11 December 2009 (at the same location). Unless the context otherwise requires, terms used in this Notice of Noteholders' Meeting (including the Extraordinary Resolution) shall bear the meanings given to them in the Trust Deed and/or the information memorandum published by the Guarantor dated 5 November 2009 (the "**Information Memorandum**").

EXTRAORDINARY RESOLUTION

THE TERMS OF THE EXTRAORDINARY RESOLUTION are as follows:

"THAT this Meeting of the holders (the "**Noteholders**") of the £250,000,000 9.75% Notes due 2011 (the "**Notes**") of ALB Finance B.V. (the "**Issuer**"), constituted by the trust deed dated 30 March 2006 as supplemented pursuant to a supplemental trust deed dated 5 September 2006 (together, the "**Trust Deed**") between the Issuer, JSC Alliance Bank (the "**Guarantor**") and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (the "**Trustee**") hereby:

(i) approves the Restructuring Plan;

(ii) instructs the Trustee to vote the principal amount of Notes outstanding in favour of and/or against the Restructuring Plan at the Claimants' Meeting in the same proportions as the Noteholders vote in favour of and/or against this Extraordinary Resolution;

(iii) instructs the Trustee, upon the request of the Guarantor, to accelerate the Notes and demand payment under the Guarantee;

(iv) instructs the Trustee to submit a Claim Form in respect of the amounts payable under the Guarantee;

(v) in the event the Restructuring Plan is approved at the Claimants' Meeting:

  (a) assents to the termination of the Guarantee; and

  (b) instructs the Trustee to release the Issuer and the Guarantor from their respective obligations under the Trust Deed;

(vi) discharges and exonerates the Trustee from any and all liability to the Noteholders by reason of its acting in accordance with this resolution and its implementation; and

(vii) authorises and requests the Trustee to concur in the above matters and to do all things and take any action which is, in the reasonable opinion of the Trustee, necessary, expedient or desirable in connection with this resolution,

all as provided in and subject to the conditions specified in the Restructuring Plan.

A Noteholder who votes against this Extraordinary Resolution shall be deemed to have authorised and directed the Trustee to vote against the Restructuring Plan at the Claimants' Meeting in the same proportion as the Noteholders who vote against this Extraordinary Resolution.

The Trustee shall not be obliged to take any of the steps set out in paragraph (iii) of this Extraordinary Resolution until it has been indemnified or provided with security or pre-funded to its satisfaction. As at the date of this notice, no such indemnity, security or pre-funding has been provided to the Trustee. The Extraordinary Resolution provides that the Bank can request acceleration of the Notes to facilitate set off under Kazakhstan law and to otherwise facilitate the implementation of the Restructuring Plan.

The Trustee has had no involvement in the formulation or negotiation of the Restructuring Plan and expresses no view on its merits. Furthermore, the Trustee makes no representation as to the admissibility of any Claim Form submitted by it in the event that the Extraordinary Resolution is passed. The Trustee has not reviewed the Information Memorandum and expresses no view on its contents.

Terms used in this resolution and defined in the Notice convening this Meeting or in the Information Memorandum are used herein as so defined."

Background

The Information Memorandum, a copy of which is available as indicated below, explains the background to and reasons for, gives full details of, and invites Noteholders to approve (at the Noteholders' Meeting), the above Extraordinary Resolution.

Documents Available for Inspection

Noteholders may, at any time during normal business hours on any weekday (not including Saturdays, Sundays and bank and other public holidays) prior to the Noteholders' Meeting, inspect at the offices of the Trustee, the Principal Paying Agent and the Registrar copies of the following documents:

(a) the Trust Deed;

(b) the Base Prospectus dated 13 September 2006 supplemented by the supplementary prospectuses dated 19 January 2007 and 29 January 2007 relating to the Notes;

(c) the Agency Agreement;

(d) the Information Memorandum; and

(e) the Form of Claim Form.

Copies of the Information Memorandum and the form of proxy (referred to below) are available for collection at the specified offices of the Principal Paying Agent and the Registrar and also on the Guarantor's website at www.albinvestorrelations.com.

General

Noteholders should pay particular attention to the requirements in respect of a quorum for the Noteholders' Meeting and an adjourned Noteholders' Meeting (if applicable) which are set out below. In light of such requirements, Noteholders are strongly urged either to attend the Noteholders' Meeting or to take the steps referred to below as soon as possible in order to be represented by proxy at the Noteholders' Meeting.

*Neither the Trustee, Lazard Frères as the Guarantor's financial adviser (the "**Financial Adviser**") nor the Steering Committee express any view or make any recommendations as to the merits of the Extraordinary Resolution or any view on whether the Noteholders, whether individually or as a class, would be acting in their best interests in voting for or against the Extraordinary Resolution, but the Trustee has authorised it to be stated that it has no objection to the Extraordinary Resolution being put to Noteholders for their consideration. The Trustee has not been involved in formulating or negotiating the Extraordinary Resolution relating to the Notes and makes no representation that all relevant information has been disclosed to the Noteholders in or pursuant to the Information Memorandum and this Notice of Noteholders' Meeting. Neither the Trustee nor the Financial Adviser has verified any of the statements made in the Information Memorandum or in this Notice.*

Nothing in the Information Memorandum or this Notice of the Noteholders' Meeting should be construed as a recommendation to the Noteholders from the Trustee or the Financial Adviser to vote for or against the Extraordinary Resolution. Accordingly, each of the Issuer, the Guarantor, the Trustee and the Financial Adviser recommends that Noteholders who are unsure of the impact of the Extraordinary Resolution should seek their own financial and legal advice.

Voting and Quorum

The provisions governing the convening and holding of the Noteholders' Meeting are set out in Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed, a copy of which is available for inspection as described above. The Notes are currently represented by global certificates (the "**Global Certificate**") held by and registered in the name of The Bank of New York Depository (Nominees) Limited (the "**Registered Holder**") as nominee for Euroclear and Clearstream, Luxembourg (the "**Clearing Systems**", each a "**Clearing System**"). Each person (a "**Beneficial Owner**") who is the owner of a particular principal amount of the Notes, as shown in the records of Euroclear or Clearstream, Luxembourg or its accountholders ("**Direct Participants**"), should note that such person will not be a Noteholder for the purposes of the Noteholders' Meeting and will only be entitled to attend and vote at the Noteholders' Meeting or to cause the appointment of a proxy to do so in accordance with the procedures set out below. On this basis, the only Noteholder for the purposes of the Noteholders' Meeting will be the Registered Holder.

Direct Participants (directly or on behalf of Beneficial Owners) who have submitted Electronic Instruction Forms to the Clearing Systems in accordance with the procedures set out in the Information Memorandum need take no further action in relation to voting at the Noteholders' Meeting in respect of the Extraordinary Resolution. By submitting or delivering a duly completed Electronic Instruction Form to the relevant Clearing Systems, the Direct Participant of the Notes instructs the Registered Holder of such Notes to complete and sign a form of proxy in accordance with Schedule 4 (*Provisions for Meetings of Noteholders*) of the Trust Deed and in such form of proxy to authorise and instruct The Bank of New York Mellon as tabulation agent (the "**Tabulation Agent**") to act as proxy and to vote in favour of (or against, as the case may be) the Extraordinary Resolution and to take the steps referred to in the Extraordinary Resolution and authorises the Clearing Systems to disclose to the Issuer the identity of the Direct Participant or, if different, the Beneficial Owner.

The Registered Holder may by instrument in writing in the English language (a "**form of proxy**") in the form available from the office of the Registrar signed by the Registered Holder or, in the case of a corporation, executed under its seal or signed on its behalf by its duly appointed attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar not less than 48 hours before the time fixed for the Noteholders' Meeting (or any adjourned such meeting), appoint any person (a "**proxy**") to act on his or its behalf in connection with the Noteholders' Meeting (or any adjourned such meeting).

The Beneficial Owner can request through his Direct Participant to appoint the Tabulation Agent as proxy to cast the votes relating to the Notes in which he has an interest at the Noteholders' Meeting (or any adjourned such meeting).

A proxy so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with the Noteholders' Meeting (or any adjourned such meeting) to be the holder of the Notes to which such appointment relates and the Registered Holder of the Notes shall be deemed for such purposes not to be the holder.

Alternatively, Beneficial Owners and Direct Participants who wish a different person to be appointed as their proxy to attend and vote at the Noteholders' Meeting (or any adjourned such meeting) should contact the relevant Clearing System to make arrangements for such person to be appointed as a proxy in respect of the Notes in which they have an interest for the purposes of attending and voting at the Noteholders' Meeting (or any adjourned such meeting).

In either case, Beneficial Owners (or a Direct Participant itself) must have made arrangements to vote with the relevant Clearing System by not later than 48 hours before the time fixed for the Noteholders' Meeting (or any adjourned such meeting) and within the relevant time limit specified by the relevant Clearing System and request or make arrangements for the Clearing System to block the Notes in the relevant Direct Participant's account and to hold the same to the order or under the control of the Tabulation Agent.

Notice of any adjourned meeting shall be given in the same manner as notice of the original Noteholders' Meeting save that at least 10 days' notice, containing the information required for the notice of the original meeting shall be given. Such notice shall also state the quorum required at such adjourned meeting.

Any Note(s) so held or blocked for either of these purposes will be released to the Direct Participant by the relevant Clearing System on the earliest of: (i) the conclusion of the Noteholders' Meeting (or, if later, the adjourned Noteholders' Meeting) and (ii) upon such Note(s) ceasing in accordance with the procedures of the relevant Clearing System and with the agreement of the Tabulation Agent to be held to its order or under its control.

The Extraordinary Resolution may only be considered at the Noteholders' Meeting if the Noteholders' Meeting is quorate. The Noteholders' Meeting will be quorate if one or more persons being entitled to vote (whether as a Noteholder or as proxy) are present at the Noteholders' Meeting who together hold or represent the requisite principal amount of outstanding Notes satisfying the quorum requirement as set out below.

Votes in favour of the Extraordinary Resolution must represent a majority of not less than 75 per cent. of the persons voting thereat upon a show of hands or, if a poll is duly demanded, then by a majority consisting of not less than 75 per cent. of the votes cast, for the Extraordinary Resolution to be duly passed.

If, within fifteen minutes after the time appointed for the Noteholders' Meeting, a quorum is not present, the Noteholders' Meeting shall stand adjourned until a date which shall be not less than 14 days but not more than 42 days as determined by the chairman of the Noteholders' Meeting prior to the adjournment of such Meeting. The adjourned Noteholders' Meeting will be subject to lower quorum requirements as set out below.

The quorum requirements are as follows:

Noteholders' Meeting	**Quorum Requirement**
Original Noteholders' Meeting	One or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 75 per cent. in principal amount of the Notes for the time being outstanding.
Adjourned Noteholders' Meeting	One or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 25 per cent. in principal amount of the Notes for the time being outstanding.

Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Guarantor, the Trustee or one or more persons representing two per cent. of the Notes. Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded. A poll demanded on the election of a chairman or on a question of adjournment, shall be taken at once.

On a show of hands every person who is present in person and who produces a Note of which he is the registered holder or is a proxy or representative has one vote. On a poll every such person has one vote in respect of each £50,000 principal amount of Notes so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

This notice and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

TABULATION AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
United Kingdom
Email: eventsadmin@bnymellon.com
Attention: Corporate Trust Events Administration

PRINCIPAL PAYING AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR

The Bank of New York Mellon
101 Barclay Street
New York
NY 10286
USA

This Notice is given by:

JSC ALLIANCE BANK
50 Furmanov Street
Almaty 050004
Republic of Kazakhstan

The date of this Notice is 5 November 2009

ANNEX 6 — NOTICE OF MEETING

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS. IF HOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN INDEPENDENT ADVISERS IMMEDIATELY

ALB FINANCE B.V.

(a private company with limited liability incorporated under the laws of The Netherlands)
*(the "**Issuer**")*

NOTICE OF MEETING

of the holders of those of the

US$150,000,000 9.375% Perpetual Non-cumulative Capital Securities of the Issuer presently outstanding (the "Securities")

and listed on the official list of the UK Listing Authority

Common Code: 025170261 ISIN: XS0251702618

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Schedule 3 (*Provisions for Meetings of Holders*) to the trust deed dated 19 April 2006 (the "**Trust Deed**") between the Issuer, JSC Alliance Bank (the "**Bank**") and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (the "**Trustee**") in respect of the above-referenced Securities, a meeting (the "**Holders' Meeting**") of the holders of the Securities (the "**Holders**") convened by the Bank will be held at or about 11:15 a.m. (London time) on 27 November 2009 at the offices of White & Case LLP at 5 Old Broad Street, London EC2N 1DW, United Kingdom for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed. If within fifteen minutes after such time the quorum specified in the Trust Deed is not present, the Holders' Meeting will be adjourned until 11 December 2009 (at the same location). Unless the context otherwise requires, terms used in this Notice of Holders' Meeting (including the Extraordinary Resolution) shall bear the meanings given to them in the Trust Deed and/or the information memorandum published by the Bank dated 5 November 2009 (the "**Information Memorandum**").

EXTRAORDINARY RESOLUTION

THE TERMS OF THE EXTRAORDINARY RESOLUTION is as follows:

"THAT this Meeting of the holders (the "**Holders**") of the US$150,000,000 9.375% Perpetual Non-cumulative Capital Securities (the "**Securities**") of ALB Finance B.V. (the "**Issuer**"), constituted by the trust deed dated 19 April 2006 (the "**Trust Deed**") between the Issuer, JSC Alliance Bank (the "**Bank**") and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (the "**Trustee**") hereby:

(i) approves the Restructuring Plan;

(ii) instructs the Trustee to vote the principal amount of Securities outstanding in favour of and/or against the Restructuring Plan at the Claimants' Meeting in the same proportions as the Holders vote in favour of and/or against this Extraordinary Resolution;

(iii) instructs the Trustee, upon the request of the Bank, to accelerate the Securities and demand payment under the Subordinated Support Agreement;

(iv) instructs the Trustee to submit a Claim Form in respect of the amounts payable under the Subordinated Support Agreement;

(v) in the event the Restructuring Plan is approved at the Claimants' Meeting:

  (a) assents to the termination of the Subordinated Support Agreement; and

  (b) instructs the Trustee to release the Issuer and the Bank from their respective obligations under the Trust Deed;

(vi) discharges and exonerates the Trustee from any and all liability to the Holders by reason of its acting in accordance with this resolution and its implementation; and

(vii) authorises and requests the Trustee to concur in the above matters and to do all things and take any action which is, in the reasonable opinion of the Trustee, necessary, expedient or desirable in connection with this resolution,

all as provided in and subject to the conditions specified in the Restructuring Plan.

A Holder who votes against this Extraordinary Resolution shall be deemed to have authorised and directed the Trustee to vote against the Restructuring Plan at the Claimants' Meeting in the same proportion as the Holders who vote against this Extraordinary Resolution.

The Trustee shall not be obliged to take any of the steps set out in paragraph (iii) of this Extraordinary Resolution until it has been indemnified or provided with security or pre-funded to its satisfaction. As at the date of this notice, no such indemnity, security or pre-funding has been provided to the Trustee. The Extraordinary Resolution provides that the Bank can request acceleration of the Notes to facilitate set off under Kazakhstan law and to otherwise facilitate the implementation of the Restructuring Plan.

The Trustee has had no involvement in the formulation or negotiation of the Restructuring Plan and expresses no view on its merits. Furthermore, the Trustee makes no representation as to the admissibility of any Claim Form submitted by it in the event that the Extraordinary Resolution is passed. The Trustee has not reviewed the Information Memorandum and expresses no view on its contents.

Terms used in this resolution and defined in the Notice convening this Meeting or in the Information Memorandum are used herein as so defined."

Background

The Information Memorandum, a copy of which is available as indicated below, explains the background to and reasons for, gives full details of, and invites Holders to approve (at the Holders' Meeting), the above Extraordinary Resolution.

Documents Available for Inspection

Holders may, at any time during normal business hours on any weekday (not including Saturdays, Sundays and bank and other public holidays) prior to the Holders' Meeting, inspect at the offices of the Trustee, the Principal Paying Agent and the Registrar copies of the following documents:

(a) the Trust Deed;

(b) the Prospectus dated 13 April 2006 relating to the Securities;

(c) the Paying Agency Agreement;

(d) the Information Memorandum; and

(e) the Form of Claim Form.

Copies of the Information Memorandum and the form of proxy (referred to below) are available for collection at the specified offices of the Principal Paying Agent and the Registrar and also on the Bank's website at www.albinvestorrelations.com.

General

Holders should pay particular attention to the requirements in respect of a quorum for the Holders' Meeting and an adjourned Holders' Meeting (if applicable) which are set out below. In light of such requirements, Holders are strongly urged either to attend the Holders' Meeting or to take the steps referred to below as soon as possible in order to be represented by proxy at the Holders' Meeting.

*Neither the Trustee nor Lazard Frères as the Bank's financial adviser (the "**Financial Adviser**") nor the Steering Committee express any view or make any recommendations as to the merits of the Extraordinary Resolution or any view on whether the Holders, whether individually or as a class, would be acting in their best interests in voting for or against the Extraordinary Resolution, but the Trustee has authorised it to be stated that it has no objection to the Extraordinary Resolution being put to Holders for their consideration. The Trustee has not been involved in formulating or negotiating the Extraordinary Resolution relating to the Securities and makes no representation that all relevant information has been disclosed to the Holders in or pursuant to the Information Memorandum and this Notice of Holders' Meeting. Neither the Trustee nor the Financial Adviser has verified any of the statements made in the Information Memorandum or in this Notice.*

Nothing in the Information Memorandum or this Notice of the Holders' Meeting should be construed as a recommendation to the Holders from the Trustee or the Financial Adviser to vote for or against the Extraordinary Resolution. Accordingly, each of the Issuer, the Bank, the Trustee and the Financial Adviser recommends that Holders who are unsure of the impact of the Extraordinary Resolution should seek their own financial and legal advice.

Voting and Quorum

The provisions governing the convening and holding of the Holders' Meeting are set out in Schedule 3 (*Provisions for Meetings of Holders*) to the Trust Deed, a copy of which is available for inspection as described above. The Securities are currently represented by global certificates (the "**Global Certificate**") held by and registered in the name of The Bank of New York Depository (Nominees) Limited (the "**Registered Holder**") as nominee for Euroclear and Clearstream, Luxembourg (the "**Clearing Systems**", each a "**Clearing System**"). Each person (a "**Beneficial Owner**") who is the owner of a particular principal amount of the Securities, as shown in the records of Euroclear or Clearstream, Luxembourg or its accountholders ("**Direct Participants**"), should note that such person will not be a Holder for the purposes of the Holders' Meeting and will only be entitled to attend and vote at the Holders' Meeting or to cause the appointment of a proxy to do so in accordance with the procedures set out below. On this basis, the only Holder for the purposes of the Holders' Meeting will be the Registered Holder.

Direct Participants (directly or on behalf of Beneficial Owners) who have submitted Electronic Instruction Forms to the Clearing Systems in accordance with the procedures set out in the Information Memorandum need take no further action in relation to voting at the Holders' Meeting in respect of the Extraordinary Resolution. By submitting or delivering a duly completed Electronic Instruction Form to the relevant Clearing Systems, the Direct Participant of the Securities instructs the Registered Holder of such Securities to complete and sign a form of proxy in accordance with Schedule 3 (*Provisions for Meetings of Holders*) of the Trust Deed and in such form of proxy to authorise and instruct The Bank of New York Mellon as tabulation agent (the "**Tabulation Agent**") to act as proxy and to vote in favour of (or against, as the case may be) the Extraordinary Resolution and to take the steps referred to in the Extraordinary Resolution and authorises the Clearing Systems to disclose to the Issuer the identity of the Direct Participant or, if different, the Beneficial Owner.

The Registered Holder may by instrument in writing in the English language (a "**form of proxy**") in the form available from the office of the Registrar signed by the Registered Holder or, in the case of a corporation, executed under its seal or signed on its behalf by its duly appointed attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar not less than 48 hours before the time fixed for the Holders' Meeting (or any adjourned such meeting), appoint any person (a "**proxy**") to act on his or its behalf in connection with the Holders' Meeting (or any adjourned such meeting).

The Beneficial Owner can request through his Direct Participant to appoint the Tabulation Agent as proxy to cast the votes relating to the Securities in which he has an interest at the Holders' Meeting (or any adjourned such meeting).

A proxy so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with the Holders' Meeting (or any adjourned such meeting) to be the holder of the Securities to which such appointment relates and the Registered Holder of the Securities shall be deemed for such purposes not to be the holder.

Alternatively, Beneficial Owners and Direct Participants who wish a different person to be appointed as their proxy to attend and vote at the Holders' Meeting (or any adjourned such meeting) should contact the relevant Clearing System to make arrangements for such person to be appointed as a proxy in respect of the Securities in which they have an interest for the purposes of attending and voting at the Holders' Meeting (or any adjourned such meeting).

In either case, Beneficial Owners (or a Direct Participant itself) must have made arrangements to vote with the relevant Clearing System by not later than 48 hours before the time fixed for the Holders' Meeting (or any adjourned such meeting) and within the relevant time limit specified by the relevant Clearing System and request or make arrangements for the Clearing System to block the Securities in the relevant Direct Participant's account and to hold the same to the order or under the control of the Tabulation Agent.

Notice of any adjourned meeting shall be given in the same manner as notice of the original Holders' Meeting save that at least 10 days' notice, containing the information required for the notice of the original meeting shall be given. Such notice shall also state the quorum required at such adjourned meeting.

Any Security or Securities so held or blocked for either of these purposes will be released to the Direct Participant by the relevant Clearing System on the earliest of: (i) the conclusion of the Holders' Meeting (or, if later, the adjourned Holders' Meeting) and (ii) upon such Security or Securities ceasing in accordance with the procedures of the relevant Clearing System and with the agreement of the Tabulation Agent to be held to its order or under its control.

The Extraordinary Resolution may only be considered at the Holders' Meeting if the Holders' Meeting is quorate. The Holders' Meeting will be quorate if two or more persons being entitled to vote (whether as a Holder or as proxy) are present at the Holders' Meeting who together hold or represent the requisite principal amount of outstanding Securities satisfying the quorum requirement as set out below.

Votes in favour of the Extraordinary Resolution must represent a majority of not less than 75 per cent. of the persons voting thereat upon a show of hands or, if a poll is duly demanded, then by a majority consisting of not less than 75 per cent. of the votes cast, for the Extraordinary Resolution to be duly passed.

If, within fifteen minutes after the time appointed for the Holders' Meeting, a quorum is not present, the Holders' Meeting shall stand adjourned until a date which shall be not less than 14 days but not more than 42 days as determined by the chairman of the Holders' Meeting prior to the adjournment of such Meeting. The adjourned Holders' Meeting will be subject to lower quorum requirements as set out below.

The quorum requirements are as follows:

Holders' Meeting	**Quorum Requirement**
Original Holders' Meeting	Two or more persons present in person holding Securities or being proxies or representatives and holding or representing in the aggregate not less than 75 per cent. in principal amount of the Securities for the time being outstanding.
Adjourned Holders' Meeting	Two or more persons present in person holding Securities or being proxies or representatives and holding or representing in the aggregate not less than 25 per cent. in principal amount of the Securities for the time being outstanding.

Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Trustee or one or more persons representing two per cent. of the Securities. Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded. A poll demanded on the election of a chairman or on a question of adjournment, shall be taken at once.

On a show of hands every person who is present in person and who produces a Security of which he is the registered holder or is a proxy or representative has one vote. On a poll every such person has one vote in respect of each U.S.$1,000 principal amount of Securities so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

This notice and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

TABULATION AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
United Kingdom
Email: eventsadmin@bnymellon.com
Attention: Corporate Trust Events Administration

PRINCIPAL PAYING AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR

The Bank of New York Mellon
101 Barclay Street
New York
NY 10286
USA

This Notice is given by:

JSC ALLIANCE BANK
50 Furmanov Street
Almaty 050004
Republic of Kazakhstan

The date of this Notice 5 November 2009

SCHEDULE 6 — TERMS AND CONDITIONS OF THE NEW NOTES

ANNEX 1 — TERMS AND CONDITIONS OF THE DISCOUNT DOLLAR NOTES

The following is the text of the terms and conditions of the Discount Dollar Notes which, subject to amendment and completion will be endorsed on each Note Certificate pertaining to the Discount Dollar Notes:

The U.S.$ _____ 10.5 per cent. notes due 2017 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 16 (*Further Issues*) and forming a single series therewith) of JSC Alliance Bank (the "**Bank**") are (a) constituted by, and subject to, and have the benefit of a trust deed dated _____ 2010 (as amended or supplemented from time to time, the "**Trust Deed**") between the Bank and BNY Corporate Trustee Services Limited as trustee (the "**Trustee**", which expression includes all persons for the time being appointed as trustee for the holders of the Notes ("**Noteholders**") under the Trust Deed) and (b) the subject of a paying agency agreement dated _____ 2010 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Bank, the Trustee, The Bank of New York Mellon as principal paying and transfer agent (the "**Principal Paying and Transfer Agent**"; which expression includes any successor or additional paying and transfer agents appointed from time to time in connection with the Notes) and The Bank of New York Mellon (Luxembourg) S.A. as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Notes).

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The Noteholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the Specified Offices (as defined in the Agency Agreement) of the Principal Paying and Transfer Agent. Copies are also available for inspection during normal business hours at the registered office for the time being of the Trustee, One Canada Square, London E14 5AL, United Kingdom. References herein to the "**Agents**" are to the Registrar and the Paying and Transfer Agents and any reference to an "**Agent**" is to any one of them.

Terms defined in the Trust Deed shall, unless otherwise defined herein or the context requires otherwise, bear the same meanings herein.

1. Status

The obligations under the Notes are unconditional, direct, unsubordinated and, subject as provided in Clause __ (*Negative Pledge*) of the Trust Deed, unsecured obligations of the Bank, and will at all times rank at least *pari passu* amongst themselves and *pari passu* in right of payment with all other present and future (except as provided therein) unsubordinated obligations of the Bank, save only for such obligations as may be preferred by mandatory provisions of applicable law.

2. Form, Denomination and Title

(a) Form and Denomination

The Notes are in registered form, without interest coupons attached, and shall be serially numbered. Notes shall be issued in denominations of U.S.$_____ and integral multiples of U.S.$1,000 in excess thereof (each denomination an "**authorised denomination**").

(b) Title

Title to the Notes will pass by transfer and registration as described in Conditions 3 (*Registration*) and 4 (*Transfers*). The holder (as defined below) of any Notes 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 thereon (other than a duly executed transfer thereof in the form endorsed thereon) or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

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

3. Registration

The Bank shall procure that the Registrar will maintain a register (the "**Register**") at the Specified Office of the Registrar in respect of the Notes in accordance with the provisions of the Agency Agreement. A certificate

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

4. Transfers

(a) Subject to Conditions 4(d) and 4(e), a Note may be transferred in whole or in part upon surrender of the relevant Note Certificate, with the endorsed form of transfer (the "**Transfer Form**") duly completed, at the Specified Office of an Agent, together with such evidence as the Registrar or (as the case may be) such Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of Notes not transferred are authorised denominations. Transfer Forms are available from any Agent and the Bank upon the request of any holder.

(b) Within five business days of the surrender of a Note Certificate in accordance with Condition 4(a), the Registrar will register the transfer in question and deliver a new Note Certificate of alike principal amount to the Notes transferred to each relevant holder at its Specified Office or (as the case may be) the Specified Office of any Agent or (at the request and risk of any such relevant holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant holder. In this Condition 4(b), "**business day**" means a day other than a Saturday or a Sunday on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Agent has its Specified Office.

(c) The transfer of a Note will be effected without charge by the Registrar or any Agent but against such indemnity as the Registrar or (as the case may be) such 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) Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

(e) All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of the Notes scheduled to the 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 Bank 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 Noteholder who requests in writing a copy of such regulations.

5. Covenants

The Noteholders will have the benefit of certain covenants in the Trust Deed relating to, amongst other things, restrictions on the creation of security interests, incurrence of indebtedness, disposal of assets and payment of dividends.

6. Interest

(a) Interest Accrual

The Notes shall bear (or, as the case may be, be deemed to bear) interest on their outstanding principal amount from the earlier of _____ 2010 (the "**Issue Date**") and 1 March 2010 at the rate of 10.5 per cent. per annum (the "**Rate of Interest**"), payable in arrear on _____ and _____ in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 7 (*Payments*).

Each period beginning on (and including) the Issue Date (or 1 March 2010, as the case may be) or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

(b) Cessation of Interest

Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of

such Notes up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying and Transfer Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) Calculation of Interest for an Interest Period

The amount of interest payable in respect of each Note for any Interest Period shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards), provided that if the Issue Date is later than 1 March 2010, the amount of interest payable for the first Interest Period shall be U.S.$_____ for each U.S.$1,000 in principal amount of Note.

(d) Calculation of Interest for any Other Period

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

The determination of the amount of interest payable under Condition 6(c) (*Calculation of Interest for an Interest Period*) by the Principal Paying and Transfer Agent shall, in the absence of manifest error, be binding on all parties.

7. Payments

(a) Principal

Payments of principal in respect of the Notes 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 Note Certificates at the Specified Office of the Registrar or of any Agent.

(b) Interest

Payments of interest due on an Interest Payment Date will be made to the Persons shown in the Register at the close of business on the Record Date for such Interest Payment Date, subject to (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the Registrar or any Agent. Payments of all amounts other than as provided in Conditions 7(a) (*Principal*) and this Condition 7(b) (*Interest*) will be made as provided in these Conditions.

(c) Record Date

Each payment in respect of a Note 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 Notes pursuant to Conditions 7(a) (*Principal*) and 7(b) (*Interest*) will be made by transfer to a United States Dollar account maintained by the payee with a bank in New York City.

(e) Payments Subject to Fiscal Laws

All payments in respect of the Notes are subject in all cases to any applicable or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(f) Payment on a Business Day

If the due date for payment of any amount in respect of any Note 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 Note shall not be entitled to any interest or other payment in

respect of any delay in payment resulting from the due date for a payment not being a business day. In this Condition 7(f) (*Payment on a Business Day*), "**business day**" means any day on which banks are open for business (including dealings in foreign currencies) in New York City and, in the case of surrender (or, in the case of partial payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(g) Agents

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Bank and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders. The Bank reserves the right (with prior written approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying and transfer agent or registrar and additional or successor agent or agents; provided, however, that the Bank shall at all times maintain a principal paying and transfer agent with a specified office in a European member state, that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council meeting of June 3, 2003 on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive, and a registrar. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 14 (*Notices*).

8. Redemption and Purchase

(a) Scheduled Redemption

Unless previously redeemed or purchased and cancelled as provided below, subject as provided in Condition 7 (*Payments*), the Notes will be partially redeemed in six equal semi-annual instalments on _____ and _____ of each year, with the first such instalment being payable on _____ 2014 and the last such instalment being payable on _____2017. The outstanding principal amount of each Note shall be reduced by any repayment of principal in accordance with these Conditions, including (i) any instalment amount and (ii) any prepayment amount comprising any amounts paid pursuant to Condition 8(d) (*Redemption by way of Surplus Cash*) and any prepayment made in accordance with Condition 8(e) (*Redemption after Public Offering*) with effect from the related instalment payment date or the Prepayment Date (as the case may be), unless the payment of the instalment or the prepayment is improperly withheld or refused on presentation of the Note, in which case such amount shall remain outstanding until the date of payment of such instalment amount or of such prepayment. Each Note shall be finally redeemed on due payment of the final instalment amount payment or (to the extent that the amounts to be paid pursuant to Condition 8(e) (*Redemption after Public Offering*) are sufficient to finally redeem the Notes) on the Prepayment Date.

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the Bank in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued but unpaid to the date fixed for redemption, if, immediately before giving such notice, the Bank satisfies the Trustee that (i) the Bank will become obliged to pay, on the next date on which any amount would be payable with respect to the Notes, additional amounts, as provided or referred to in Condition 9 (*Taxation*), to any greater extent than would have been required had such a payment been required to be made on the [date of the Claimants' Meeting], as a result of any change in, or amendment to, the laws or regulations of the Republic of Kazakhstan or any political subdivision or any authority thereof having power to tax therein, or any change in the application or official interpretation of such laws or regulations (including a ruling by a court of competent jurisdiction, but excluding any such change or amendment which obliges the Bank to pay additional amounts in respect of Notes held by or on behalf of a person resident, domiciled or organised in the Republic of Kazakhstan), which change or amendment becomes effective on or after the [date of the Claimants' Meeting] and (ii) such obligation cannot be avoided by the Bank taking reasonable measures available to it; provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Bank would be obliged to pay such additional amounts if a payment in respect of the Notes were then due. Prior to the publication of any notice of redemption pursuant to this Condition 8(b) (*Redemption for Tax Reasons*), the Bank shall deliver or procure that there is delivered to the Trustee a certificate signed by two directors of the Bank stating that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred and an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Bank has or will become obliged to pay such additional

amounts as a result of such change or amendment. The Trustee shall be entitled to accept, without further enquiry, such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event these shall be conclusive and binding on the Noteholders. Upon the expiry of any such notice as is referred to in this Condition 8(b) (*Redemption for Tax Reasons*), the Bank shall be bound to redeem the Notes in accordance with this Condition 8(b) (*Redemption for Tax Reasons*).

(c) Redemption at the Option of the Noteholders

Unless the Noteholders have previously by an Extraordinary Resolution disapplied this Condition 8(c) (*Redemption at the Option of the Noteholders*) in relation to the applicable Relevant Event, following the occurrence of a Relevant Event (as defined below), the Bank shall promptly, and in any event within five Business Days thereafter, give notice (the "**Relevant Event Notice**") of such Relevant Event to the Noteholders (with a copy to the Trustee) in accordance with Condition 14 (*Notices*), which notice shall specify the date (which shall not be less than 30 days nor more than 60 days after the Relevant Event Notice (the "**Put Settlement Date**") on which the Bank shall, at the option of the holder of any Note, redeem such Note at its principal amount, together with interest accrued and unpaid to the Put Settlement Date. In order to exercise the option contained in this Condition 8(c) (*Redemption at the Option of the Noteholders*), the holder of a Note must, not less than 15 days before the Put Settlement Date, deposit with any Paying Agent the relevant Note Certificate and a duly completed put option notice (a "**Put Option Notice**") in the form obtainable from any Paying Agent. No Note Certificate, once deposited with a duly completed Put Option Notice in accordance with this Condition 8(c) (*Redemption at the Option of the Noteholders*), may be withdrawn; provided, however, that if, prior to the Put Settlement Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note Certificate on the Put Settlement Date, payment of the redemption monies is improperly withheld or refused, such Note Certificate shall, without prejudice to the exercise of the Put Option, be returned to the holder by uninsured first class mail (airmail if overseas) at such address as may have been given by such Noteholder in the relevant Put Option Notice. The Trustee shall not be responsible for monitoring whether or not any Relevant Event has occurred and shall be entitled to assume unless it receives written notice to the contrary, that no Relevant Event has occurred. In the event that a Relevant Event occurs but no Relevant Event Notice is given by the Bank, the Bank shall be deemed to have given a Relevant Event Notice specifying a Put Settlement Date on the date which is 60 days after the occurrence of the Relevant Event, unless such day is not a Business Day, in which event the Put Settlement Date shall be the immediately following day thereafter which is a Business Day.

(d) Redemption by way of Surplus Cash

This condition is currently being negotiated between the Bank and the Steering Committee. The provision as being negotiated can be summarized as follows:

"If the Recovery Notes have not been paid in full within seven years, then payments under the Recovery Notes will stop and a valuation of the residual value of the Recovery Notes shall take place (as set out in more detail in Schedule 12 (Terms of Recovery Notes). This residual value will be split evenly into three instalments payable at 12 months, 24 months and 36 months. Any eligible cash sweep during the year ending on the date due for the relevant instalment up to the amount of that instalment will be used to pay that instalment. Any excess cash sweep over the next due instalment will be paid to the next nearest maturing series of bonds.

Thereafter (or, if the Recovery Notes have been repaid in full (including by way of exercise of put) prior to the end of the seven year period, after the Recovery Notes have been paid in full (including by way of exercise of put)) the cash sweep will be applied to prepay the holders of instruments (other than Recovery Notes) originally issued to the Restructuring Creditors allocated into Options 2 and 3 pro rata, such application occurring every 6 months when the Bank will prepare a statement of cash flows in the form agreed by the Steering Committee and shall pay to the Restructuring Creditors 50% of (B - C) where:

B = the amount shown as "cash inflow from operating activities before changes in operating assets and liabilities" in the relevant cash flow statement, and

C = the amount of cash which the Bank forecasts it will need in its operations in the next three months while exceeding by a multiple of 1.1 each applicable liquidity ratio specified by the FMSA from time to time."

Once agreed, this condition will be published by the Bank prior to the Voting Instructions Deadline for Euronotes.

This condition will also specify the procedures for calculating and distributing between the Discount Notes and Par Notes residual cash not used in Options 1 and 1A. Any such distribution shall be by way of prepayment of principal.

(e) Redemption after Public Offering

Following the completion of any public offering by the Bank of its common shares, warrants or instruments convertible or exchangeable into common shares or depositary receipts representing common shares after _____ 2015 (the "**Public Offering**"), the Bank shall promptly, and in any event within five Business Days thereafter, give notice of such Public Offering (the "**Public Offering Notice**") to the Noteholders (with a copy to the Trustee) in accordance with Condition 14 (*Notices*), which notice shall specify the date being a Business Day (which shall not be less than 30 days nor more than 60 days after the Public Offering (the "Prepayment Date")) on which the Bank shall apply 50 per cent. of the proceeds of the Public Offering to redeem the Notes in part in an amount equal to the proceeds and if sufficient proceeds have been raised, in full, at their principal amount together with interest accrued and unpaid to the Prepayment Date. The Trustee shall not be responsible for monitoring whether or not any Public Offering has occurred and shall be entitled to assume unless it receives written notice to the contrary, that no Public Offering has occurred. In the event that a Public Offering occurs but no Public Offering Notice is given by the Bank, the Bank shall be deemed to have given a Public Offering Notice specifying a Prepayment Date on the date which is 60 days after the occurrence of the Public Offering, unless such day is not a Business Day, in which event the Prepayment Date shall be the immediately following Business Day thereafter.

For the purposes of these Conditions, "**Business Day**" means a day other than a Saturday or Sunday on which commercial banks are open for business (including dealings in foreign currencies) in London and New York.

(f) Purchase

The Bank may at any time purchase or procure others to purchase for its account the Notes in the open market or otherwise and at any price. Notes so purchased may be held or resold (provided that such resale is in compliance with all applicable laws) or surrendered for cancellation at the option of the Bank, in compliance with Condition 8(g) (*Cancellation of Notes*). Any Notes so purchased, while held by or on behalf of the Bank, shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorum at such meetings.

(g) Cancellation of Notes

All Notes which are redeemed or surrendered for cancellation pursuant to this Condition 8 (*Redemption and Purchase*) shall be cancelled and may not be reissued or resold.

(h) Definitions

As used in this Condition 8 (*Redemption and Purchase*):

"**Adjusted IFRS**" means International Financial Reporting Standards adjusted to reflect the FMSA's requirements for preparation of financial statements for regulatory purposes;

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations, rights to purchase, warrants, options or any other equivalent of any of the foregoing (however designated) in relation to the share capital of a company and any and all equivalent ownership interests in a Person other than a company, in each case whether now outstanding or hereafter issued;

"**Control**" means the control exercised or capable of being exercised by any person, entity or undertaking over another undertaking by virtue of:

(i) holding a majority of the voting rights in the undertaking, or

(ii) being (directly or indirectly) a member, shareholder or participant (or equivalent) of the undertaking and having the right to appoint or remove a majority of its board of directors, or

(iii) having the right to exercise, or actually exercising, a dominant influence over the undertaking:

  (A) by virtue of provisions contained in the undertaking's charter (or equivalent), or

  (B) by virtue of any contract, or

(iv) being a member, shareholder or participant (or equivalent) of the undertaking and controlling, pursuant to an agreement with other members, shareholders or participants (or equivalents), a majority of the voting rights in the undertaking.

and the terms "Controlled" and "Controlling" have meanings correlative to the foregoing;

"**Rating Agency**" means Standard & Poors ("**S&P**") and its successors, Moody's Investors Service Inc. ("**Moody's**") and it successors or Fitch Ratings Ltd. ("**Fitch**") and its successors; and

A "**Relevant Event**" shall be deemed to have occurred if the government of the Republic of Kazakhstan (i) whether through JSC National Welfare Fund Samruk-Kazyna ("**Samruk-Kazyna**") or any other Agency of or entity Controlled by the government of the Republic of Kazakhstan ceases to own at least 51 per cent. of the Capital Stock of, or otherwise to Control, the Bank or (ii) ceases to own at least 51 per cent. of the Capital Stock of, or otherwise to Control, Samruk-Kazyna, unless the Person to which is transferred 51 per cent. or more of the Capital Stock (or other Control) of the Bank or of Samruk-Kazyna (as the case may be) is at the time of transfer a bank or other financial institution authorised by the appropriate authority to accept deposits and having a foreign currency long-term debt rating by S&P no lower than:

(a) A- in the case of a Relevant Event occurring before the anniversary of the Issue Date falling in 2012; or

(b) BBB in the case of a Relevant Event occurring after the anniversary of the Issue Date falling in 2012

or at the relevant time the equivalent rating by another Rating Agency, provided that any agreement whereby management of the Bank is transferred to a third party (the "**manager**") that does not, in conjunction with any acquisition of any Capital Stock by such manager or its Affiliates (whether or not occurring at the same time), cause the government of the Republic of Kazakhstan to cease to own at least 51 per cent. of the Bank's Capital Stock or otherwise to Control the Bank, will not constitute a Relevant Event if:

(i) the Trustee, the CS Director and the Creditor Director have been provided with an opinion in form and substance satisfactory to them of independent legal advisers of recognised standing to the effect that the management agreement, in conjunction with any acquisition of any Capital Stock by such manager or its Affiliates (whether or not occurring at the same time), does not cause the government of the Republic of Kazakhstan (directly or indirectly) to cease to Control the Bank or to have majority economic risk and/or benefit in the Bank and continues to allow the government of the Republic of Kazakhstan (directly or indirectly) to retain the sole right to exercise its rights as a majority shareholder (including in relation to the appointment of directors);

(ii) any fees, commission or other compensation or reward payable to the manager are agreed by a Qualified Majority of the Board; and

(iii) the manager (and any change to the manager) and the terms of appointment of the manager (and any change to those terms) are agreed by a Simple Majority of the Board.

9. Taxation

(a) Taxation

All payments of principal and interest in respect of the Notes 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 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 Bank shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note:

(i) presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note 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 Note; or

(ii) presented (in the case of a payment of principal or interest 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 Note on the last day of such period of 30 days; or

(iii) to a holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of the Note.

In the event that the foregoing obligation to pay additional amounts is for any reason unenforceable against the Bank, the Bank shall pay to any holder of a Note (subject to the exclusions set out in (i), (ii) and (iii) 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) and (iii) 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 Bank 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 Bank 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 Note.

(b) Relevant Date

As used in these Conditions, "**Relevant Date**" in respect of any Note means the date on which payment in respect of such Note first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which notice is duly given to the Noteholders that, upon further presentation of the Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

(c) Additional Amounts

Any reference in these Conditions to principal or interest shall be deemed to include instalments of principal as well as any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 9 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 9 (*Taxation*) pursuant to the Trust Deed.

(d) Taxing Jurisdiction

If the Bank becomes subject at any time to any taxing jurisdiction other than the Republic of Kazakhstan references in this Condition 9 (*Taxation*) to the Republic of Kazakhstan shall be construed as references to the Republic of Kazakhstan and/or such other jurisdiction.

10. Prescription

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

11. Events of Default

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

(i) Non Payment

the Bank fails to pay the principal of the Notes when the same becomes due and payable and, where such failure to pay is caused by technical or administrative errors affecting the transfer of funds by the Bank, the failure to pay continues for a period of three Business Days, or the Bank is in default with respect to the payment of interest and such default continues for a period of ten days; or

(ii) Breach of Other Obligations

the Bank is in default in the performance, or is otherwise in breach, of any covenant, obligation, undertaking or other agreement under the Notes or the Trust Deed or in respect of the Par Notes, Subordinated Notes or Recovery Notes (other than a default or breach elsewhere specifically dealt with in this Condition 11 (*Events of Default*)) and, where such default or breach is, in the opinion of the Trustee, capable of remedy, such default or breach is not remedied within 30 days after notice thereof has been given to the Bank, by the Trustee, and the Trustee certifies that such default or breach is materially prejudicial to the interests of the Noteholders; or

(iii) Cross Default

(a) any Indebtedness for Borrowed Money of the Bank or any Subsidiary of the Bank becomes (or becomes capable of being declared) due and payable prior to the due date for the payment thereof by reason of default of the Bank or the relevant Subsidiary (as the case may be), or is not paid when due subject to any originally applicable grace period or (b) any Indebtedness Guarantee given by the Bank or any Subsidiary of the Bank in respect of Indebtedness for Borrowed Money of another Person is not honoured when due and called, provided that the amount of Indebtedness for Borrowed Money referred to in (a) above and/or the amount payable under any Indebtedness Guarantee referred to in (b) above individually or in the aggregate exceeds U.S.$7,000,000 (or its equivalent in any other currency or currencies (as determined by the Trustee)); or

(iv) Judgment Default

a judgment or order or arbitration award for the payment of an aggregate amount in excess of U.S.$5,000,000 (or its equivalent in any other currency or currencies) is rendered or granted against the Bank or any Subsidiary or any part of their assets and continue(s) unsatisfied and unstayed for a period of 30 days after the date thereof or, if later, the date therein specified for payment; or

(v) Bankruptcy

any Person shall have instituted a proceeding or entered a decree or order for the appointment of a receiver, administrator or liquidator in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements in respect of the Bank or any Material Subsidiary, or all or substantially all of its properties and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 days or the Bank or any Material Subsidiary shall institute proceedings under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect to be adjudicated a bankrupt or shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or shall file a petition or answer or consent seeking reorganisation under any such law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, administrator or liquidator or trustee or assignee in bankruptcy or liquidation of the Bank or any Material Subsidiary, or in respect of its property, or shall make an assignment for the benefit of its creditors or shall otherwise be unable or admit its inability to pay its debts generally as they become due or the Bank commences proceedings with a view to the general adjustment of its Indebtedness or the Bank or any Material Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than in connection with a disposal of assets pursuant to Clause_____(*Restrictions on Disposals*) of the Trust Deed; or

(vi) Maintenance of Business

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

(vii) Material Compliance with Applicable Laws

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

(viii)Removal of a Creditor Director or CS Director

any CS Director or Creditor Director is removed within three years of the Issue Date without Cause or with Cause, but without the appointment of a successor to the relevant Director pursuant to the terms of the Trust Deed or following any removal of the relevant Director any decision requiring a Qualified Majority is taken by the Board prior to the appointment of a successor to the relevant Director pursuant to the terms of the Trust Deed, for which purpose "Cause" means, with respect to any removal of a CS Director or Creditor Director, a removal by reason of the incapacity or gross misconduct of the relevant Director.

(ix) Shareholder Approval

the Bank fails to obtain the Super Majority approval of its shareholders or the Qualified Majority approval of the Board for actions requiring such approval or fails to remedy any material breach of the terms of its charter or the Alliance Undertaking within 60 days after such breach has occurred; or

(x) Invalidity or Unenforceability

the validity of the Notes, the Trust Deed or the Agency Agreement is contested by the Bank or the Bank denies any of its obligations under the Notes, the Trust Deed or the Agency Agreement (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise) or it is or becomes unlawful for the Bank to perform or comply with all or any of its obligations set out in the Notes, the Trust Deed or the Agency Agreement or all or any of the obligations of the Bank provided in the Notes, the Trust Deed or the Agency Agreement shall be or become unenforceable or invalid and, following the occurrence of any of those events specified in this Condition 11(a)(x) (*Invalidity or Unenforceability*), the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders; or

(xi) Government Intervention

all or any substantial part of the undertaking, assets and revenues of the Bank or any Material Subsidiary is condemned, seized, nationalised or otherwise appropriated by any person acting under the authority of any national, regional or local government (other than the purchase by Samruk-Kazyna of any shares of the Bank or any transfer by Samruk-Kazyna of any shares of the Bank owned by Samruk-Kazyna to any successor entity that is Controlled by the government of the Republic of Kazakhstan) or the Bank or any Material Subsidiary is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets, revenues and, following the occurrence of any of the events specified in this Condition 11(a)(xi) (*Government Intervention*), the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders; or

(xii) Breach of Certain Covenants

the Bank is in breach of (a) its covenants in the Trust Deed relating to Substantial Change of Business, Restriction on Intra-Group and Related Party Transactions, Limitation on Payment of Dividends or Additional Indebtedness or (b) any regulatory requirements applicable to the Bank, subject to any applicable cure period provided for by the applicable regulation; or

(xiii)Money Laundering, Corruption and Terrorism

the Bank fails to comply with its covenants in the Trust Deed relating to Money Laundering, Corruption and Terrorism.

12. Replacement of Notes

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

13. Meetings of Noteholders; Modification and Waiver

(a) Meetings of Noteholders

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

The Trust Deed contains provisions for convening meetings of holders of the Notes with holders of notes of other series issued under the Trust Deed if the Trustee to decides.

(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 Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed or (ii) if such Noteholders have been given at least 21 clear days' notice of such resolution, by or on behalf of persons holding three quarters of the aggregate principal amount of the outstanding Notes. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(c) Modification Without Noteholders' Consent

The Trustee may, without the consent of the Noteholders, agree (i) to any modification of the Notes (including these Conditions) or the Trust Deed (other than in respect of a matter requiring a special quorum resolution), which, in the opinion of the Trustee, will not be materially prejudicial to the interests of Noteholders and (ii) to any modification of the Notes (including these Conditions) or the Trust Deed, which is of a formal, minor or technical nature or to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a matter requiring a special quorum resolution) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby. Any such modification, waiver or authorisation shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be promptly notified to the Noteholders in accordance with Condition 14 (*Notices*).

14. Notices

(a) To the Noteholders

Notices to Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day (not being a Saturday or a Sunday) after the date of mailing. In addition, so long as the Notes are listed on the Luxembourg Stock Exchange or the Kazakhstan Stock Exchange and the relevant Stock Exchanges requires notices to the Noteholders shall be published in a leading newspaper having general circulation in Luxembourg and/or in Kazakhstan. Any such notice shall be deemed to have been given on the date of first publication.

(b) To the Bank

Notices to the Bank will be deemed to be validly given if delivered to the Bank at 50 Furmanov Street, Almaty 050004, Republic of Kazakhstan and clearly marked on their exterior "Urgent — Attention: International

Relations Department" (or at such other addresses and for such other attentions as may have been notified to the Noteholders in accordance with Condition 14(a)) and will, be deemed to have been validly given at the opening of business on the next day on which the Bank's 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 registered office, for the time being, of the Trustee or the Specified Office, for the time being, of such Agent, as the case may be, and will be validly given on the next day on which such office is open for business.

15. Trustee

(a) Indemnification

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

The Trustee's responsibilities are solely those of trustee for the Noteholders on the terms of the Trust Deed. Accordingly, the Trustee makes no representations and assumes no responsibility for the validity or enforceability of the Notes or for the performance by the Bank of its obligations under or in respect of the Notes or 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 Noteholders as a class and, in particular, shall not have regard to the consequences of such exercise for individual Noteholders 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 Noteholder shall be entitled to claim, from the Bank (in the case of a Noteholder) the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(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 Notes, 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 Notes 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 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 Bank 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 11 (*Events of Default*) become an Event of Default has occurred.

The Trust Deed provides that 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 11 (*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 Bank set out in these Conditions 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 Bank is complying with all covenants and obligations imposed upon it, respectively, herein and therein.

(d) Failure to Act

No Noteholder may proceed directly against the Bank unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

(e) Retirement and Removal

Any Trustee may retire at any time on giving at least three months' written notice to the Bank without giving any reason or being responsible for any costs occasioned by such retirement and the Noteholders may by Extraordinary Resolution remove any Trustee, provided that the retirement or removal of a sole trust corporation will not be effective until a trust corporation is appointed as successor Trustee. If a sole trust corporation gives notice of retirement or an Extraordinary Resolution is passed for its removal, it will use all reasonable endeavours to procure that another trust corporation be appointed as Trustee. In the event of any change of the Trustee, two separate notices shall be published in two leading newspapers one of which will have general circulation in the Republic of Kazakhstan and the other in Luxembourg.

(f) Substitution

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

16. Further Issues

The Bank may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest).

17. Currency Indemnity

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

18. Contracts (Rights of Third Parties) Act 1999

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

19. Governing Law; Arbitration and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Agency Agreement and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law.

(b) Arbitration

The Bank agrees that any claim, dispute or difference of whatever nature arising under, out of or in connection with the Notes or the Trust Deed (including a claim, dispute or difference regarding its existence, termination or validity or any non contractual obligations arising out of or in connection with the Trust Deed) (a "**Dispute**"), shall be referred to and finally settled by arbitration in accordance with the rules of the London Court of International Arbitration ("**LCIA**") (the "**Rules**") as at present in force and as modified by this Condition, which Rules shall be deemed incorporated into this Condition. The number of arbitrators shall be three, one of whom shall be nominated by the Bank, one by the Trustee and the third of whom, who shall act as Chairman, shall be nominated by the two party nominated arbitrators, provided that if the third arbitrator has not been nominated within 30 days of the nomination of the second party nominated arbitrator, such third arbitrator shall be appointed by the LCIA. The parties may nominate and the LCIA may appoint arbitrators from among the nationals of any country, whether or not a party is a national of that country. The seat of arbitration shall be London, England and the language of arbitration shall be English. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

(c) Trustee's Option

At any time before the Trustee has nominated an arbitrator to resolve any Dispute(s) pursuant to Condition 19(b) (*Arbitration*), the Trustee, at its sole option, may elect by notice in writing to the Bank that such Dispute(s) shall instead be heard by the courts of England, as more particularly described in Condition 19(d) (*Jurisdiction*). Following any such election, no arbitral tribunal shall have jurisdiction in respect of such Dispute(s).

(d) Jurisdiction

In the event that the Trustee serves a written notice of election in respect of any Dispute(s) pursuant to Condition 19(c) (*Trustee's Option*), the Bank agrees for the benefit of the Trustee and the Noteholders that the courts of England shall have jurisdiction to hear and determine any such Dispute(s) and, for such purposes, irrevocably submits to the jurisdiction of such courts. Subject to Condition 19(b) (*Arbitration*), nothing in this Condition shall (or shall be construed so as to) limit the right of the Trustee to bring proceedings ("**Proceedings**") for the determination of any Dispute(s) in any other court of competent jurisdiction, nor shall the bringing of such Proceedings in any one or more jurisdictions preclude the bringing of Proceedings by the Trustee in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

(e) Appropriate Forum

The Bank 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.

(f) Agent for Service of Process

The Bank 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 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. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Bank, the Bank shall, on the written demand of the Trustee, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person by written notice to the Bank. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(g) Consent to Enforcement, etc.

The Bank has consented generally in respect of any Disputes (or Proceedings in accordance with Condition 19(d) (*Jurisdiction*)) to the giving of any relief or the issue of any process in connection with such Disputes or

Proceedings, including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be given in such Proceedings or in connection with such Disputes.

(h) Waiver of Immunity

To the extent that the Bank 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 Bank, or its assets or revenues, the Bank has agreed, in connection with any Disputes or Proceedings, not to claim and have irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

ANNEX 2 — TERMS AND CONDITIONS OF THE PAR DOLLAR NOTES

The following is the text of the terms and conditions of the Par Dollar Notes which, subject to amendment and completion will be endorsed on each Note Certificate pertaining to the Par Dollar Notes:

The U.S.$_____ 4.7 per cent. notes due 2020 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 16 (*Further Issues*) and forming a single series therewith) of JSC Alliance Bank (the "**Bank**") are (a) constituted by, and subject to, and have the benefit of a trust deed dated _____ 2010 (as amended or supplemented from time to time, the "**Trust Deed**") between the Bank and BNY Corporate Trustee Services Limited as trustee (the "**Trustee**", which expression includes all persons for the time being appointed as trustee for the holders of the Notes ("**Noteholders**") under the Trust Deed) and (b) the subject of a paying agency agreement dated _____ 2010 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Bank, the Trustee, The Bank of New York Mellon as principal paying and transfer agent (the "**Principal Paying and Transfer Agent**"; which expression includes any successor or additional paying and transfer agents appointed from time to time in connection with the Notes) and The Bank of New York Mellon (Luxembourg) S.A. as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Notes).

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The Noteholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the Specified Offices (as defined in the Agency Agreement) of the Principal Paying and Transfer Agent. Copies are also available for inspection during normal business hours at the registered office for the time being of the Trustee, being at the date hereof One Canada Square, London E14 5AL, United Kingdom. References herein to the "**Agents**" are to the Registrar and the Paying and Transfer Agents and any reference to an "**Agent**" is to any one of them.

Terms defined in the Trust Deed shall, unless otherwise defined herein or the context requires otherwise, bear the same meanings herein.

1. Status

The obligations under the Notes are unconditional, direct, unsubordinated and, subject as provided in Clause __ *(Negative Pledge)* of the Trust Deed, unsecured obligations of the Bank, and will at all times rank at least *pari passu* amongst themselves and *pari passu* in right of payment with all other present and future (except as provided therein) unsubordinated obligations of the Bank, save only for such obligations as may be preferred by mandatory provisions of applicable law.

2. Form, Denomination and Title

(a) Form and Denomination

The Notes are in registered form, without interest coupons attached, and shall be serially numbered. Notes shall be issued in denominations of U.S.$_____ and integral multiples of U.S.$1,000 in excess thereof (each denomination an "**authorised denomination**").

(b) Title

Title to the Notes will pass by transfer and registration as described in Conditions 3 (*Registration*) and 4 (*Transfers*). The holder (as defined below) of any Notes 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 thereon (other than a duly executed transfer thereof in the form endorsed thereon) or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

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

3. Registration

The Bank shall procure that the Registrar will maintain a register (the "**Register**") at the Specified Office of the Registrar in respect of the Notes in accordance with the provisions of the Agency Agreement. A certificate

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

4. Transfers

(a) Subject to Conditions 4(d) and 4(e), a Note may be transferred in whole or in part upon surrender of the relevant Note Certificate, with the endorsed form of transfer (the "**Transfer Form**") duly completed, at the Specified Office of any Agent, together with such evidence as the Registrar or (as the case may be) such Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of Notes not transferred are authorised denominations. Transfer Forms are available from any Agent and the Bank upon the request of any holder.

(b) Within five business days of the surrender of a Note Certificate in accordance with Condition 4(a), the Registrar will register the transfer in question and deliver a new Note Certificate of alike principal amount to the Notes transferred to each relevant holder at its Specified Office or (as the case may be) the Specified Office of any Agent or (at the request and risk of any such relevant holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant holder. In this Condition 4(b), "**business day**" means a day other than a Saturday or a Sunday on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Agent has its Specified Office.

(c) The transfer of a Note will be effected without charge by the Registrar or any Agent but against such indemnity as the Registrar or (as the case may be) such 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) Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

(e) All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of the Notes scheduled to the 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 Bank 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 Noteholder who requests in writing a copy of such regulations.

5. Covenants

The Noteholders will have the benefit of certain covenants contained in the Trust Deed relating to, amongst other things, restrictions on the creation of security interests, incurrence of indebtedness, disposal of assets and payment of dividends.

6. Interest

(a) Interest Accrual

The Notes shall bear or, as the case may be, be deemed to bear interest on their outstanding principal amount from the earlier of _____ 2010 (the "**Issue Date**") and 1 March 2010 up to but excluding _____ 2017 (the "**Amortisation Date**") at the rate of 4.7 per cent. per annum (the "**Initial Rate of Interest**") and thereafter until _____ 2020 at a rate per annum (the "**Step Up Rate of Interest**") equal to six month LIBOR (determined as provided in the Agency Agreement) plus the Margin (as defined below) payable in arrear on _____ and in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 7 (*Payments*), save that:

(i) if any Interest Payment Date after the Amortisation Date would otherwise fall on a day which is not a Business Day, it will be postponed to the next Business Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding Business Day;

(ii) at the end of each Interest Period during the period beginning on the Issue Date (or 1 March 2010, as the case may be) and ending on (but excluding) the Amortisation Date, that portion of the interest payable equal to

the Capitalisation Amount for that Interest Period accrued on the Notes during that Interest Period shall, unless the Bank elects to pay such accrued interest in cash on the corresponding Interest Payment Date by giving the Principal Paying and Transfer Agent not less than three Business Days' notice of such election (which notice shall be irrevocable for such Interest Payment Date), be automatically capitalised and added to the amount of the principal in respect of the Notes, for which purpose, the "Capitalisation Amount" for any Interest Period shall be an amount equal to the interest that would have accrued for that Interest Period had the Initial Rate of Interest been 2.7 per cent. per annum. Any such accrued interest shall, after being so capitalised, be (and be treated as) part of the principal in respect of the Notes and shall bear interest in accordance with this Condition 6 (*Interest*) and, except to the extent repaid or prepaid at an earlier time in accordance with these Conditions, shall be payable in accordance with the provisions of these Conditions and the Trust Deed. If all or part of the principal of the Notes is prepaid prior to the end of an Interest Period (including by way of the Put Option), any accrued and unpaid interest on such principal of the Notes that has not been so capitalised will be payable in cash on the date of such prepayment.

The Margin shall be 8.5 per cent. per annum provided that if and for so long as the Bank has an investment grade rating from at least two of Standard & Poors ("**S&P**") and its successors, Moody's Investors Service Inc. ("**Moody's**") or its successors and Fitch Ratings Ltd. ("**Fitch**") or its successors (each a "**Rating Agency**"), the Margin shall be reduced to 6.5 per cent. per annum. Any reduction or increase in the Step Up Rate of Interest following any rating of the Bank by a Rating Agency shall take effect from the first day of the next Interest Period following the issuance of such rating.

Each period beginning on (and including) the Issue Date (or 1 March 2010, as the case may be) or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

(b) Cessation of Interest

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

(c) Calculation of Interest for an Interest Period Prior to the Amortisation Date

The amount of interest payable in respect of each Note for any Interest Period prior to the Amortisation Date shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) provided that if the Issue Date is later than 1 March 2010, the amount of interest payable for the first Interest Period shall be U.S.$_____ for each U.S.$1,000 in principal amount of Note (subject always to automatic capitalisation of interest pursuant to Condition 6(a)(ii)).

(d) Calculation of Interest for any Other Period Prior to the Amortisation Date

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

The determination of the amount of interest payable under Condition 6(c) (*Calculation of Interest for an Interest Period Prior to the Amortisation Date*) by the Principal Paying Agent shall, in the absence of manifest error, be binding on all parties.

(e) Calculation of Interest from and Including the Amortisation Date

The Principal Paying and Transfer Agent will, in relation to each Interest Period from and including the Amortisation Date, calculate the amount of interest payable in respect of each Note for such Interest Period in accordance with the Agency Agreement (the **"Interest Amount"**). The Interest Amount shall be calculated by applying the Step Up Rate of Interest to the principal amount of such Note and multiplying the product by the actual number of days in such Interest Period divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

Promptly upon determination of LIBOR, the Principal Paying and Transfer Agent will inform the Trustee and the Bank of the Step Up Rate of Interest for the next Interest Period. Absent manifest error, the determination of the Step Up Rate of Interest by the Principal Paying Agent shall be binding and conclusive on the Noteholders, the Trustee and the Bank.

The Luxembourg Stock Exchange shall be notified by the Principal Paying and Transfer Agent of the Step Up Rate of Interest, the Interest Amount and the Interest Payment Date for a particular Interest Period not later than the first day of such Interest Period. Upon request from any Noteholder, the Principal Paying Agent will provide the Step Up Rate of Interest in effect on the Notes for the current Interest Period and, if it has been determined, the Step Up Rate of Interest to be in effect for the next Interest Period.

For the purposes of this Condition 6 (*Interest*) "**Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including foreign exchange and foreign currency deposits) in London and New York.

7. Payments

(a) Principal

Payments of principal in respect of the Notes 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 Note Certificates at the Specified Office of the Registrar or of any Agent.

(b) Interest

Payments of interest due on an Interest Payment Date will be made to the Persons shown in the Register at the close of business on the Record Date for such Interest Payment Date, subject to (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the Registrar or any Agent. Payments of all amounts other than as provided in Conditions 7(a) (*Principal*) and this Condition 7(b) (*Interest*) will be made as provided in these Conditions.

(c) Record Date

Each payment in respect of a Note 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 Notes pursuant to Conditions 7(a) (*Principal*) and 7(b) (*Interest*) will be made by transfer to a United States Dollar account maintained by the payee with a bank in New York City.

(e) Payments Subject to Fiscal Laws

All payments in respect of the Notes are subject in all cases to any applicable or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(f) Payment on a Business Day

If the due date for payment of any amount in respect of any Note 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 Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this Condition 7(f) (*Payment on a Business Day*), "**business day**" means any day on which banks are open for business (including dealings in foreign currencies) in New York City and, in the case of surrender (or, in the case of partial payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(g) Agents

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Bank and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders. The Bank reserves the right (with prior written approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying and transfer agent or registrar and additional or successor agent or agents; provided, however, that the Bank shall at all times maintain a principal paying and transfer agent with a specified office in a European member state, that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council meeting of June 3, 2003 on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive, and a registrar. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 14 (*Notices*).

8. Redemption and Purchase

(a) Scheduled Redemption

Unless previously redeemed or purchased and cancelled as provided below, subject as provided in Condition 7 (*Payments*), the Notes will be partially redeemed in six equal semi-annual instalments on _____ and _____ of each year, with the first such instalment being payable on _____ 2017 and the last such instalment being payable on _____ 2020. The outstanding principal amount of each Note shall be reduced by any repayment of principal in accordance with these Conditions, including (i) any instalment amount and (ii) any prepayment amount comprising any amounts paid pursuant to Condition 8(d) (*Redemption by way of Surplus Cash*) and any prepayment made in accordance with Condition 8(e) (*Redemption after Public Offering*), with effect from the related instalment payment date or the Prepayment Date (as the case may be), unless the payment of the instalment or the prepayment is improperly withheld or refused on presentation of the Note, in which case such amount shall remain outstanding until the date of payment of such instalment amount or of such prepayment. Each Note shall be finally redeemed on due payment of the final instalment amount payment or (to the extent that the amounts to be paid pursuant to Condition 8(e) (*Redemption after Public Offering*) are sufficient to finally redeem the Notes) on the Prepayment Date.

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the Bank in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued but unpaid to the date fixed for redemption, if, immediately before giving such notice, the Bank satisfies the Trustee that (i) the Bank will become obliged to pay, on the next date on which any amount would be payable with respect to the Notes, additional amounts, as provided or referred to in Condition 9 (*Taxation*), to any greater extent than would have been required had such a payment been required to be made on the [date of the Claimants' Meeting], as a result of any change in, or amendment to, the laws or regulations of the Republic of Kazakhstan or any political subdivision or any authority thereof having power to tax therein, or any change in the application or official interpretation of such laws or regulations (including a ruling by a court of competent jurisdiction, but excluding any such change or amendment which obliges the Bank to pay additional amounts in respect of Notes held by or on behalf of a person resident, domiciled or organised in the Republic of Kazakhstan), which change or amendment becomes effective on or after the [date of the Claimant's Meeting] and (ii) such obligation cannot be avoided by the Bank taking reasonable measures available to it; provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Bank would be obliged to pay such additional amounts if a payment in respect of the Notes were then due. Prior to the publication of any notice of redemption pursuant to this Condition 8(b) (*Redemption for Tax Reasons*), the Bank shall deliver or procure that there is delivered to the Trustee a certificate signed by two directors of the Bank stating that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred and an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Bank has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept, without further enquiry, such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event these shall be conclusive and binding on the Noteholders. Upon the expiry of any such notice as is referred to in this Condition 8(b) (*Redemption for Tax Reasons*), the Bank shall be bound to redeem the Notes in accordance with this Condition 8(b) (*Redemption for Tax Reasons*).

(c) Redemption at the Option of the Noteholders

Unless the Noteholders have previously by an Extraordinary Resolution disapplied this Condition 8(c) (*Redemption at the Option of the Noteholders*) in relation to the applicable Relevant Event, following the occurrence of a Relevant Event (as defined below), the Bank shall promptly, and in any event within five Business Days thereafter, give notice (the "**Relevant Event Notice**") of such Relevant Event to the Noteholders (with a copy to the Trustee) in accordance with Condition 14 (*Notices*), which notice shall specify the date, (which shall not be less than 30 days nor more than 60 days after the Relevant Event Notice (the "**Put Settlement Date**")), on which the Bank shall, at the option of the holder of any Note, redeem such Note at its initial face value. In order to exercise the option contained in this Condition 8(c) (*Redemption at the Option of the Noteholders*), the holder of a Note must, not less than 15 days before the Put Settlement Date, deposit with any Paying Agent the relevant Note Certificate and a duly completed put option notice (a "**Put Option Notice**") in the form obtainable from any Paying Agent. No Note Certificate, once deposited with a duly completed Put Option Notice in accordance with this Condition 8(c) (*Redemption at the Option of the Noteholders*), may be withdrawn; provided, however, that if, prior to the Put Settlement Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note Certificate on the Put Settlement Date, payment of the redemption monies is improperly withheld or refused, such Note Certificate shall, without prejudice to the exercise of the Put Option, be returned to the holder by uninsured first class mail (airmail if overseas) at such address as may have been given by such Noteholder in the relevant Put Option Notice. The Trustee shall not be responsible for monitoring whether or not any Relevant Event has occurred and shall be entitled to assume unless it receives written notice to the contrary, that no Relevant Event has occurred. In the event that a Relevant Event occurs but no Relevant Event Notice is given by the Bank, the Bank shall be deemed to have given a Relevant Event Notice specifying a Put Settlement Date on the date which is 60 days after the occurrence of the Relevant Event, unless such day is not a Business Day, in which event the Put Settlement Date shall be the immediately following day thereafter which is a Business Day.

(d) Redemption by way of Surplus Cash

This condition is currently being negotiated between the Bank and the Steering Committee. The provision as being negotiated can be summarised as follows:

"Thereafter (or, if the Recovery Notes have been repaid in full (including by way of exercise of put) prior to the end of the seven year period, after the Recovery Notes have been paid in full (including by way of exercise of put)) the cash sweep will be applied to prepay the holders of instruments (other than Recovery Notes) originally issued to the Restructuring Creditors allocated into Options 2 and 3 pro rata, such application occurring every 6 months when the Bank will prepare a statement of cash flows in the form agreed by the Steering Committee and shall pay to the Restructuring Creditors 50% of (B - C) where:

B = the amount shown as "cash inflow from operating activities before changes in operating assets and liabilities" in the relevant cash flow statement, and

C = the amount of cash which the Bank forecasts it will need in its operations in the next three months while exceeding by a multiple of 1.1 each applicable liquidity ratio specified by the FMSA from time to time."

Once agreed, this condition will be published by the Bank prior to the Voting Instructions Deadline for Euronotes.

This condition will also specify the procedures for calculating and distributing between the Discount Notes and Par Notes residual cash not used in Options 1 and 1A. Any such distribution shall be by way of prepayment of principal.

(e) Redemption after Public Offering

Following the completion of any public offering by the Bank of its common shares, warrants or instruments convertible or exchangeable into common shares or depository receipts representing common shares after _____ 2015 (the "**Public Offering**"), the Bank shall promptly, and in any event within five Business Days thereafter, give notice of such Public Offering (the "**Public Offering Notice**") to the Noteholders (with a copy to the Trustee) in accordance with Condition 14 (*Notices*), which notice shall specify the date being a Business Day (which shall not be less than 30 days nor more than 60 days after the Public Offering (the "Prepayment Date")) on which the Bank shall apply 50 per cent. of the proceeds of the Public Offering to first redeem the Discount Notes at their principal amount together with interest accrued and unpaid to the Prepayment Date and then (to the extent that there are any amounts left over after redemption of the Discount Notes) to redeem the Notes in part in an amount equal to the proceeds left over and if sufficient proceeds have been raised, in full at their principal

amount together with interest accrued and unpaid to the Prepayment Date. The Trustee shall not be responsible for monitoring whether or not any Public Offering has occurred and shall be entitled to assume unless it receives written notice to the contrary, that no Public Offering has occurred. In the event that a Public Offering occurs but no Public Offering Notice is given by the Bank, the Bank shall be deemed to have given a Public Offering Notice specifying a Prepayment Date on the date which is 60 days after the occurrence of the Public Offering, unless such day is not a Business Day, in which event the Prepayment Date shall be the immediately following Business Day thereafter.

For the purposes of this Condition 6 (*Interest*), "**Business Day**" means a day on which commercial banks are open for business (including dealings in foreign currencies) in London and New York.

(f) Purchase

The Bank may at any time purchase or procure others to purchase for its account the Notes in the open market or otherwise and at any price. Notes so purchased may be held or resold (provided that such resale is in compliance with all applicable laws) or surrendered for cancellation at the option of the Bank, in compliance with Condition 8(g) (*Cancellation of Notes*). Any Notes so purchased, while held by or on behalf of the Bank, shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorum at such meetings.

(g) Cancellation of Notes

All Notes which are redeemed or surrendered for cancellation pursuant to this Condition 8 (*Redemption and Purchase*) shall be cancelled and may not be reissued or resold.

(h) Definitions

As used in this Condition 8 (*Redemption and Purchase*):

"**Adjusted IFRS**" means International Financial Reporting Standards adjusted to reflect the FMSA's requirements for preparation of financial statements for regulatory purposes.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations, rights to purchase, warrants, options or any other equivalent of any of the foregoing (however designated) in relation to the share capital of a company and any and all equivalent ownership interests in a Person other than a company, in each case whether now outstanding or hereafter issued;

"**Control**" means the control exercised or capable of being exercised by any person, entity or undertaking over another undertaking by virtue of:

(i) holding a majority of the voting rights in the undertaking, or

(ii) being (directly or indirectly) a member, shareholder or participant (or equivalent) of the undertaking and having the right to appoint or remove a majority of its board of directors, or

(iii) having the right to exercise, or actually exercising, a dominant influence over the undertaking:

  (A) by virtue of provisions contained in the undertaking's charter (or equivalent), or

  (B) by virtue of any contract, or

(iv) being a member, shareholder or participant (or equivalent) of the undertaking and controlling, pursuant to an agreement with other members, shareholders or participants (or equivalents), a majority of the voting rights in the undertaking.

and the terms "Controlled" and "Controlling" have meanings correlative to the foregoing;

(A) "**Relevant Event**" shall be deemed to have occurred if the government of the Republic of Kazakhstan (i) whether through JSC National Welfare Fund Samruk-Kazyna ("**Samruk-Kazyna**") or any other Agency of or entity Controlled by the government of the Republic of Kazakhstan ceases to own at least 51 per cent. of the Capital Stock of, or otherwise to Control, the Bank or (ii) ceases to own at least 51 per cent. of the Capital Stock of, or otherwise to Control, Samruk-Kazyna, unless the Person to which is transferred 51 per cent. or more of the Capital Stock (or other Control) of the Bank or of Samruk-Kazyna (as the case may be) is at the time of transfer a bank or other financial institution authorised by the appropriate authority to accept deposits and having a foreign long-term debt rating by S&P no lower than:

(a) A- in the case of a Relevant Event occurring before the anniversary of the Issue Date falling in 2012; or

(b) BBB in the case of a Relevant Event occurring after the anniversary of the Issue Date falling in 2012

or at the relevant time the equivalent rating by another Rating Agency, provided that any agreement whereby management of the Bank is transferred to a third party (the "**manager**") that does not, in conjunction with any acquisition of any Capital Stock by such manager or its Affiliates (whether or not occurring at the same time), cause the government of the Republic of Kazakhstan to cease to own at least 51 per cent of the Bank's Capital Stock or otherwise to Control the Bank, will not constitute a Relevant Event if:

(i) the Trustee, the CS Director and the Creditor Director have been provided with an opinion in form and substance satisfactory to them of independent legal advisers of recognised standing to the effect that the management agreement, in conjunction with any acquisition of any Capital Stock by such manager or its Affiliates (whether or not occurring at the same time), does not cause the government of the Republic of Kazakhstan (directly or indirectly) to cease to Control the Bank or to have the majority economic risk and/or benefit in the Bank and continues to allow the government of the Republic of Kazakhstan (directly or indirectly) to retain the sole right to exercise its rights as a majority shareholder (including in relation to the appointment of directors);

(ii) any fees, commission or other compensation or reward payable to the manager are agreed by a Qualified Majority of the Board; and

(iii) the manager (and any change to the manager) and the terms of appointment of the manager (and any change to those terms) are agreed by a Simple Majority of the Board.

9. Taxation

(a) Taxation

All payments of principal and interest in respect of the Notes 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 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 Bank shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note:

(i) presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note 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 Note; or

(ii) presented (in the case of a payment of principal or interest 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 Note on the last day of such period of 30 days; or

(iii) to a holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of the Note.

In the event that the foregoing obligation to pay additional amounts is for any reason unenforceable against the Bank, the Bank shall pay to any holder of a Note (subject to the exclusions set out in (i), (ii) and (iii) 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) and (iii) 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 Bank 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 Bank 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 Note.

(b) Relevant Date

As used in these Conditions, "**Relevant Date**" in respect of any Note means the date on which payment in respect of such Note first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which notice is duly given to the Noteholders that, upon further presentation of the Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

(c) Additional Amounts

Any reference in these Conditions to principal or interest shall be deemed to include instalments of principal as well as any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 9 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 9 (*Taxation*) pursuant to the Trust Deed.

(d) Taxing Jurisdiction

If the Bank becomes subject at any time to any taxing jurisdiction other than the Republic of Kazakhstan references in this Condition 9 (*Taxation*) to the Republic of Kazakhstan shall be construed as references to the Republic of Kazakhstan and/or such other jurisdiction.

10. Prescription

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

11. Events of Default

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

(i) Non Payment

the Bank fails to pay the principal of the Notes when the same becomes due and payable and, where such failure to pay is caused by technical or administrative errors affecting the transfer of funds by the Bank, the failure to pay continues for a period of three Business Days, or the Bank is in default with respect to the payment of interest and such default continues for a period of ten days; or

(ii) Breach of Other Obligations

the Bank is in default in the performance, or is otherwise in breach, of any covenant, obligation, undertaking or other agreement under the Notes or the Trust Deed or in respect of the Discount Notes, Subordinated Notes or Recovery Notes (other than a default or breach elsewhere specifically dealt with in this Condition 11 (*Events of Default*)) and, where such default or breach is, in the opinion of the Trustee, capable of remedy, such default or breach is not remedied within 30 days after notice thereof has been given to the Bank, by the Trustee, and the Trustee certifies that such default or breach is materially prejudicial to the interests of the Noteholders; or

(iii) Cross Default

(a) any Indebtedness for Borrowed Money of the Bank or any Subsidiary of the Bank becomes (or becomes capable of being declared) due and payable prior to the due date for the payment thereof by reason of default of the Bank or the relevant Subsidiary (as the case may be), or is not paid when due subject to any originally

applicable grace period or (b) any Indebtedness Guarantee given by the Bank or any Subsidiary of the Bank in respect of Indebtedness for Borrowed Money of another Person is not honoured when due and called, provided that the amount of Indebtedness for Borrowed Money referred to in (a) above and/or the amount payable under any Indebtedness Guarantee referred to in (b) above individually or in the aggregate exceeds U.S.$7,000,000 (or its equivalent in any other currency or currencies (as determined by the Trustee)); or

(iv) Judgment Default

a judgment or order or arbitration award for the payment of an aggregate amount in excess of U.S.$5,000,000 (or its equivalent in any other currency or currencies) is rendered or granted against the Bank or any Subsidiary or any part of their assets and continue(s) unsatisfied and unstayed for a period of 30 days after the date thereof or, if later, the date therein specified for payment; or

(v) Bankruptcy

any Person shall have instituted a proceeding or entered a decree or order for the appointment of a receiver, administrator or liquidator in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements in respect of the Bank or any Material Subsidiary, or all or substantially all of its properties and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 days or the Bank or any Material Subsidiary shall institute proceedings under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect to be adjudicated a bankrupt or shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or shall file a petition or answer or consent seeking reorganisation under any such law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, administrator or liquidator or trustee or assignee in bankruptcy or liquidation of the Bank or any Material Subsidiary, or in respect of its property, or shall make an assignment for the benefit of its creditors or shall otherwise be unable or admit its inability to pay its debts generally as they become due or the Bank commences proceedings with a view to the general adjustment of its Indebtedness or the Bank or any Material Subsidiary ceases or threatens to cease all or any substantial part of its business (otherwise than in connection with a disposal of assets permitted pursuant to Clause __ (*Restrictions on Disposals*) of the Trust Deed; or

(vi) Maintenance of Business

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

(vii) Material Compliance with Applicable Laws

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

(viii) Removal of a Creditor Director or CS Director

any CS Director or Creditor Director is removed within three years of the Issue Date without Cause or with Cause, without the appointment of a successor to the relevant Director pursuant to the terms of the Trust Deed or following any removal of the relevant Director any decision requiring a Qualified Majority is taken by the Board prior to the appointment of a successor to the relevant Director pursuant to the terms of the Trust Deed, for which purpose, "Cause" means, with respect to any removal of a CS Director or Creditor Director, a removal by reason of the incapacity or gross misconduct of the relevant Director.

(ix) Shareholder Approval

the Bank fails to obtain the Super Majority approval of its shareholders or the Qualified Majority approval of the Board for actions requiring such approval or fails to remedy any material breach of the terms of its charter or the Alliance Undertaking within 60 days after such breach has occurred; or

(x) Invalidity or Unenforceability

the validity of the Notes, the Trust Deed or the Agency Agreement is contested by the Bank or the Bank denies any of its obligations under the Notes, the Trust Deed or the Agency Agreement (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise) or it is or becomes unlawful for the Bank to perform or comply with all or any of its obligations set out in the Notes, the Trust Deed or the Agency Agreement or all or any of the obligations of the Bank provided in the Notes, the Trust Deed or the Agency Agreement shall be or become unenforceable or invalid and, following the occurrence of any of those events specified in this Condition 11(a)(x) (*Invalidity or Unenforceability*), the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders; or

(xi) Government Intervention

all or any substantial part of the undertaking, assets and revenues of the Bank or any Material Subsidiary is condemned, seized, nationalised or otherwise appropriated by any person acting under the authority of any national, regional or local government (other than the purchase by Samruk-Kazyna of any shares of the Bank or any transfer by Samruk-Kazyna of any shares of the Bank owned by Samruk-Kazyna to any successor entity that is Controlled by the government of the Republic of Kazakhstan) or the Bank or any Material Subsidiary is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets, revenues and, following the occurrence of any of the events specified in this Condition 11(a)(xi) (*Government Intervention*), the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders; or

(xii) Breach of Certain Covenants

the Bank is in breach of (a) its covenants in the Trust Deed Relating to Substantial Change of Business, Restriction on Intra-Group and Related Party Transactions, Limitation on Payment of Dividends or Additional Indebtedness or (b) any regulatory requirements applicable to the Bank, subject to any applicable cure period provided for by the applicable regulation; or

(xiii) Money Laundering, Corruption and Terrorism

the Bank fails to comply with its covenants in the Trust Deed relating to Money Laundering, Corruption and Terrorism.

12. Replacement of Notes

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

13. Meetings of Noteholders; Modification and Waiver

(a) Meetings of Noteholders

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

two or more persons holding or representing not less than three quarters or at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum (a "**special quorum resolution**"). Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

The Trust Deed contains provisions for convening meetings of holders of the Notes with holders of notes of other series issued under the Trust Deed if the Trustee so decides.

(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 Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed or (ii) if such Noteholders have been given at least 21 clear days' notice of such resolution, by or on behalf of persons holding three quarters of the aggregate principal amount of the outstanding Notes. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(c) Modification Without Noteholders' Consent

The Trustee may, without the consent of the Noteholders, agree (i) to any modification of the Notes (including these Conditions) or the Trust Deed (other than in respect of a matter requiring a special quorum resolution), which in the opinion of the Trustee, will not be materially prejudicial to the interests of Noteholders and (ii) to any modification of the Notes (including these Conditions) or the Trust Deed, which is of a formal, minor or technical nature or to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a matter requiring a special quorum resolution) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby. Any such modification, waiver or authorisation shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be promptly notified to the Noteholders in accordance with Condition 14 (*Notices*).

14. Notices

(a) To the Noteholders

Notices to Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day (not being a Saturday or a Sunday) after the date of mailing. In addition, so long as the Notes are listed on the Luxembourg Stock Exchange or the Kazakhstan Stock Exchange and the relevant Stock Exchange so requires, notices to the Noteholders shall be published in a leading newspaper having general circulation in Luxembourg and/or in Kazakhstan. Any such notice shall be deemed to have been given on the date of first publication.

(b) To the Bank

Notices to the Bank will be deemed to be validly given if delivered to the Bank at 50 Furmanov Street, Almaty 050004, Republic of Kazakhstan and clearly marked on their exterior "Urgent — Attention: International Relations Department" (or at such other addresses and for such other attentions as may have been notified to the Noteholders in accordance with Condition 14(a)) and will, be deemed to have been validly given at the opening of business on the next day on which the Bank's 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 registered office, for the time being, of the Trustee or the Specified Office, for the time being, of such Agent, as the case may be, and will be validly given on the next day on which such office is open for business.

15. Trustee

(a) Indemnification

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

The Trustee's responsibilities are solely those of trustee for the Noteholders on the terms of the Trust Deed. Accordingly, the Trustee makes no representations and assumes no responsibility for the validity or enforceability of the Notes or for the performance by the Bank of its obligations under or in respect of the Notes or 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 Noteholders as a class and, in particular, shall not have regard to the consequences of such exercise for individual Noteholders 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 Noteholder shall be entitled to claim, from the Bank (in the case of a Noteholder) the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(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 Notes, 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 Notes 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 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 Bank 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 11 (*Events of Default*) become an Event of Default has occurred.

The Trust Deed provides that 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 11 (*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 Bank set out in these Conditions 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 Bank is complying with all covenants and obligations imposed upon it, respectively, herein and therein.

(d) Failure to Act

No Noteholder may proceed directly against the Bank unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

(e) Retirement and Removal

Any Trustee may retire at any time on giving at least three months' written notice to the Bank without giving any reason or being responsible for any costs occasioned by such retirement and the Noteholders may by

Extraordinary Resolution remove any Trustee, provided that the retirement or removal of a sole trust corporation will not be effective until a trust corporation is appointed as successor Trustee. If a sole trust corporation gives notice of retirement or an Extraordinary Resolution is passed for its removal, it will use all reasonable endeavours to procure that another trust corporation be appointed as Trustee. In the event of any change of the Trustee, two separate notices shall be published in two leading newspapers one of which will have general circulation in the Republic of Kazakhstan and the other in Luxembourg.

(f) Substitution

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

16. Further Issues

The Bank may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest).

17. Currency Indemnity

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

18. Contracts (Rights of Third Parties) Act 1999

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

19. Governing Law; Arbitration and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Agency Agreement and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law.

(b) Arbitration

The Bank agrees that any claim, dispute or difference of whatever nature arising under, out of or in connection with the Notes or the Trust Deed (including a claim, dispute or difference regarding its existence, termination or validity or any non contractual obligations arising out of or in connection with the Trust Deed) (a "**Dispute**"), shall be referred to and finally settled by arbitration in accordance with the rules of the London Court of International Arbitration ("**LCIA**") (the "**Rules**") as at present in force and as modified by this Condition, which Rules shall be deemed incorporated into this Condition. The number of arbitrators shall be three, one of whom shall be nominated by the Bank, one by the Trustee and the third of whom, who shall act as

Chairman, shall be nominated by the two party nominated arbitrators, provided that if the third arbitrator has not been nominated within 30 days of the nomination of the second party nominated arbitrator, such third arbitrator shall be appointed by the LCIA. The parties may nominate and the LCIA may appoint arbitrators from among the nationals of any country, whether or not a party is a national of that country. The seat of arbitration shall be London, England and the language of arbitration shall be English. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

(c) Trustee's Option

At any time before the Trustee has nominated an arbitrator to resolve any Dispute(s) pursuant to Condition 19(b) (*Arbitration*), the Trustee, at its sole option, may elect by notice in writing to the Bank that such Dispute(s) shall instead be heard by the courts of England, as more particularly described in Condition 19(d) (*Jurisdiction*). Following any such election, no arbitral tribunal shall have jurisdiction in respect of such Dispute(s).

(d) Jurisdiction

In the event that the Trustee serves a written notice of election in respect of any Dispute(s) pursuant to Condition 19(c) (*Trustee's Option*), the Bank agrees for the benefit of the Trustee and the Noteholders that the courts of England shall have jurisdiction to hear and determine any such Dispute(s) and, for such purposes, irrevocably submits to the jurisdiction of such courts. Subject to Condition 19(b) (*Arbitration*), nothing in this Condition shall (or shall be construed so as to) limit the right of the Trustee to bring proceedings ("**Proceedings**") for the determination of any Dispute(s) in any other court of competent jurisdiction, nor shall the bringing of such Proceedings in any one or more jurisdictions preclude the bringing of Proceedings by the Trustee in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

(e) Appropriate Forum

The Bank 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.

(f) Agent for Service of Process

The Bank 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 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. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Bank, the Bank shall, on the written demand of the Trustee, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person by written notice to the Bank. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(g) Consent to Enforcement, etc.

The Bank has consented generally in respect of any Disputes (or Proceedings in accordance with Condition 19(d) (*Jurisdiction*)) to the giving of any relief or the issue of any process in connection with such Disputes or Proceedings, including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be given in such Proceedings or in connection with such Disputes.

(h) Waiver of Immunity

To the extent that the Bank 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 Bank, or its assets or revenues, the Bank has agreed, in connection with any Disputes or Proceedings, not to claim and have irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

ANNEX 3 — TERMS AND CONDITIONS OF THE SUBORDINATED DOLLAR NOTES[1]

The following is the text of the terms and conditions of the Subordinated Dollar Notes which, subject to amendment and completion will be endorsed on each Note Certificate pertaining to the Subordinated Dollar Notes:

The U.S.$_____ 5 per cent. notes due 2023 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 16 (*Further Issues*) and forming a single series therewith) of JSC Alliance Bank (the "**Bank**") are (a) constituted by, and subject to, and have the benefit of a trust deed dated _____ 2010 (as amended or supplemented from time to time, the "**Trust Deed**") between the Bank and BNY Corporate Trustee Services Limited as trustee (the "**Trustee**", which expression includes all persons for the time being appointed as trustee for the holders of the Notes ("**Noteholders**") under the Trust Deed) and (b) the subject of a paying agency agreement dated _____ 2010 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Bank, the Trustee, The Bank of New York Mellon as principal paying and transfer agent (the "**Principal Paying and Transfer Agent**"; which expression includes any successor or additional paying and transfer agents appointed from time to time in connection with the Notes) and The Bank of New York Mellon (Luxembourg) S.A. as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Notes).

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The Noteholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the Specified Offices (as defined in the Agency Agreement) of the Principal Paying and Transfer Agent. Copies are also available for inspection during normal business hours at the registered office for the time being of the Trustee, being at the date hereof One Canada Square, London E14 5AL, United Kingdom. References herein to the "**Agents**" are to the Registrar and the Paying and Transfer Agents and any reference to an "**Agent**" is to any one of them.

Terms defined in the Trust Deed shall, unless otherwise defined herein or the context requires otherwise, bear the same meanings herein.

1. Status

Subject to exceptions provided by mandatory applicable law, the payment obligations under the Notes constitute direct, unconditional, unsecured and subordinated obligations of the Bank and shall, in case of (i) the bankruptcy in the Republic of Kazakhstan (*bankrotsvo*) of the Bank; (ii) 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 (iii) dissolution of the Bank in the Republic of Kazakhstan (*likvidatsiya*)) rank: (A) subordinate and junior only to present and future indebtedness of the Bank which by or under its terms ranks senior, or does not rank subordinate to, any indebtedness or other obligations of the Bank; (B) *pari passu* amongst themselves and with any other present and future indebtedness which ranks by or under its own terms or otherwise *pari passu* with subordinated indebtedness or other obligations of the Bank; and (C) senior to equity securities of the Bank and to any other present and future indebtedness which ranks by or under its own terms or otherwise, subordinate or junior to the Notes of the Bank.

By virtue of such subordination (i) payments to holders of Notes will, in the case of bankruptcy or dissolution of the Bank or in the event of a Moratorium with respect to the Bank, only be made after all payment obligations of the Bank ranking senior to such Notes have been satisfied; (ii) any right of set-off by a holder of Notes in respect of any amount owed to such holder by the Bank under or in connection with such Notes shall be excluded; and (iii) each holder of Notes shall, by virtue of being the holder of such Notes, be deemed to have waived all such rights of set-off.

2. Form, Denomination and Title

(a) Form and Denomination

The Notes are in registered form, without interest coupons attached, and shall be serially numbered. Notes shall be issued in denominations of U.S.$_____ and integral multiples of U.S.$1,000 in excess thereof (each denomination an "**authorised denomination**").

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[1] The wording of the Terms and Conditions of the Subordinated Notes is subject to confirmation and/or further amendments that might be required by the FMSA and/or NBK to ensure compliance with LT2 requirements applicable to Kazakh banks.

(b) Title

Title to the Notes will pass by transfer and registration as described in Conditions 3 (*Registration*) and 4 (*Transfers*). The holder (as defined below) of any Notes 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 thereon (other than a duly executed transfer thereof in the form endorsed thereon) or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

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

3. Registration

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

4. Transfers

(a) Subject to Conditions 4(d) and 4(e), a Note may be transferred in whole or in part upon surrender of the relevant Note Certificate, with the endorsed form of transfer (the "**Transfer Form**") duly completed, at the Specified Office of an Agent, together with such evidence as the Registrar or (as the case may be) such Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of Notes not transferred are authorised denominations. Transfer Forms are available from any Agent and the Bank upon the request of any holder.

(b) Within five business days of the surrender of a Note Certificate in accordance with Condition 4(a), the Registrar will register the transfer in question and deliver a new Note Certificate of alike principal amount to the Notes transferred to each relevant holder at its Specified Office or (as the case may be) the Specified Office of any Agent or (at the request and risk of any such relevant holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant holder. In this Condition 4(b), "**business day**" means a day other than a Saturday or a Sunday on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Agent has its Specified Office.

(c) The transfer of a Note will be effected without charge by the Registrar or any Agent but against such indemnity as the Registrar or (as the case may be) such 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) Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

(e) All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of the Notes scheduled to the 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 Bank 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 Noteholder who requests in writing a copy of such regulations.

5. Covenants

The Noteholders will have the benefit of certain covenants contained in the Trust Deed relating to, amongst other things, restrictions on the incurrence of indebtedness, disposal of assets and payment of dividends.

6. Interest

(a) Interest Accrual

The Notes shall bear interest or, as the case may be, be deemed to bear interest on their outstanding principal amount from the earlier of _____ 2010 (the "**Issue Date**") and 1 March 2010 up to but excluding _____ 2020 (the "**Amortisation Date**") at the rate of 5 per cent. per annum (the "**Initial Rate of Interest**") and thereafter until _____ 2023 at the rate of 10 per cent. per annum (the "**Step Up Rate of Interest**") payable in arrear on _____ and _____ in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 7 (*Payments*), save that at the end of each Interest Period during the period beginning on the Issue Date (or 1 March 2010, as the case may be) and ending on (but excluding) the Amortisation Date, that portion of the interest payable equal to the Capitalisation Amount for that Interest Period accrued on the Notes from time to time during that Interest Period shall, unless the Bank elects to pay such accrued interest in cash (an "**Elective Cash Payment**") on the corresponding Interest Payment Date by giving the Principal Paying and Transfer Agent not less than three Business Days' notice of such election (which notice shall be irrevocable for such Interest Payment Date), be automatically capitalised and added to the amount of the principal in respect of the Notes, for which purpose, the "**Capitalisation Amount**" for any Interest Period shall be an amount equal to the interest that would have accrued for that Interest Period had the Initial Interest Rate been 3 per cent. per annum. Any such accrued interest shall, after being so capitalised, be (and be treated as) part of the principal in respect of the Notes and shall bear interest in accordance with this Condition 6 (*Interest*) and, except to the extent repaid or prepaid at an earlier time in accordance with these Conditions, shall be payable in accordance with the provisions of these Conditions and the Trust Deed. If all or part of the principal of the Notes is prepaid prior to the end of an Interest Period, any accrued and unpaid interest on such principal of the Notes that has not been so capitalised will be payable in cash on the date of such prepayment. No Elective Cash Payment shall be made unless a corresponding payment is made in respect of the Par Notes, the Subordinated Tenge A Notes and the Subordinated Tenge B Notes.

Each period beginning on (and including) the Issue Date (or 1 March 2010, as the case may be) or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

(b) Cessation of Interest

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

(c) Calculation of Interest for an Interest Period

The amount of interest payable in respect of each Note for any Interest Period shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) provided that if the Issue Date is later than 1 March 2010, the amount of interest payable for the first Interest Period shall be U.S.$ for each U.S.$1,000 in principal amount of Notes (subject always to automatic capitalisation of interest pursuant to Condition 6(a) (*Interest Accrual*)).

(d) Calculation of Interest for any Other Period

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

The determination of the amount of interest payable under Condition 6(c) (*Calculation of Interest for an Interest Period*) by the Principal Paying and Transfer Agent shall, in the absence of manifest error, be binding on all parties.

7. Payments

(a) Principal

Payments of principal in respect of the Notes 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 Note Certificates at the Specified Office of the Registrar or of any Agent.

(b) Interest

Payments of interest due on an Interest Payment Date will be made to the Persons shown in the Register at the close of business on the Record Date for such Interest Payment Date, subject to (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the Registrar or any Agent. Payments of all amounts other than as provided in Conditions 7(a) (*Principal*) and this Condition 7(b) (*Interest*) will be made as provided in these Conditions.

(c) Record Date

Each payment in respect of a Note 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 Notes pursuant to Conditions 7(a) (*Principal*) and 7(b) (*Interest*) will be made by transfer to a United States Dollar account maintained by the payee with a bank in New York City.

(e) Payments Subject to Fiscal Laws

All payments in respect of the Notes are subject in all cases to any applicable or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(f) Payment on a Business Day

If the due date for payment of any amount in respect of any Note 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 Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this Condition 7(f) (*Payment on a Business Day*), "**business day**" means any day on which banks are open for business (including dealings in foreign currencies) in New York City and, in the case of surrender (or, in the case of partial payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(g) Agents

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Bank and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders. The Bank reserves the right (with prior written approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying and transfer agent or registrar and additional or successor agent or agents; provided, however, that the Bank shall at all times maintain a principal paying and transfer agent with a specified office in a European member state, that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council meeting of June 3, 2003 on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive, and a registrar. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 14 (*Notices*).

8. Redemption and Purchase

(a) Scheduled Redemption

Unless previously redeemed or purchased and cancelled as provided below, subject as provided in Condition 7 (*Payments*), the Notes will be partially redeemed in six equal semi-annual instalments on _____ and _____ of each year, with the first such instalment being payable on _____ 2020 and the last such instalment being payable on _____ 2023. The outstanding principal amount of each Note shall be reduced by any instalment amount, with effect from the related instalment payment date, unless payment of the instalment is improperly withheld or refused on presentation of the Note, in which case such amount shall remain outstanding until the date of payment of such instalment amount. Each Note shall be finally redeemed in its final instalment amount payment.

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the Bank in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued but unpaid to the date fixed for redemption, if, immediately before giving such notice, the Bank satisfies the Trustee that (i) the Bank will become obliged to pay, on the next date on which any amount would be payable with respect to the Notes, additional amounts, as provided or referred to in Condition 9 (*Taxation*), to any greater extent than would have been required had such a payment been required to be made on the [date of the Claimants' Meeting,] as a result of any change in, or amendment to, the laws or regulations of the Republic of Kazakhstan or any political subdivision or any authority thereof having power to tax therein, or any change in the application or official interpretation of such laws or regulations (including a ruling by a court of competent jurisdiction, but excluding any such change or amendment which obliges the Bank to pay additional amounts in respect of Notes held by or on behalf of a person resident, domiciled or organised in the Republic of Kazakhstan), which change or amendment becomes effective on or after the [date of the Claimants' Meeting] and (ii) such obligation cannot be avoided by the Bank taking reasonable measures available to it: provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Bank would be obliged to pay such additional amounts if a payment in respect of the Notes were then due. Prior to the publication of any notice of redemption pursuant to this Condition 8(b) (*Redemption for Tax Reasons*), the Bank shall deliver or procure that there is delivered to the Trustee a certificate signed by two directors of the Bank stating that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred and an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Bank has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept, without further enquiry, such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event these shall be conclusive and binding on the Noteholders. Upon the expiry of any such notice as is referred to in this Condition 8(b) (*Redemption for Tax Reasons*), the Bank shall be bound to redeem the Notes in accordance with this Condition 8(b) (*Redemption for Tax Reasons*).

(c) Purchase

The Bank may at any time purchase or procure others to purchase for its account the Notes in the open market or otherwise and at any price. Notes so purchased may be held or resold (provided that such resale is in compliance with all applicable laws) or surrendered for cancellation at the option of the Bank, in compliance with Condition 8(d) (*Cancellation of Notes*). Any Notes so purchased, while held by or on behalf of the Bank, shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorum at such meetings.

(d) Cancellation of Notes

All Notes which are redeemed or surrendered for cancellation pursuant to this Condition 8 (*Redemption and Purchase*) shall be cancelled and may not be reissued or resold.

9. Taxation

(a) Taxation

All payments of principal and interest in respect of the Notes 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 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 Bank shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note:

(i) presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note 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 Note; or

(ii) presented (in the case of a payment of principal or interest 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 Note on the last day of such period of 30 days; or

(iii) to a holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of the Note.

In the event that the foregoing obligation to pay additional amounts is for any reason unenforceable against the Bank, the Bank shall pay to any holder of a Note (subject to the exclusions set out in (i), (ii) and (iii) 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) and (iii) 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 Bank 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 Bank 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 Note.

(b) Relevant Date

As used in these Conditions, "**Relevant Date**" in respect of any Note means the date on which payment in respect of such Note first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which notice is duly given to the Noteholders that, upon further presentation of the Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

(c) Additional Amounts

Any reference in these Conditions to principal or interest shall be deemed to include instalments of principal as well as any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 9 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 9 (*Taxation*) pursuant to the Trust Deed.

(d) Taxing Jurisdiction

If the Bank becomes subject at any time to any taxing jurisdiction other than the Republic of Kazakhstan references in this Condition 9 (*Taxation*) to the Republic of Kazakhstan shall be construed as references to the Republic of Kazakhstan and/or such other jurisdiction.

10. Prescription

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

11. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of not less than one fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified or provided with security or pre-funded to its satisfaction) shall, file a petition for the winding up of the Bank if any of the following events (each, an "**Event of Default**") occurs and is continuing and, in the case of (ii) or (iii) below the Notes have become due and payable as hereinafter provided:

(i) Non Payment

the Bank fails to pay the principal of the Notes when the same becomes due and payable and, where such failure to pay is caused by technical or administrative errors affecting the transfer of funds by the Bank, the failure to pay continues for a period of three Business Days, or the Bank is in default with respect to the payment of interest and such default continues for a period of ten days; or

(ii) Cross Acceleration

(a) any Indebtedness for Borrowed Money of the Bank or any Subsidiary of the Bank becomes due and payable prior to the due date for the payment thereof by reason of default of the Bank or the relevant Subsidiary (as the case may be), or is not paid when due subject to any originally applicable grace period; or (b) any Indebtedness Guarantee given by the Bank or any Subsidiary of the Bank in respect of Indebtedness for Borrowed Money of another Person is not honoured when due and called, provided that the amount of Indebtedness for Borrowed Money referred to in (a) above and/or the amount payable under any Indebtedness Guarantee referred to in (b) above individually or in the aggregate exceeds U.S.$7,000,000 (or its equivalent in any other currency or currencies (as determined by the Trustee)); or

(iii) Bankruptcy

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

save that on the occurrence and continuation of an event specified in Condition 11(a)(ii) (*Cross Acceleration*), provided that action has been taken (whether by the Trustee or the Discount Noteholders or the Par Noteholders) to accelerate the obligations of the Bank with respect to all outstanding Indebtedness for Borrowed Money which is unsubordinated, the Trustee at its discretion may, and if so requested in writing by the holders of not less than one fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified or provided with security or pre-funded to its satisfaction) shall, give notice to the Bank that the Notes are and they shall become due and repayable at their principal amount together with accrued interest.

12. Replacement of Notes

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

13. Meetings of Noteholders; Modification and Waiver

(a) Meetings of Noteholders

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

two or more persons holding or representing not less than three quarters or at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum (a "**special quorum resolution**"). Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

The Trust Deed contains provisions for convening meetings of holders of the Notes with holders of notes of other series issued under the Trust Deed if the Trustee so decides.

(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 Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed or (ii) if such Noteholders have been given at least 21 clear days' notice of such resolution, by or on behalf of persons holding three quarters of the aggregate principal amount of the outstanding Notes. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(c) Modification Without Noteholders' Consent

The Trustee may, without the consent of the Noteholders, agree (i) to any modification of the Notes (including these Conditions) or the Trust Deed (other than in respect of a matter requiring a special quorum resolution), which, in the opinion of the Trustee, will not be materially prejudicial to the interests of Noteholders and (ii) to any modification of the Notes (including these Conditions) or the Trust Deed, which is of a formal, minor or technical nature or to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a matter requiring a special quorum resolution) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby. Any such modification, waiver or authorisation shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be promptly notified to the Noteholders in accordance with Condition 14 (*Notices*). Any such modification, authorisation or wavier shall be subject to the receipt of all applicable regulatory approvals.

14. Notices

(a) To the Noteholders

Notices to Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day (not being a Saturday or a Sunday) after the date of mailing. In addition, so long as the Notes are listed on the Luxembourg Stock Exchange or the Kazakhstan Stock Exchange, and the relevant Stock Exchange so requires, notices to the Noteholders shall be published in a leading newspaper having general circulation in Luxembourg and/or in Kazakhstan. Any such notice shall be deemed to have been given on the date of first publication.

(b) To the Bank

Notices to the Bank will be deemed to be validly given if delivered to the Bank at 50, Furmanov Street, Almaty 050004, Republic of Kazakhstan and clearly marked on their exterior "Urgent — Attention: International Relations Department" (or at such other addresses and for such other attentions as may have been notified to the Noteholders in accordance with Condition 14(a)) and will, be deemed to have been validly given at the opening of business on the next day on which the Bank's 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 registered office, for the time being, of the Trustee or the Specified Office, for the time being, of such Agent, as the case may be, and will be validly given on the next day on which such office is open for business.

15. Trustee

(a) Indemnification

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

The Trustee's responsibilities are solely those of trustee for the Noteholders on the terms of the Trust Deed. Accordingly, the Trustee makes no representations and assumes no responsibility for the validity or enforceability of the Notes or for the performance by the Bank of its obligations under or in respect of the Notes or 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 Noteholders as a class and, in particular, shall not have regard to the consequences of such exercise for individual Noteholders 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 Noteholder shall be entitled to claim, from the Bank (in the case of a Noteholder) the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(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 Notes, 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 Notes 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 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 Bank 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 11 (*Events of Default*) become an Event of Default has occurred.

The Trust Deed provides that 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 11 (*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 Bank set out in these Conditions 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 Bank is complying with all covenants and obligations imposed upon it, respectively, herein and therein.

(d) Failure to Act

No Noteholder may proceed directly against the Bank unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

(e) Retirement and Removal

Any Trustee may retire at any time on giving at least three months' written notice to the Bank without giving any reason or being responsible for any costs occasioned by such retirement and the Noteholders may by Extraordinary Resolution remove any Trustee, provided that the retirement or removal of a sole trust corporation

will not be effective until a trust corporation is appointed as successor Trustee. If a sole trust corporation gives notice of retirement or an Extraordinary Resolution is passed for its removal, it will use all reasonable endeavours to procure that another trust corporation be appointed as Trustee. In the event of any change of the Trustee, two separate notices shall be published in two leading newspapers one of which will have general circulation in the Republic of Kazakhstan and the other in Luxembourg.

(f) Substitution

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

16. Further Issues

The Bank may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest).

17. Currency Indemnity

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

18. Contracts (Rights of Third Parties) Act 1999

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

19. Governing Law; Arbitration and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Agency Agreement and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law.

(b) Arbitration

The Bank agrees that any claim, dispute or difference of whatever nature arising under, out of or in connection with the Notes or the Trust Deed (including a claim, dispute or difference regarding its existence, termination or validity or any non contractual obligations arising out of or in connection with the Trust Deed) (a "**Dispute**"), shall be referred to and finally settled by arbitration in accordance with the rules of the London Court of International Arbitration ("**LCIA**") (the "**Rules**") as at present in force and as modified by this Condition, which Rules shall be deemed incorporated into this Condition. The number of arbitrators shall be three, one of whom shall be nominated by the Bank, one by the Trustee and the third of whom, who shall act as Chairman, shall be nominated by the two party nominated arbitrators, provided that if the third arbitrator has not been nominated within 30 days of the nomination of the second party nominated arbitrator, such third arbitrator

shall be appointed by the LCIA. The parties may nominate and the LCIA may appoint arbitrators from among the nationals of any country, whether or not a party is a national of that country. The seat of arbitration shall be London, England and the language of arbitration shall be English. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

(c) Trustee's Option

At any time before the Trustee has nominated an arbitrator to resolve any Dispute(s) pursuant to Condition 19(b) (*Arbitration*), the Trustee, at its sole option, may elect by notice in writing to the Bank that such Dispute(s) shall instead be heard by the courts of England, as more particularly described in Condition 19(d) (*Jurisdiction*). Following any such election, no arbitral tribunal shall have jurisdiction in respect of such Dispute(s).

(d) Jurisdiction

In the event that the Trustee serves a written notice of election in respect of any Dispute(s) pursuant to Condition 19(c) (*Trustee's Option*), the Bank agrees for the benefit of the Trustee and the Noteholders that the courts of England shall have jurisdiction to hear and determine any such Dispute(s) and, for such purposes, irrevocably submits to the jurisdiction of such courts. Subject to Condition 19(b) (*Arbitration*), nothing in this Condition shall (or shall be construed so as to) limit the right of the Trustee to bring proceedings ("**Proceedings**") for the determination of any Dispute(s) in any other court of competent jurisdiction, nor shall the bringing of such Proceedings in any one or more jurisdictions preclude the bringing of Proceedings by the Trustee in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

(e) Appropriate Forum

The Bank 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.

(f) Agent for Service of Process

The Bank 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 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. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Bank, the Bank shall, on the written demand of the Trustee, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person by written notice to the Bank. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(g) Consent to Enforcement, etc.

The Bank has consented generally in respect of any Disputes (or Proceedings in accordance with Condition 19(d) (*Jurisdiction*)) to the giving of any relief or the issue of any process in connection with such Disputes or Proceedings, including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be given in such Proceedings or in connection with such Disputes.

(h) Waiver of Immunity

To the extent that the Bank 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 Bank, or its assets or revenues, the Bank has agreed, in connection with any Disputes or Proceedings, not to claim and have irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

ANNEX 4 — TERMS AND CONDITIONS OF THE RECOVERY NOTES

The following is the description of the Recovery Notes from the Term Sheet (as modified). The terms and conditions of the Recovery Notes are currently being finalised.
The terms and conditions of the Recovery Notes, once agreed with the Steering Committee will be published by the Bank prior to the Voting Instructions Deadline for Euronotes.

Terms of Recovery Notes

1 Structure of the Recovery Notes and the recovery pool

1.1 The Recovery Notes shall be structured with (i) a near zero nominal amount and (ii) a reference amount equal to 50% of the Restructured Debt allocated into Option 2 (the "**Reference Amount**"). Determinations in respect of PIK interest and repayment are determined by reference to the Reference Amount. The Bank shall issue the Recovery Notes to the Option 2 Restructuring Creditors in the amount necessary such that the aggregate Reference Amount is equal to 50% of the Restructured Debt allocated into Option 2.

1.2 The Recovery Notes shall be structured in such a way as to ensure they are an off balance sheet contingent liability and do not impact on the Bank's regulatory capital. Events of default will be limited to non-payment and insolvency related events. On an event of default or on an insolvency of the Bank, the recourse of holders of Recovery Notes will be limited to the sums credited to the collection account described in section 2.1(a)(iv) below. After the end of the initial 7 year period, any residual value (determined in accordance with paragraph 4.6 below) and, at any time, the amount payable on exercise of the put option will become an on balance sheet liability of the Bank and recourse for that amount will not be limited from that date.

1.3 The Recovery Notes will be listed on KASE in order to achieve a favourable withholding tax treatment (see below), will be freely tradable and will be cleared through the Kazakhstan Central Depositary (who holds them as nominee) and then via Euroclear / Clearstream. The Recovery Notes will also be listed on an international stock exchange agreed with the Steering Committee.

2 Recoveries and recovery pool

2.1 The recoveries covered by the Recovery Notes (the "**Recoveries**") shall consist of:

(a) **Corporate and SME pool:** recoveries over current written down amounts in respect of all provisioned assets in the Bank's Corporate and SME portfolio (including collection agency receivables and related party loans which have been provisioned but excluding loans made under State programmes) as follows:

(i) holders of Recovery Notes shall have access to the entire pool of "recoverable assets" (not to a pro rated pool);

(ii) the pool of provisioned assets shall be identified as at 31 May 2009, subject to satisfactory due diligence on the pool referred to below). The pool will comprise all assets in the Bank's Corporate and SME portfolio which are subject to a provision on that date (excluding loans made under State programmes);

(iii) the pool of provisioned assets will be segregated for accounting, servicing and monitoring purposes in the Bank's financial statements;

(iv) recoveries will include cash recoveries (including, but not limited to, interest and principal payments, settlements and cash proceeds from assets acquired by the Bank directly or indirectly through litigation, settlement, auction or compromise). Any cash recoveries received by the Bank and which are due to holders of Recovery Notes shall be paid into a collection account secured for the benefit of holders and will be available to fund payments due to holders;

(v) any interest or penalty payments received in respect of a provisioned asset by the Bank shall be applied to principal for the purpose of determining whether a provision has been reached and thereafter be available for payment to Recovery Note holders as a Recovery in accordance with paragraph 4 below; and

(vi) recoveries in respect of the Corporate and SME Pool will be applied 53% to Recovery Note holders and 47% to the Bank;

(b) **Litigation Recoveries:** any recoveries in respect of litigation related directly or indirectly to the circa $1,100,000,000 treasury bonds (the "**T Bills**");

Recoveries in respect of Litigation Recoveries will be applied 50% to Recovery Note holders and 50% to the Bank; and

(c) **Tax Assets**: 50% of the cash benefit of any deduction for tax purposes obtained by the Bank in relation to (a) the provision made in its accounts in respect of the T Bills, and (b) any provision made for related party loans.

2.2 The amount payable in respect of Recoveries will be determined (A) on a pre-tax basis and (B) on an asset by asset basis by reference to Kazakh GAAP financial statements specifically prepared for the purposes of tracking Recoveries. The Recovery Notes will receive the benefit of all Recoveries (subject to the applicable 53/47% split in respect of assets in the Bank's Corporate and SME portfolio and 50/50% split in respect of tax assets and litigation recoveries).

2.3 Returns will not be netted off against other assets that have not generated a Recovery. Amounts payable to Recovery Note holders shall be determined by reference to gross Recoveries.

2.4 The asset pool for the Recovery Notes shall be separately identified in the Bank's financial statements and shall be subject to the control mechanism set out in the section below entitles "Recovery Notes control matters".

3 Currencies

3.1 The Recovery Notes will be issued in Dollars.

3.2 Any Recovery received by the Bank in a currency other than Dollars will be converted into Dollars within two Business Days of receipt at the exchange rate applicable at the time of conversion.

4 Payments under the Recovery Notes

4.1 Any payment due to Recovery Note holders arising solely as a result of accounting treatment will be deferred until the Bank receives the cash benefit.

4.2 The Cash Recoveries for the account of Recovery Note holders will be retained in a segregated and secured account. The security shall be granted in favour of the Recovery Note trustee and held by it on behalf of Recovery Note holders.

4.3 A notional PIK interest rate of 3.4% per annum will be applied to the outstanding Recovery Notes denominated in Dollars.

4.4 Payments under the Recovery Notes will be made quarterly subject to an agreed minimum payment, provided that the Recoveries exceed $1,000,000.

4.5 The Recovery Notes will be repaid in full once the amount of original Restructured Debt exchanged for Recovery Notes plus accrued PIK interest (the "**Capped Amount**") have been paid in full.

4.6 After seven years (the "**Valuation Date**"), if the Recovery Notes have not been paid in full, an independent valuer appointed by the Bank (and reasonably satisfactory to the Recovery Note trustee) will carry out a valuation of (A) any residual potential cash recoveries from the Corporate and SME pool and Litigation Recoveries and (B) any residual potential value in the tax assets, in each case on a discounted cash flow basis. When determining the value of tax assets, an account shall be taken of the actual benefit of tax assets over the previous seven years and the potential benefit of tax assets going forward.

4.7 From the Valuation Date, the amount to be repaid under the Recovery Notes will be the lesser of the outstanding Reference Amount plus PIK interest and an amount equal to (A) 53% of any residual value in the Corporate and SME pool and (B) 50% of any residual value of Litigation Recoveries and Tax Assets (the "**Valuation Amount**").

4.8 The Valuation Amount will be amortised over three years in equal annual instalments payable at 12 months, 24 months and 36 months and have an annual coupon of 5.8%.

4.9 From the Valuation Date, the Bank shall apply excess cashflow (determined on the basis of the Cash Sweep described below to repay the Valuation Amount as follows:

Any eligible cash sweep during the year ending on the date due for the relevant instalment up to the amount of that instalment will be used to pay that instalment. Any excess cash sweep over the next due instalment will be paid to the next nearest maturing series of bonds.

Thereafter (or, if the Recovery Notes have been repaid in full (including by way of exercise of put) prior to the end of the seven year period, after the Recovery Notes have been paid in full (including by way of

exercise of put)) the cash sweep will be applied to prepay the holders of instruments (other than Recovery Notes) originally issued to the Restructuring Creditors allocated into Options 2 and 3 pro rata, such application occurring every 6 months when the Bank will prepare a statement of cash flows in the form agreed by the Steering Committee and shall pay to the Restructuring Creditors 50% of (B - C) where:

B = the amount shown as "cash inflow from operating activities before changes in operating assets and liabilities" in the relevant cash flow statement, and

C = the amount of cash which the Bank forecasts it will need in its operations in the next three months while exceeding by a multiple of 1.1 each applicable liquidity ratio specified by the FMSA from time to time.

4.10 Each Recovery Note holder may exercise the change of control put option in respect of some or all of the Recovery Notes held by it. The amount payable upon exercise of the put option shall be determined in the manner set out below and shall be payable on redemption of the Recovery Notes pursuant to the put option:

(a) a valuation is made on the Corporate, SME and Retail loan books for 50% of the NPV of the amount of cash recoveries expected from the date of the put forward = A

(b) a valuation is made on the Litigation Recoveries and Tax Assets for 50% of the amount of cash recoveries expected from the date of the put forward = B

(c) a reconciliation of 50% of the amount of recoveries from the Retail book in the period up to the date of the put is made = C

(d) the amount of the uplift of interest on the option 2 notes (ie (10.5% - 5.8%)* option 2 note nominal value over the period to the date of the put) = D

(e) the redemption amount per unit of Reference Amount being put will be

{A+B+(C-D)}/the total Reference Amount of all recovery notes

but if (C-D) < 0, then the redemption amount per unit of Reference Amount will be

(A+B)/the total Reference Amount of all recovery notes

save that:

(i) the total value of (i) the 50% of the NPV of the retail book recoveries expected from the date of the put forward included in A and (ii) the 50% of the amount of recoveries from the Retail book in the period up to the date of the put is made included in C does not exceed the NPV of the total value of the uplift in coupon for the option 2 notes (ie 7 years * (10.5%-5.8%) * option 2 note nominal value;

(ii) the total redemption value of the recovery notes does not exceed the Reference Amount of the recovery notes together with the accrued PIK to the date of the put.

5 Any management agreement, whereby management of the Bank is transferred to a third party in conjunction with a sale by SK to that manager of a stake that does not cause SK's shareholding to fall below 51% of the issued share capital, will not constitute a change of control and will not entitle the bondholders to put their bonds or recovery notes provided that:

5.1 an international law firm provides a legal opinion to the bond trustee, the recovery note trustee, the CS Director and the Creditor Director confirming that the minority shareholding and/or the management agreement (i) do not cause SK to cease to have majority economic risk and/or benefit in the Bank, (ii) SK shall retain the sole right to exercise its rights as a majority shareholder (including in relation to appointment of directors);

5.2 any fees, commission or other compensation or reward payable to that manager are agreed by a Qualified Majority of the Board; and

the manager (and any change to the manager) and the terms of appointment of the manager (and any change to those terms) are agreed by a Simple Majority of the Board.

6 Funding the Recoveries

A portion of the Recoveries (5% of the Bank's Portion) shall be held in escrow for the purposes of funding the litigation (including the litigation in respect of the T Bills). If, having procured the legal advice on the merits of litigation in respect of the T Bills, the Bank does not pursue any such litigation in accordance with such advice with all due diligence, or to the extent that the funding held in escrow is (after taking into account the projected reasonable funded requirements) greater than is needed for that purpose, the funding shall go to the Bank (given that it was withheld from the Bank's portion).

7 Covenants applicable to the Recovery Notes

The Recovery Notes shall have the benefit of the same general covenants as other restructured debt.

8 Tax treatment of the Recovery Notes

The Recovery Notes will be structured to minimise withholding tax payable by the Bank by listing the Recovery Notes on the KASE. The Bank shall be required to gross-up payments (including payments of principal/Reference Amount and interest) if (i) the Recovery Notes are not listed on an international stock exchange and on KASE at or before the time of the relevant payment; (ii) the Recovery Notes cease to be listed on KASE; or (iii) there is a change in Kazakh tax law. There will be no tax redemption option however the Bank will have the option to substitute an SPV as principal obligor in place of the Bank to reduce withholding provided that the SPV is guaranteed by the Bank, the international listing is maintained and standard conditions are met.

9 On-going monitoring and controls / corporate governance

9.1 Suitable controls will be required over the Recoveries pool, including:

(a) initial due diligence on the asset pool by an independent auditor approved by the Steering Committee;

(b) independent review of the controls surrounding the asset pool by the Bank's external auditor;

(c) independent audit of the asset pool and related cash flows on a regular basis by the Bank's external auditor;

(d) determination of suitable management information; and

(e) controls over payments/receipts and transfers/disposals of assets,

in each case at the Bank's cost.

9.2 In addition, the Recoveries pool shall be subject to the control mechanism set out in the section below entitled "Recovery Notes control matters".

10 Provisions related to recoveries include, but are not limited to:

10.1 Mechanism for allocation of recoveries with respect to the Recovery Notes;

10.2 Mechanism for the sharing of the proceeds of any recoveries or litigation with respect to the Recovery Notes;

10.3 An undertaking by the Bank to use reasonable endeavours to procure governmental support to the Bank to ensure a minimum level of recoveries; and

10.4 Compliance with Recovery Notes operating procedures.

Recovery Notes control matters

Matters set out in this section of the Term Sheet shall be detailed in the Recovery Notes Operating Procedures.

1 Production of quarterly management information

Quarterly management information reporting to Recovery Note holders and holders of instruments originally issued to the Restructuring Creditors allocated into Options 2, 3, 4 and 4A as required including the ongoing performance of pool assets (collections, arrears, aging, provisioning, transfers to 'good' bank) and cash disbursements made to note holders.

2 Independent review

Specifically the following areas will be considered:

2.1 Initial review on the set up of the Recoveries pool

Initial due diligence of the Recovery Pool to be carried out by an auditor appointed by the Steering Committee including:

(a) Identification of appropriate assets for the Recoveries pool based on agreed criteria;

(b) Valuation of Recovery Notes assets against appropriate criteria;

(c) Movement of assets to a separate system, module or tagging of assets within existing system as recovery notes assets;

(d) Monthly reconciliation of Recovery Notes assets to original pool;

(e) System access controls to prevent unauthorised journals or inappropriate changes or removals being made to pool assets;

(f) Establishment of separate bank account(s) to receive pool repayments;

(g) Control over bank account including appropriate signatories on bank mandates;

(h) Daily bank reconciliations;

(i) Controls over interest calculations;

(j) Allocation of staff responsibilities between recovery note pool and non-recovery note assets;

(k) Establishment of methodology to calculate returns to note holders, including the apportionment of any costs;

(l) Dual controls over payments (including input / verification controls on payment systems and dual signatories on cheques); and

(m) Provision of training to staff in newly adopted key processes.

2.2 Quarterly review of ongoing operation and monitoring of the Recoveries pool

The Bank's external auditor will carry out the ongoing quarterly review, including:

(a) Independent sample testing of loans to confirm existence, completeness and accuracy of pool assets;

(b) Periodic asset valuation and appropriate accounting treatment of assets in the pool in line with relevant legislation and standards. Includes controls over the use of calculation models / spreadsheets and regarding the use of third parties for any valuation services provided;

(c) Controls over ledger postings and access to the general ledger;

(d) Key controls over the asset pool, such as bank reconciliations, calculation of interest, provisions for losses, intercompany reconciliations between pool and independent register or equivalent for completeness;

(e) Controls in place over the translation of FX assets and payments made in FX. Controls over any FX hedging being performed including authorisation;

(f) Key systems controls including the set up of new users and segregation of duties;

(g) Disaster recovery and business continuity plans;

(h) Management information reporting to Recovery Note holders;

(i) Physical security of loan documentation, being assets of the recovery notes pool, including the controls around access to documentation such as the use of logs for receipt and return of documentation;

(j) Dual control over payments;

(k) Access controls over key payment systems;

(l) Controls regarding the calculation of disbursements due from the pool to each Recovery Note holder and the Bank; and

(m) Clear and formally documented audit trail of all key activities noted above.

3 Key approvals / controls by the Bank's management board

(a) Approval of sales / transfers of assets greater in value than U.S.$100,000,000 to be made at below fair market value.

(b) Approval of cash transfers from the Recovery Note account to the Bank.

(c) Approval of Recovery Note management information.

(d) Approval of Recovery Note payments to the creditors.

(e) Approval of the appointment of a Recovery Note manager (may be a Bank employee).

(f) Approval of the appointment of a Recovery Note auditor which shall be an independent auditor and which may be the Bank's auditor.

(g) Approval of the appointment of a Recovery Note controls reviewer (may be a Bank employee).

ANNEX 5 — THE TENGE DENOMINATED NOTES[1]

Tenge denominated New Notes held by or on behalf of persons who are not resident, domiciled or organised in the Republic of Kazakhstan may be held in one of the following ways:

1. by opening an account with the Kazakhstan Central Depositary;
2. by opening an account with a broker within or outside the Republic of Kazakhstan who has an account with the Kazakhstan Central Depositary; or
3. by opening an account with a bank or depositary outside the Republic of Kazakhstan who has an account (whether directly or through another bank or broker) with the Kazakhstan Central Depositary.

Discount Tenge Notes

The terms and conditions of the Discount Tenge Notes will be substantially the same as the terms and conditions of the Discount Dollar Notes, except that they will have a different principal amount and will bear interest at the rate of 14.5 per cent. per annum.

Par Tenge Notes

The terms and conditions of the Par Tenge Notes will be substantially the same as the terms and conditions of the Par Dollar Notes, except that they will have a different principal amount and until but excluding the date that falls on the seventh anniversary of the Restructuring Date they will bear an initial rate of interest of 4.25 per cent. per annum and will in addition be capitalised at the rate of 4.75 per cent. per annum. From and including the seventh anniversary of the Restructuring Date, they will bear interest at the rate of 12.5 per cent. per annum.

Subordinated Tenge A Notes

The terms and conditions of the Subordinated Tenge A Notes will be substantially the same as the terms and conditions of the Subordinated Dollar Notes, except that they will have a different principal amount and until but excluding the date that falls on the tenth anniversary of the Restructuring Date they will bear an initial rate of interest of 4.5 per cent. per annum and will in addition be capitalised at the rate of 5 per cent. per annum. From and including the tenth anniversary of the Restructuring Date, they will bear interest at the rate of 13.25 per cent. per annum.

Subordinated Tenge B Notes

The terms and conditions of the Subordinated Tenge B Notes will be substantially the same as the terms and conditions of the Subordinated Dollar Notes, except that they will have a different principal amount and until but excluding the date that falls on the tenth anniversary of the Restructuring Date they will bear an initial rate of interest of 4.5 per cent. per annum and will in addition be capitalised at the rate of 5 per cent. per annum. From and including the tenth anniversary of the Restructuring Date, they will bear interest at the rate of 12 per cent. per annum.

Payments of principal in respect of the Subordinated Tenge B Notes will commence on the tenth anniversary of the Restructuring date and will be carried out in equal semi-annual instalments over ten years.

Covenants

Holders of the Tenge denominated New Notes will have the benefit of the same covenants as holders of the Dollar denominated New Notes

If the Bank makes any payment of surplus cash towards early redemption of the Discount Dollar Notes or the Par Dollar Notes then such payment of surplus cash will be applied pro-rata to the redemption of the Discount Dollar Notes and the Discount Tenge Notes or the Par Dollar Notes and the Par Tenge Notes, as the case may be.

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[1] The Terms and Conditions of the Tenge denominated New Notes will need to comply with domestic Kazakhstan legislation and be approved by the FMSA. As at the date of this Information Memorandum the Bank has not received such approval from the FMSA. The main issue that needs clearance is amortisation of principal according to domestic legislation. The Bank will publish a supplement to this Information Memorandum setting out the terms and conditions of the Tenge denominated Notes as approved by the FMSA.

SCHEDULE 7 — REPRESENTATIONS AND WARRANTIES OF THE BANK

1. REPRESENTATIONS AND WARRANTIES OF THE BANK

1.1 As a condition precedent to the Restructuring, the following representations and warranties, which are given for the benefit of the Creditors, shall be correct on the Business Day immediately preceding the Restructuring Date:

(a) subject to the qualified opinions set out therein, the audited financial statements of the Bank as at and for the year ended 31 December 2008 and the reviewed financial statements of the Bank as at and for the six months ended 30 June 2009, as they appear in the information memorandum of the Bank dated 5 November 2009 and together with any supplement or amendment thereto (the "Information Memorandum"), were prepared in accordance with IFRS, consistently applied, and such financial statements present fairly, in all material respects, the financial position of the Bank, as of the dates as of which they were prepared, and the results of the operations of the Bank, and its cash flows in respect of the periods for which they were prepared, and the summary financial data and the other financial and statistical information regarding the Bank included in the Information Memorandum have been derived without material adjustment from, and present fairly the information shown therein and have, except as stated therein, been compiled on a basis consistent with that of, the audited financial statements of the Bank included in the Information Memorandum;

(b) the Information Memorandum contains all information with respect to the Bank, the Restructuring and the New Notes which is material in the context of the offering of the New Notes and the Restructuring (including all information required by applicable laws of the Republic of Kazakhstan); the Information Memorandum at the date thereof did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; the other information provided by the Bank in writing to the Steering Committee does not contain any untrue statement of a material fact; the statements of intention, opinion, belief or expectation contained in the Information Memorandum and other information provided by the Bank in writing to the Steering Committee were honestly made or held and reached after due and careful consideration of all relevant circumstances based on reasonable assumptions; and the Bank has made all reasonable inquiries to ascertain such facts and to verify the accuracy of all such statements;

(c) all material intra-group debt (if any) has been disclosed in the Information Memorandum;

(d) since the date of the reviewed financial statements of the Bank as at and for the six months ended 30 June 2009, except as otherwise stated in the Information Memorandum, there has not occurred any material adverse change in the total equity of the Bank or in the long-term debt of the Bank, there has been no development or event which has resulted in a material adverse change (nor any development or event involving a prospective change of which the Bank is, or might reasonably be expected to be, aware) in the business, results of operations, assets and condition, financial or otherwise, or in the business prospects of the Bank, whether or not arising in the ordinary course of business (a "Material Adverse Change"), and there have been no transactions entered into by the Bank, other than those in the ordinary course of business or those disclosed in the Information Memorandum, which are material with respect to the Bank;

(e) the Bank is a joint stock company duly incorporated and validly existing under the laws of the Republic of Kazakhstan, has full power and authority to own, lease and operate its properties and assets and conduct its business as described in the Information Memorandum; the Bank has full power and capacity and is able lawfully to execute and perform its obligations under the New Notes, the Trust Deed and the other Restructuring Documents; and the Bank is duly qualified to transact business in each other jurisdiction (if any) in which such qualification is required, whether by reason of the ownership or the leasing of property or the conduct of business;

(f) no proceedings have been commenced by any person, nor has any effective resolution been passed, by the Bank for purposes of, and no judgment has been rendered for, the liquidation, bankruptcy or winding-up of the Bank;

(g) except as disclosed in the Information Memorandum, each of the Restructuring Documents and the consummation of the transactions contemplated therein and in the Information Memorandum and compliance by the Bank with its obligations thereunder and under the New Notes and the Restructuring Documents have been duly authorised by all necessary corporate and other action by the Bank and each of the Restructuring Documents and the New Notes has been duly executed and delivered by the Bank

and each of the Restructuring Documents has been duly executed and delivered by the other parties thereto and each constitute legal, valid and binding obligations of the Bank enforceable against the Bank in accordance with their respective terms;

(h) the issue of the Notes and the Shares and the Preference Shares has been duly authorised and, at the Restructuring Date will have been duly issued by the Bank and, when in the case of the Notes they have been authenticated and issued as provided for in the Trust Deed and the Paying Agency Agreement and delivered as provided in the Restructuring Documents, the Notes will constitute legal, valid and binding obligations of the Bank, enforceable against the Bank in accordance with their terms and the Restructuring Documents will be admissible in evidence in the Republic of Kazakhstan and the seat of arbitration as contemplated in the Trust Deed;

(i) the Bank is not in violation of its constitutional documents;

(j) the Bank is not in breach of any of the terms of any of the Restructuring Documents or the Restructuring Plan;

(k) save as set out in the Information Memorandum, the Bank is conducting its business and operations in compliance with all applicable laws and regulations and all directives of governmental authorities having the force of law in the Republic of Kazakhstan, including the NBK and the FMSA;

(l) save as set out in the Information Memorandum, the execution and delivery of the Restructuring Documents, the issue and allocation of the New Notes, the allocation of the Shares, the carrying out of the other transactions contemplated by the Restructuring Documents and compliance with the terms of the Restructuring Documents, the New Notes and the other transactions contemplated by the Restructuring Documents do not (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting the Bank or any indenture, trust deed, mortgage or other agreement or instrument to which the Bank or any of the Bank's Subsidiaries is a party or by which it or any of its or their properties is bound, (ii) infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over the Bank, any such subsidiary or any of their respective properties or (iii) result in the creation or imposition of any mortgage, charge, pledge, lien or other security interest on any of its respective properties other than as contemplated in the Restructuring Plan;

(m) save as set out in the Information Memorandum, there is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, whether domestic or foreign, now pending or, to the best knowledge of the Bank, threatened against or affecting the Bank or any of its properties which might (individually or in the aggregate) reasonably be expected to result in a Material Adverse Change or which if determined adversely might reasonably be expected materially and adversely to affect the properties or assets of the Bank or the consummation of the transactions contemplated by the Restructuring Documents or the performance by the Bank of its obligations under the Restructuring Documents or the New Notes or which are otherwise material in the context of the offering of the New Notes and the Restructuring, and the aggregate of all pending legal or governmental proceedings to which the Bank is a party or to which any of its property or assets is subject which is not described in the Information Memorandum, including ordinary routine litigation incidental to the ordinary course of business of the Bank, could not reasonably be expected to result in a Material Adverse Change;

(n) save as set out in the Information Memorandum, no filing with, or authorisation, approval, consent, licence, order, registration, qualification or decree of, any court or governmental authority or agency in the Republic of Kazakhstan is necessary or required for the performance by the Bank of its obligations under any of the Restructuring Documents or the New Notes or in connection with the issue and distribution of the Information Memorandum, or for the due execution, delivery or performance of the Restructuring Documents and the New Notes by the Bank, except such as have already been obtained;

(o) no stamp or other duty is assessable or payable in, and no other types of withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature are imposed or made for or on account of any income, registration, transfer or turnover taxes, customs or other duties or taxes of any kind, levied, collected, withheld or assessed by or within, the Republic of Kazakhstan or in, by or within any sub division of or authority therein or thereof having power to tax in the Republic of Kazakhstan, in connection with the authorisation, execution or delivery of the Restructuring Documents, the authorisation, execution, issue, sale or delivery of the New Notes, the Shares, or the performance of the respective obligations of the parties under the Restructuring Documents and the New Notes, other than as described in the Information Memorandum;

(p) the Senior Notes rank at least pari passu with all the Bank's present unsecured payment obligations, except for obligations mandatorily preferred by law and the Subordinated Notes constitute subordinated obligations of the Bank, ranking in accordance with their conditions;

(q) save as set out in the Information Memorandum, since 2 February 2009 neither the Bank, nor, to the best of the Bank's knowledge, none of its employees or agents, has been engaged in any material respect in: Corrupt Practices, Fraudulent Practices, Collusive Practices or Coercive Practices in connection with the Bank's business and operations, including the procurement or the execution of any contract for goods or works relating to the Bank's business;

(r) no event has occurred or circumstance arisen which (after the Restructuring Date) would constitute an "Event of Default" (as defined in the New Notes) or which with the giving of notice or the lapse of time or the occurrence of any other event would (after the Restructuring Date) constitute an Event of Default;

(s) neither the Bank nor any of its assets or revenues is entitled to immunity from suit, execution, attachment or other legal process in any jurisdiction, and any waiver granted pursuant to the Restructuring Documents and the New Notes shall be valid and binding under the laws of the Republic of Kazakhstan;

(t) under the laws of Kazakhstan, the choice of English law as the governing law of the applicable Restructuring Documents and the New Notes is a valid and binding choice of law and the consent to arbitration under the LCIA Rules and to the jurisdiction of the courts of England by the Bank in the Restructuring Documents and the New Notes is valid and binding upon it and not subject to revocation in any proceedings taken in Kazakhstan;

(u) the Bank's share capital details as set out in the Information Memorandum are correct and up to date as of the date of the Information Memorandum;

(v) the Bank believes that it has made adequate provisions for related party debt;

(w) it has carried out all transactions pursuant to the Restructuring on an arm's length basis; and

(x) the Bank has no subsidiaries other than ALB Finance B.V. and Alliance Finance LLC.

1.2 Any certificate signed by two officers of the Bank and delivered to the Trustee in connection with the Restructuring Documents shall be deemed to be a representation and warranty by the Bank to the Restructuring Creditors as to the matters covered thereby.

SCHEDULE 8 — COVENANTS OF THE BANK

1. COVENANTS BY THE BANK

1.1 In the Trust Deed the Bank makes a number of covenants. For the purposes of the covenants, the following terms have the following meanings:

(a) "**Adjusted Deposits**" of the Group means (i) its customer accounts, correspondent accounts of other banks and time deposits of banks minus (ii) any of its customer accounts comprised in Government Funding (all determined using the classification methodology used in preparing Notes 19 and 22 to the Unaudited Interim Financial Statements, as applicable);

(b) "**Adjusted IFRS**" means International Financial Reporting Standards adjusted to reflect the FMSA's requirements for preparation of financial statements for regulatory purposes;

(c) "**Adjusted Liabilities**" of the Group means (i) its total liabilities (calculated by reference to the most recent financial statements of the Group prepared in accordance with Adjusted IFRS) minus (ii) Adjusted Deposits and Government Funding to the extent that Government Funding does not exceed 19 per cent. of the Group's total liabilities (as so calculated);

(d) "**Affiliate**" of any specified person means (i) any other Person, directly or indirectly, Controlling or Controlled by or under direct or indirect common Control with such specified Person or (ii) any other Person who is a director or officer (a) of such specified Person, (b) of any subsidiary of such specified Person or (c) of any Person described in (i) or (ii) above;

(e) "**Applicable Law**" means any law, regulation, ordinance, order, decree of or by any authority in effect from time to time, having jurisdiction over the Bank, its assets and/or operations;

(f) "**Asset Pool**" means the Corporate and SME Pool, the Retail Pool, the Litigation Recoveries and the Tax Assets;

(g) "**Business Plan**" means, at any time, the business plan then in effect as duly approved by a Qualified Majority of the Board;

(h) "**Cash Equivalents**" means:

(i) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of any of the member states of the European Union, the United States of America, Switzerland, Canada or the Republic of Kazakhstan (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union or the United States of America, Switzerland, Canada or the Republic of Kazakhstan, as the case may be, in each case having a maturity of not more than one year from the date of acquisition;

(ii) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of one year or less from the date of acquisition with or issued by any of the following:

(A) a bank or trust company which is organised under, or authorised to operate as a bank or trust company under, the laws of a member state of the European Union or of the United States of America or any state thereof, Switzerland or Canada; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of U.S.$250,000,000 (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated A+ or higher by S&P or the equivalent rating category of another Rating Agency; or

(B) the National Bank of Kazakhstan;

(iii) repurchase obligations with a term of not more than seven days for underlying securities of the types described in paragraphs (i) and (ii) above entered into with any financial institution meeting the qualifications specified in paragraph (ii) above;

(iv) commercial paper having at the time of acquisition one of the two highest rating categories obtainable from (or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term debt obligations, an equivalent rating) and, in each case, maturing within 12 months from the date of acquisition; and

(v) money market funds at least 95 per cent. of the assets of which constitute Cash Equivalents of the kinds described in paragraphs (i) through (iv) of this definition;

(i) "**Coercive Practice**" means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or its property or to influence improperly the actions of another party;

(j) "**Collusive Practice**" means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;

(k) "**Control**" means the control exercised, or capable of being exercised, by any person, entity or undertaking over another undertaking by virtue of:

(i) holding a majority of the voting rights in the undertaking; or

(ii) being (directly or indirectly) a member, shareholder or participant (or equivalent) of the undertaking and having the right to appoint or remove a majority of its board of directors; or

(iii) having the right to exercise, or actually exercising, a dominant influence over the undertaking:

(A) by virtue of provisions contained in the undertaking's charter (or equivalent); or

(B) by virtue of any contract; or

(iv) being a member, shareholder or participant (or equivalent) of the undertaking and controlling, pursuant to an agreement with other members, shareholders or participants (or equivalents), a majority of the voting rights in the undertaking;

and the terms "**Controlled**" and "**Controlling**" have meanings correlative to the foregoing;

(l) "**Corrupt Practice**" means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;

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

(n) "**Fair Market Value**" means, with respect to any transaction, the value that would be obtained in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy;

(o) "**Financing of Terrorism**" means the act of providing or collecting funds with the intention that they be used, or in the knowledge that they are to be used, in order to carry out terrorist acts;

(p) "**FMSA**" means the Agency for Regulation and Supervision of Financial Markets and Financial Organisations of Kazakhstan;

(q) "**Fraudulent Practice**" means an act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

(r) "**IFRS**" means International Financial Reporting Standards in effect from time to time;

(s) "**Government Funding**" means (i) the Group's Indebtedness to the Government of the Republic of Kazakhstan or any of its agencies to fund or support state-sponsored lending programmes (determined using the classification methodology used in preparing Note 18 to the Unaudited Interim Financial Statements) plus (ii) any of the Group's customer accounts of the Government of the Republic of Kazakhstan or any of its agencies placed with any member of the Group to fund or support state-sponsored lending programmes (determined using the classification methodology used in Note 22 to the Unaudited Interim Financial Statements);

(t) "**Group**" means the Bank and its Subsidiaries;

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

(v) "**Indebtedness for Borrowed Money**" means any Indebtedness Guarantee or any Indebtedness of any Person for or in respect of (i) moneys borrowed; (ii) amounts raised by acceptance under any acceptance credit facility; (iii) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or similar instruments; (iv) amounts raised pursuant to any issue of

shares of such Person, which are expressed to be redeemable; (v) the amount of any liability in respect of leases or hire purchase contracts, which would, in accordance with generally accepted accounting standards in the jurisdiction of incorporation of the lessee, be treated as finance or capital leases; (vi) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred primarily as a means of raising finance or financing the acquisition of the relevant asset or service; and (vii) amounts raised under any other transaction (including any forward sale or purchase agreement and the sale of receivables or other assets on a "with recourse" basis) having the commercial effect of a borrowing;

(w) "**Indebtedness Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness, including (without limitation) (i) any obligation to purchase such Indebtedness, (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness, (iii) any indemnity against the consequences of a default in the payment of such Indebtedness, (iv) any other agreement to be responsible for repayment of such Indebtedness, including bonds, standby letters of credit or bank guarantees or other similar instruments issued in connection with the performance of contracts and (iv) any Indebtedness of another Person secured by a security interest in respect of any of the first-mentioned Person's assets, the amount of such Indebtedness being the lesser of the value of such assets and the amount of Indebtedness so secured;

(x) "**Litigation**" means legal proceedings, arbitration, mediation and all forms of alternative dispute resolution, whether in Kazakhstan or elsewhere, including steps to enforce any judgment, order or compromise and any appeal process;

(y) "**Joint Venture**" means any joint venture entity, whether a company unincorporated firm, undertaking, association, joint venture or partnership or any other entity;

(z) "**Material Subsidiary**" means at any relevant time a Subsidiary of the Bank:

(i) whose total assets, pre-tax profits or gross revenues (where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets or gross consolidated revenues, as the case may be) attributable to the Bank represent not less than 10% of the total consolidated assets or pre-tax profits or the gross consolidated revenues of the Bank, all as calculated by reference to the then latest audited accounts (or, if none, its then most recent management accounts) (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Bank and its consolidated Subsidiaries; or

(ii) to which is transferred all or substantially all of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Material Subsidiary.

(aa) "**Money Laundering**" means;

(i) the conversion or transfer of property, knowing it is derived from a criminal offence, for the purpose of concealing or disguising its illegal origin or of assisting any Person who is involved in the commission of the crime to evade the legal consequences of its actions which assistance has led or would be likely to, in the opinion of the Trustee, lead to a sanction, fine or reprimand from a competent authority or finding of guilt or liability by a competent court;

(ii) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property knowing that it is derived from a criminal offence; or

(iii) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offence;

(bb) "**Obstructive Practice**" means (i) deliberately destroying, falsifying, altering or concealing evidence material to an investigation, or making false statements to investigators, in order to materially impede an investigation by such investigators into allegations of a Coercive Practice, Collusive Practice, Corrupt Practice or Fraudulent Practice; and threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to an investigation or from pursuing an investigation into such matters or (ii) acts intended to materially impede the exercise of the Trustee's contractual rights or access to information under the Trust Deed;

(cc) "**Permitted Security Interest**" means any Security Interest:

(i) granted in favour of the Bank by any Material Subsidiary to secure Indebtedness for Borrowed Money or other obligations owed by such Material Subsidiary to the Bank;

(ii) granted in respect of the Collection Account;

(iii) arising by operation of law and in the ordinary course of business, including, without limitation, any rights of set off with respect to demand or time deposits maintained with financial institutions and bankers' liens with respect to property of the Bank held by financial institutions;

(iv) arising in the ordinary course of the Bank's or a Material Subsidiary's business and (A) which is necessary in order to enable the Bank or such Material Subsidiary to comply with any mandatory or customary requirement imposed on it by a banking or other regulatory authority in connection with the Bank's or such Material Subsidiary's business or (B) limited to deposits made in the name of the Bank or such Material Subsidiary to secure obligations of the Bank's or such Material Subsidiary's customers;

(v) on property acquired (or deemed to be acquired) under a financial lease, or claims arising from the use or loss of or damage to such property, provided that any such encumbrance secures only rentals and other amounts payable under such lease;

(vi) arising pursuant to any agreement (or other applicable terms and conditions), which is standard or customary in the relevant market (and not for the purpose of raising credit or funds for the operation of the Bank or any Material Subsidiary other than on a short term basis as part of the Bank's or such Material Subsidiary's liquidity management activities), in connection with (A) contracts entered into substantially simultaneously for sales and purchases at market prices of precious metals or securities, (B) the establishment of margin deposits and similar securities in connection with interest rate and foreign currency hedging operations and trading in securities or (C) the Bank's foreign exchange dealings or other proprietary trading activities, including, without limitation, Repos;

(vii) granted upon or with regard to any property hereafter acquired by the Bank or any Material Subsidiary to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and transactional expenses related to such acquisition (other than a Security Interest created in contemplation of such acquisition), provided that (A) the maximum amount of Indebtedness for Borrowed Money thereafter secured by such Security Interest does not exceed the purchase price of such property (including transactional expenses) or the Indebtedness incurred solely for the purpose of financing the acquisition of such property and (B) the relevant Security Interest only extends to the asset financed by the relevant Indebtedness for Borrowed Money and/or any Security Interest or other claim held by the Bank in relation thereto;

(viii) granted by the Bank in favour of a Development Organisation to secure Indebtedness for Borrowed Money owed by the Bank to such Development Organisation pursuant to any loan agreement or other credit facility entered into between the Bank and such Development Organisation, provided that the amount of Indebtedness for Borrowed Money so secured pursuant to this clause (viii) shall not exceed in the aggregate an amount in any currency or currencies equivalent to 6 per cent. of the Bank's net loans and advances to customers after allowances for loan losses calculated by reference to the most recent financial statements of the Bank prepared in accordance with Adjusted IFRS;

(ix) created or outstanding upon any property or assets (including current and/or future revenues, accounts receivables and other payments) of the Bank or any Material Subsidiary (A) arising out of any securitisation of such property or assets or other similar structured finance transaction in relation to such property or assets where the recourse in relation to the Indebtedness for Borrowed Money secured by such property or assets is limited to such property or assets or (B) comprising loans or advances to customers secured on the relevant customers' residences in connection with any offering of bonds, notes, debentures, loan stock or similar instruments, provided that the aggregate amount of Indebtedness for Borrowed Money so secured pursuant to (A) and (B) of this Clause (ix) at any one time shall not exceed, at the time such Indebtedness is incurred, an amount in any currency or currencies equivalent to 5 per cent. of the Bank's net loans and advances to customers after allowances for loan losses calculated by reference to the most recent financial statements of the Bank prepared in accordance with Adjusted IFRS;

(x) arising out of the refinancing, extension, renewal or refunding of any Indebtedness for Borrowed Money secured by a Security Interest permitted by any of the above exceptions, provided that the Indebtedness for Borrowed Money thereafter secured by such Security Interest does not exceed the amount of the original Indebtedness for Borrowed Money and such Security Interest is not extended to cover any property not previously subject to such Security Interest; and

(xi) not included in any of the above exceptions, in aggregate securing Indebtedness for Borrowed Money or Indebtedness Guarantees in respect of Indebtedness for Borrowed Money with an aggregate principal amount at any time not exceeding U.S.$25,000,000 (or its equivalent in other currencies) at that time;

(dd) "**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;

(ee) "**Prohibited Joint Venture**" means any Joint Venture which the Bank or any Subsidiary enters into or participates in which would (whether by its terms or otherwise) (i) cause the Bank to breach or (ii) have a material adverse effect on the ability of the Bank to comply with any of the following:

(A) Clause 1.2(v) (*Additional Indebtedness*);

(B) Clause 1.2(y) (*Restrictions on Disposals*); or

(C) the obligations of the Bank to make due payment of principal or interest in respect of the Notes;

(ff) "**Qualified Majority**" has the meaning set out in the New Charter and/or the Alliance Undertaking;

(gg) "**Rating Agency**" means Standard & Poors Rating Services, a division of The McGraw Hill Companies, Inc. ("S&P"), Moody's Investors Service Limited or Fitch Ratings Limited or any of their successors or any rating agency substituted for any of them with the written approval of the Trustee;

(hh) "**Relevant Information**" means:

(i) in the case of annual financial statements, an auditor's report and, in the case of semi-annual financial statements, an auditor's review report;

(ii) in the case of annual and semi-annual financial statements, a management discussion and analysis with respect to the Bank, including a discussion of the results of operations, financial condition, liquidity and capital resources of the Bank;

(iii) in the case of annual and semi-annual financial statements, an analysis of the Bank's assets, liabilities, loans and advances to customers, economic sector and customer concentrations, investment securities, geographical risk, currency risk, liquidity risk, interest rate risk, derivative positions and related party transactions;

(iv) a description of any material litigation, arbitration or administrative proceedings;

(v) information relating to recoveries for Recovery Notes required pursuant to Clause 1.3(a) (*Quarterly Management Information*);

(vi) a surplus cash analysis for the purposes of the Recovery Notes, the Discount Notes and the Par Notes (calculated in accordance with Adjusted IFRS); and

(vii) a description of all material recent developments, material transactions with Affiliates, material transactions that are not in the ordinary course of business, material acquisitions, material disposals, material restructurings, changes to auditors and changes in senior management;

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

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

(kk) "**Subsidiary**" means, in relation to any company (the "**first Person**") at any particular time, any other company (the "**second Person**"):

(i) whose affairs and policies the first Person controls or has the power to Control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(ii) whose financial statements are, in accordance with applicable law and IFRS, consolidated with those of the first Person;

(ll) "**Super Majority**" has the meaning set out in the New Charter and/or the Alliance Undertaking; and

(mm) "**Treasury Transactions**" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

1.2 The said covenants are as follows:

So long as any Notes are outstanding, the Bank will:

(a) **Books of Account**: Keep, and procure that its Subsidiaries keep, proper books of account and accounting records (including, for the avoidance of doubt, the annual, semi-annual and quarterly financial statements required pursuant to Clause 1.2(d) (*Relevant Information, etc.*)) in accordance with applicable law and, so far as permitted by applicable law, allow the Trustee and anyone appointed by it to whom the Bank has no reasonable objection, access to its books of account at all reasonable times during normal business hours.

(b) **Notice of Events of Default**: Notify the Trustee in writing immediately on becoming aware of the occurrence of any Event of Default or Potential Event of Default and without waiting for the Trustee to take any further action.

(c) **Information**: Upon request, so far as permitted by applicable law, give the Trustee such other information as it requires to perform its functions and discharge the duties, trusts, powers, authorities and discretions vested in it under the Trust Deed or by the operation of law.

(d) **Relevant Information, etc.**: Send to the Trustee at the time of their issue and, in any event, in the case of annual and semi-annual financial statements within 90 days of the end of each financial year or half year (as the case may be and, in each case, accompanied by the Relevant Information) and, in the case of quarterly consolidated financial statements, within 45 days after the end of each financial quarter, three copies in English of such financial statements, in each case prepared in accordance with IFRS (except as otherwise stated herein) and a copy in English of any report or other notice, statement or circular issued, or which legally or contractually should be issued, to the members or creditors (or any class of them) of the Bank or any holding company thereof generally in their capacity as such. The Bank shall also make available on its website all the information delivered pursuant to this Clause 1.2 (d) (*Relevant Information, etc.*) and the certificate delivered pursuant to Clause 1.2(e) (*Certificate of Directors*) as soon as possible and, in any event, within five Business Days of sending such information and such certificate to the Trustee.

(e) **Certificate of Directors**: Send to the Trustee with the annual, semi-annual and quarterly financial statements referred to in Clause 1.2 (d) (*Relevant Information, etc.*), and also within 10 days (or such longer period as the Trustee may determine) of any request by the Trustee, a certificate signed by any two of its Directors that, having made all reasonable enquiries, to the best of its knowledge, information and belief as at a date (the "**Certification Date**") not more than five days before the date of the certificate, the following information: (i) a statement that no Event of Default or Potential Event of Default or other breach of the Trust Deed has occurred, or is continuing, since the Certification Date of the last such certificate or (if none) the date on which the Trust Deed was first executed by it or, if such an event had occurred, giving details of it; (ii) a statement that it is not in breach of any of the covenants contained in this Clause 1 (*Covenants by the Bank*), in particular that: (A) it has not paid any dividends or made any other distributions which would breach Clause 1.2 (ff) (*Limitation on Payment of Dividends*); (B) the total amount of transactions or series of transactions that it has entered into or suffered to exist at less than Fair Market Value (as defined in the Conditions) since the date on which the Trust Deed was first executed by it are not in breach of Clause 1.2 (dd) (*Limitations on Certain Transactions*); (C) it is in compliance with Clause 1.2(v) (*Additional Indebtedness*); (D) it is in compliance with Clause 1.2(z) (*Restriction on Intra-Group and Related Party Transactions*) and (E) it is in compliance with Clause 1.2 (x) (*Negative Pledge*) and that it has not exceeded the limits imposed by the Permitted Security Interests as defined in Clause 1.1 (aa) (*Permitted Security Interest*); (iii) a statement of its total capital ratio calculated in accordance with the FMSA rules, as at the date of the certificate; (iv) a statement of its total liquidity ratio calculated in accordance with the FMSA rules; (v) a statement that no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency have (to the best of its knowledge and belief) been started or threatened against it, failing which, appropriate disclosure; and (vi) a statement confirming the absence of any formal regulatory disputes or breach of regulation. The Trustee shall be entitled to rely without liability on such certificates.

(f) **Notices to Noteholders**: Send to the Trustee for approval in English and at least 14 days (or such longer period as the Trustee may determine) prior to publication the form of each notice to be given to Noteholders and, once given, two copies of each such notice, such notice to be in a form approved by the Trustee. For the avoidance of doubt this clause shall not apply to any Relevant Information required to be provided herein.

(g) **Further Acts**: So far as permitted by applicable law, do such further things, including but not limited to the execution of any further documents, as may be necessary in the opinion of the Trustee to give effect to the Trust Deed.

(h) **Notification of Non-Payment**: Use its reasonable endeavours to procure that the Principal Paying Agent notifies the Trustee forthwith in the event that it does not, on or before the due date for payment in respect of the Notes or any of them, receive unconditionally the full amount in the relevant currency of the moneys payable on such due date on all such Notes.

(i) **Notice of Late Payment**: Forthwith upon request by the Trustee give notice to the Noteholders of any unconditional payment to the Principal Paying Agent or the Trustee of any sum due in respect of the Notes made after the due date for such payment.

(j) **Listing**: Use all reasonable endeavours to procure the admission of the Notes to trading on the Luxembourg Stock Exchange (EU Regulated Market) and the KASE, as well as to maintain the listing of the Notes on such Stock Exchanges (including by making all the disclosures required by such Stock Exchanges to maintain such listings) but, if it is unable to do so, having used such endeavours, or if the maintenance of such listings or any of them are agreed by the Trustee to be unduly onerous and the Trustee is satisfied that the interests of the holders of Notes would not be thereby materially prejudiced, instead use its reasonable endeavours to obtain and maintain a listing of the Notes on another stock exchange or exchanges to be approved in writing by the Trustee and give notice of the identity of such other stock exchange or exchanges or securities market or markets to the holders of Notes.

(k) **Bank Ratings**: Use its reasonable endeavours to obtain and maintain a rating in respect of the long term foreign currency debt of the Bank with Fitch and/or Moody's.

(l) **Regulations**: Maintain, obtain and promptly renew from time to time when necessary all such authorisations, approvals, consents, licences (including its banking licence) and other requirements (if any) as may be required under any applicable law or regulation (including, for the avoidance of doubt, by the National Bank of Kazakhstan and/or the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Markets and Financial Organisations) to enable it to carry on its business and to perform its obligations under the Notes and the Restructuring Documents or as may be required for the validity or enforceability of the Notes and the Restructuring Documents and it will comply with all the terms of the same.

(m) **Corporate Existence and Authorisations**: Preserve and keep in full force and effect its corporate existence and rights and at all times comply with all laws and regulations applicable to it, and exercise its reasonable endeavours to maintain all necessary regulatory and other approvals and licences necessary for its continued corporate existence.

(n) **Non-Contravention**: Not amend its constitutional documents or change its charter or share capital in a way which would contravene or result in contravention of any provision of the Notes, save where required pursuant to a governmental order, court order or arbitral award.

(o) **Corporate Governance**:

(i) Not take any decision to repurchase any of its issued shares and other securities, or any decision as to the price of such repurchase, without obtaining approval from a Simple Majority of the Board;

(ii) Comply with its Business Plan unless authorised to do otherwise by a Qualified Majority of the Board;

(iii) Not take any of the following decisions without obtaining approval from a Qualified Majority of the Board:

(A) any decision on the de-listing of any bonds issued by the Bank;

(B) any decision on any issuance of bonds or derivative securities by the Bank, including the terms of such issuance;

(C) any decision on the acquisition of any assets, property, shares or participatory interests in the charter capital of any other entity at a total value (whether with respect to an individual acquisition or to the aggregate of all such acquisitions in any financial year of the Bank) of more than 10 per cent of the Bank's equity calculated in accordance with Adjusted IFRS; or

(D) any decision on the disposal of any assets, property, shares or participatory interests in the charter capital of any other entity at a total value (whether with respect to an individual acquisition or to the aggregate of all such acquisitions in any financial year of the Bank) of more than 10 per cent of the Bank's equity calculated in accordance with Adjusted IFRS; and

(iv) Not take any decision to approve any public offering of equity securities of the Bank without obtaining Super Majority approval,

save where required otherwise pursuant to the charter of the Bank in effect at the Restructuring Date and as amended from time to time thereafter with the approval of 75 per cent, or more of the votes cast at a duly held meeting of the Bank's shareholders, or the mandatory provisions of applicable law including, but not limited to, a governmental order, final and non-appealable court order or arbitral decision.

(p) **Taxes**: Duly and punctually pay when due all taxes payable by it, other than taxes which are being contested in good faith and with respect to which adequate reserves have been established pursuant to generally accepted accounting principles and it will pay such contested taxes properly due and payable after the final determination or settlement of such contest.

(q) **Tax Treatment**: Use its reasonable endeavours to ensure that no tax liability shall be incurred by itself, its Subsidiaries or the Noteholders with respect to any cancellation of any debt owed by it to the Noteholders prior to the Issue Date as defined in the Conditions.

(r) **Hedging**: Ensure that all exchange rate and other hedging arrangements required to protect its open currency position are implemented, documented under appropriate market standard documents with the National Bank of Kazakhstan or with other counterparties with a credit rating of at least B- by S&P or an equivalent rating by any other Rating Agency and that such arrangements are legal, valid, binding and enforceable obligations of such counterparty and are not terminated, varied or cancelled without (i) the consent of the Trustee (acting reasonably) or (ii) the entry into such exchange rate and hedging arrangements with other counterparties having an equivalent or better rating.

(s) **Change in Agents**: Give at least 14 days' prior notice to the Noteholders of any future appointment, resignation or removal of any Agent or of any change by any Agent of its Specified Office and not make any such appointment or removal without the Trustee's written approval.

(t) **Notes held by the Bank, etc.**: Send to the Trustee as soon as practicable after being so requested by the Trustee a certificate of the Bank signed by any two Authorised Signatories of the Bank stating the principal amount of Notes held at the date of such certificate by or on behalf of the Bank or any of its Subsidiaries.

(u) **Merger and Consolidation**: Not consolidate with, merge with or into, enter into a joint venture with, or liquidate into, or convey, transfer or lease all or substantially all of its assets to, any Person, unless: (i) the corporation (if other than the Bank) formed by or resulting from any such consolidation or merger shall be a corporation duly incorporated, organised and existing under the laws of Kazakhstan and shall assume the performance and observance of all of the obligations and conditions of the Conditions and the Trust Deed to be performed or observed by the Bank; (ii) the Bank or such successor corporation, as the case may be, shall not immediately thereafter be in default (or would, with the giving of notice or lapse of time, or both, be in default) in relation to its obligations under any Indebtedness for Borrowed Money or in relation to the Notes; (iii) there has been delivered to the Trustee one or more opinion(s) of counsel acceptable to the Trustee (A) to the effect that holders of Notes will not recognise income gain or loss for U.S. federal income tax purposes as a result of such consolidation, merger, joint venture, conveyance, transfer or lease and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such consolidation, merger, conveyance, transfer or lease had not occurred, and (B) addressing such other matters as the Trustee may deem necessary; and (iv) the debt of the Bank or such successor corporation shall at the time of the relevant event be rated by at least one internationally recognised rating organisation and the Trustee has been advised by such organisation which shall then be rating such senior debt (or if more than two, by a majority of them) that the relevant event will not result in a downgrade of such rating organisation's or organisations' rating of the Notes or the senior debt of the Bank or such successor corporation.

(v) **Additional Indebtedness**: Not permit the Group to incur, guarantee, assume or become directly or indirectly liable for, contingently or otherwise, any additional Indebtedness for Borrowed Money unless immediately thereafter the following two conditions are satisfied:

(i) the ratio of the Group's Adjusted Liabilities to its total assets (calculated by reference to the most recent published financial statements of the Group prepared in accordance with Adjusted IFRS (adjusted to reflect Indebtedness for Borrowed Money raised by any member of the Group after the date to which such statements were prepared and Indebtedness for Borrowed Money which any member of the Group is proposing to incur)) does not exceed the applicable percentage set out below:

Calendar Year of Incurrence of the Indebtedness	Ratio
2010	60.0%
2011	52.5%
2012	47.5%
2013	40.0%

(ii) the ratio of the Group's loans to customers net of allowances (calculated by reference to the most recent published financial statements of the Group prepared in accordance with Adjusted IFRS) to the sum of (A) Adjusted Deposits and (B) Government Funding, to the extent that Government Funding does not exceed 19 per cent. of the Group's total liabilities (calculated by reference to the most recent published financial statements of the Group prepared in accordance with Adjusted IFRS (adjusted to reflect Indebtedness for Borrowed Money raised by any member of the Group after the date to which such statements were prepared and Indebtedness for Borrowed Money which any member of the Group is proposing to incur)) does not exceed the applicable percentage set out below:

Calendar Year of Incurrence of the Indebtedness	Ratio
2010	230%
2011	180%
2012	150%
2013	120%

This covenant shall not apply to any Indebtedness for Borrowed Money incurred to refinance existing Indebtedness for Borrowed Money and having an interest rate and a principal amount no higher and a maturity date no earlier than, and ranking no more senior than or with assets subject to a security interest of no greater value than those securing such existing Indebtedness for Borrowed Money.

(w) **Use of Proceeds of Indebtedness for Borrowed Money**: Not use the proceeds of any Indebtedness for Borrowed Money raised after the Issue Date for any purposes other than in accordance with the Business Plan or to prepay the Notes and the Tenge Notes[3] in accordance with the Conditions or the terms and conditions of the Tenge Notes (as the case may be).

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

(y) **Restriction on Disposals**: Not, and not permit any of its Material Subsidiaries to, in any 12 month period, dispose of, sell, lease or convey any assets or property with a Fair Market Value (per transaction or in aggregate) of more than 6.5 per cent of the value of the Bank's total assets determined by reference to the most recent financial statements of the Bank or Material Subsidiary prepared in accordance with Adjusted IFRS, and provided further that any such disposal is at Fair Market Value and at least 50 per cent. of the consideration consists of cash or Cash Equivalents.

(z) **Restriction on Intra-Group and Related Party Transactions**: The Bank shall not, and shall ensure that none of its Subsidiaries, directly or indirectly, will, conduct any business, enter into or permit to exist any transaction or series of related transactions (including the purchase, sale, transfer, assignment, lease, conveyance or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate of the Bank (an "**Affiliate Transaction**") including intercompany loans unless the terms of such

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[3] The definitions in the Trust Deed will work so that the terms 'the Notes' and 'the Tenge Notes' covers all the New Notes

Affiliate Transaction are no less favourable to the Bank or such Subsidiary, as the case may be, than those that could be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate of the Bank or any of its Subsidiaries. With respect to an Affiliate Transaction involving aggregate payments or value in excess of U.S.$2,000,000 the terms of the Affiliate Transaction shall be set forth in writing and a Simple Majority (comprised of disinterested directors with respect to such transaction) of the Board shall have determined in good faith that the criteria set forth above are satisfied and have approved the relevant Affiliate Transaction, as evidenced by a resolution of the Board. With respect to an Affiliate Transaction involving aggregate payments or value in excess of U.S.$10,000,000 the terms of the Affiliate Transaction shall be set forth in writing and a Qualified Majority (comprised of disinterested directors with respect to such transaction) of the Board shall have determined in good faith that the criteria set forth above are satisfied and have approved the relevant Affiliate Transaction, as evidenced by a resolution of the Board and with respect to any Affiliate Transaction involving aggregate payments or value in excess of U.S.$75,000,000, the terms thereof are confirmed to comply with the provision of the first sentence of this clause by an independent investment bank, accountancy firm or other consultant of recognised standing selected by the Bank and approved by the Trustee.

(aa) **No Substantial Change of Business**: Not engage, and not permit any of its Material Subsidiaries to engage, in any business that is substantially different from the business it carries out as at the Issue Date or as envisaged by the Business Plan, or that is not a reasonable extension of or ancillary to such business.

(bb) **Pari Passu Ranking**: Ensure that its payment obligations under the Senior Notes at all times rank at least pari passu with all its present and future unsecured payment obligations, except for obligations mandatorily preferred by law, and that its payment obligations under the Subordinated Notes rank as provided in the applicable conditions.

(cc) **Remuneration of Management**: Ensure that the remuneration of members of the Board and of the management board of the Bank, and of the board of directors and management board of each of its Material Subsidiaries, are in accordance with commercially reasonable standards.

(dd) **Limitations on Certain Transactions**: Not, and not permit any of its Material Subsidiaries to, in any 12 month period, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) involving aggregate consideration equal to or greater than U.S.$5,000,000, unless such transaction or series of transactions is or are at Fair Market Value.

(ee) **Insurance**: The Bank shall, and shall procure that each of its Material Subsidiaries shall, maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies on reasonable terms, against such risks and to such extent as is usual for companies carrying on a business such as that carried on by the Bank or such Material Subsidiary (as the case may be). For the avoidance of doubt, nothing in this Clause 1.2 (ee) (*Insurance*) will prevent the Bank from maintaining insurances on its unsecured loan portfolio with a reputable re-insurance company.

(ff) **Limitation on Payment of Dividends**: Not pay any dividends on common shares, in cash or otherwise or make any other distributions (whether by way of redemption, acquisition or otherwise) in respect of its share capital, (i) in respect of the financial years ended 31 December 2009 to 31 December 2011 (inclusive) unless an amount equal to 50 per cent. of the aggregate principal amounts of the Discount Notes, Par Notes and Subordinated Notes and of the aggregate reference amount of the Recovery Notes issued on the Issue Date has been duly repaid and (ii) thereafter if such payment would reduce the Bank's capital adequacy ratios (including K1 and K2) (under the FMSA rules as applicable on the Issue Date) to less than the amount which is one per cent. in addition to the regulatory minimum in respect of K1 and two per cent. in addition to the regulatory minimum in respect of K2.

(gg) **Money Laundering, Corruption and Terrorism**:

(i) Not (nor authorize any Person acting on its behalf to) engage in any:

(A) Corrupt Practices, Fraudulent Practices, Collusive Practices or Coercive Practices in connection with the Bank's business and operations, including the procurement or the execution of any contract for goods or works relating to the Bank's business;

(B) Obstructive Practices;

(C) Money Laundering, or act in breach of any Applicable Law relating to Money Laundering; or

(D) the Financing of Terrorism,

and the Bank shall institute, maintain and comply with internal procedures and controls following international best practice standards for the purpose of preventing any action in breach of the provisions of this paragraph (i);

(ii) The Bank undertakes to inform the Trustee promptly if it should at any time obtain information in relation to any violation or potential violation of the provisions of paragraph (i) above;

(iii) If the Trustee notifies the Bank of its concern that there has been a violation of any of the provisions of paragraph (i) above, the Bank will:

(A) Cooperate in good faith with the Trustee and its representatives in determining whether such a violation has occurred;

(B) Respond promptly and in reasonable detail to any notice from the Trustee; and

(C) Furnish documentary support for such response upon request from the Trustee.

Notwithstanding any other provision of the Trust Deed, the Bank acknowledges that the Trustee may disclose to any competent national or international authority any information obtained by the Trustee in relation to any violation of any of the provisions of paragraph (i) above.

(hh) **Treasury Transactions**: Not enter into any Treasury Transaction, other than:

(i) the hedging arrangements required by Clause 1.2(r) (*Hedging*);

(ii) spot and forward delivery foreign exchange contracts entered into in the ordinary course of business and not for speculative purposes; and

(iii) any Treasury Transaction entered into for the hedging of actual or projected real exposures arising in the ordinary course of the Bank's trading activities for a period of not more than 24 months and not for speculative purposes.

(ii) **Maintenance of Capital Adequacy:** Ensure that its total capital ratios (including K1 and K2) complies at all times with the FMSA rules as may be in effect from time to time.

(jj) **Material Subsidiaries**: Give to the Trustee, at the same time as sending the certificate referred to in Clause 1.2(e) (*Certificate of Directors*) or within 28 days (or such longer period as the Trustee may determine) of receipt of a request in writing by the Trustee, a certificate (on which the Trustee shall be entitled to rely without incurring any liability) by the auditors of the Bank listing those Subsidiaries of the Bank which, as at the last day of the last financial year of the Bank or as at the date specified in such written request, were Material Subsidiaries.

(kk) **Compliance Audit**: Procure that an independent auditor (who may also be the Bank's independent auditor) (the "**Independent Compliance Auditor**") investigates annually (with the first such investigation occurring on or about the Issue Date and the last investigation occurring on or about the third anniversary of the Issue Date (unless such third audit reveals any material issues in which event such annual investigations shall continue until such time as such an investigation does not reveal any material issues)), and promptly reports on to the audit committee chaired by the CS Director, the Bank's compliance with its corporate governance code and internal procedures and controls, all at the Bank's cost. Any non-compliance identified in that report shall be remedied by the Bank within six months of the date of the report and shall be noted in the Bank's annual financial statements.

(ll) **Notice of Material Events:** Notify the Trustee and publish on the Bank's website promptly and, in any event, within five Business Days of the occurrence of any material acquisition, material disposal, material restructuring, change to auditors or to senior management of the Bank or any material transaction that is not in the ordinary course of business of the Bank.

(mm) **Restriction on Joint Ventures**: Not, and not permit any of its Subsidiaries to, enter into, participate in, maintain or permit any Joint Venture to become, a Prohibited Joint Venture.

1.3 The Bank makes the following additional covenants:

(a) **Quarterly Management Information**

The Bank shall provide to the Trustee and publish on its website on or about the Issue Date and every three months thereafter, management information including (but not limited to) a review of the Asset Pool (as defined in the Recovery Notes Conditions) addressing collections, aging, arrears, provisioning as well as details of any amounts paid out to Recovery Noteholders and calculation of amounts paid.

(b) **Quarterly Review**

The Bank shall arrange for its independent auditors to carry out the following reviews within three months of the Issue Date and every three months thereafter, and publish the results thereof on the Bank's website:

(i) independent sample testing of loans to customers the proceeds of which are intended to redeem the Recovery Notes to confirm the existence, completeness and accuracy of the Asset Pool;

(ii) review to monitor compliance with the Recovery Notes Operating Procedures (as defined below); and

(iii) periodic valuation of and review of accounting treatment of the Asset Pool.

(c) **Key Approval Matters**

The Bank shall not carry out any of the following activities without approval by its management board:

(i) any sale or transfer of assets in the Asset Pool greater in value than U.S.$100,000,000 unless such sale or transfer is at Fair Market Value;

(ii) any transfer of any amount, whether directly or indirectly, from the Collection Account to the Bank;

(iii) any management information published pursuant to Clause 1.3(a) (*Quarterly Management Information*);

(iv) any payment under the Recovery Notes to the Recovery Noteholders;

(v) any appointment of a manager with responsibility to manage the Asset Pool (who may be an employee of the Bank);

(vi) any appointment of an independent auditor with respect to the Recovery Notes (who may be the external auditor of the Bank); and

(vii) any appointment of a manager to review the controls in place with respect to the Recovery Notes and to ensure compliance with the Recovery Notes Operating Procedures (who may be an employee of the Bank).

(d) **Litigation Recoveries**

(i) The Bank shall retain five per cent. of all Recoveries in an escrow account and use such amounts to fund any Litigation related to the T Bills Strips Transactions provided that such amount is retained solely from that portion of Recoveries which is not required to be paid to the holders of Recovery Notes pursuant to the terms thereof and such amounts may be released to the Bank upon the Bank determining that it is not required to pursue such Litigation (provided that any such determination is in accordance with this Clause 1.3(d) *(Litigation Recoveries*).

(ii) The Bank shall use its reasonable endeavours in order to procure amounts in relation to the Litigation Recoveries. The Bank shall, in particular:

(A) investigate the merits of Litigation in respect of the T Bill Strip Transactions and the likely level of the relevant Litigation Recoveries; and

(B) appoint law firm(s) within 60 days of the Issue Date and procure legal advice in respect of the merits of Litigation in respect of the T Bill Strips Transactions in each relevant jurisdiction.

After receipt of legal advice, the Board (acting reasonably) shall determine whether or not to pursue any Litigation in respect of the T Bill Strips Transactions.

(e) **Mechanisms with respect to Recoveries**

The Bank shall use its reasonable endeavours to have in place all systems required for the timely and appropriate collection and management of the Recoveries (the "**Recovery Notes Operating Procedures**"), including but not limited to:

(i) periodic valuation of the Asset Pool taking into account applicable law and accounting standards;

(ii) controls over ledger postings and access to the general ledger;

(iii) controls over the use of calculation models/spreadsheets and regarding the use of third parties for any valuation services provided to the Bank;

(iv) controls over the Asset Pool, such as bank reconciliations, calculation of interest, allowances for losses, intercompany reconciliations between the Asset Pool and the independent register or equivalent for completeness;

(v) controls over foreign exchange assets, payments made in foreign currencies and any hedging of foreign exchange (and authorisations related thereto);

(vi) key systems controls including the set up of new users and the segregation of duties;

(vii) disaster recovery and business continuity plans;

(viii) safeguards for the protection of documentation of loans the proceeds of which are intended to redeem the Recovery Notes (including controls over access to documentation such as the use of logs for receipt and return of documentation);

(ix) a system of dual control over payments;

(x) access controls over key payment systems of the Bank;

(xi) controls regarding the calculation of disbursements due from the Asset Pool to each Recovery Noteholder and to the Bank;

(xii) the appointment of a Recovery Note manager (who may be an employee of the Bank), a Recovery Note auditor (who shall be an independent auditor and may be the Bank's independent auditor) and a Recovery Note controls reviewer (who may be an employee of the Bank); and

(xiii) production of an audit trail in respect of all the activities mentioned in (i) to (xii) above to ensure that it is clear and formally documents all such activities.

(f) **Compliance with Recovery Notes Operating Procedures:** The Bank shall comply with the Recovery Notes Operating Procedures.

(g) **Governmental Support**

The Bank shall use its reasonable endeavours to procure support for the Bank from the government of the Republic of Kazakhstan in order to ensure a minimum level of Recoveries.

SCHEDULE 9 — CONDITIONS PRECEDENT TO THE RESTRUCTURING PLAN BECOMING EFFECTIVE

Conditions precedent to the Restructuring will include the following:

1 No breach of the de facto standstill by any of the Claimants or the Bank (i.e., no settlement of debts directly with the Claimants (whether by way of payment, set-off or otherwise), other than by means of the Restructuring) — to be confirmed in a director's certificate;

2 All approvals required under the laws of Kazakhstan (Claimants' Meeting, the approvals by the Court and the FMSA, etc.) for the Restructuring Documentation to come into effect and be binding under the laws of Kazakhstan on the Bank and all Claimants and for the Bank to be able to perform its obligations in the Restructuring Plan and the Restructuring Documentation;

3 Evidence of the Bank's business plan being adopted by the Bank's Board of Directors;

4 Evidence of support of the FMSA of the terms of the Restructuring;

5 Evidence of the following:

(a) Samruk-Kazyna has become the holder of 100 per cent. of the Common Shares and 100% of the Preference Shares in the Bank;

(b) Samruk-Kazyna has converted KZT 105,000 million of the Bank Bonds into Preference Shares and has recapitalised the Bank by acquiring Common Shares for KZT 24,000 million;

(c) the Bank has issued and/or Samruk-Kazyna has transferred a sufficient number of Common Voting Shares and Preference Shares to the Claimants in order to ensure a 67/33 per cent. split between Samruk-Kazyna and the Claimants (other than Samruk-Kazyna or as regards Claims determined to be Trade Finance Debt); and

(d) Samruk-Kazyna has replaced the directors appointed by the current majority shareholders and elected its directors, the CS Director and the Creditor Director to the Bank's Board of Directors;

6 Evidence that the NBK shall treat the Bank no less favourably than other second-tier banks in Kazakhstan;

7 Evidence that interest payments on all debt (including derivatives) and Late Payment Donations under the Islamic Finance Instruments with due dates (as determined in accordance with contractual schedule/ obligations) on or before 8 September 2009 have been paid in full prior to the Restructuring Date;

8 Evidence that U.S.$500 million is available to Options 1 and 1A on the Restructuring Date as envisaged by the terms of the Restructuring Plan;

9 Evidence that conditions precedent set out in the New Notes Trust Deed constituting the New Notes have been satisfied;

10 A copy (with an English translation) of all applications and other papers filed with the Court, and all orders issued by the Court, in connection with the Restructuring (including the order approving the Restructuring Plan following the Claimants' Meeting) and a copy of the official record of the outcome of the Claimants' Meeting;

11 Evidence of the payment of all fees, costs and expenses then due from the Bank to the Steering Committee and its advisers under the relevant appointment letters;

12 Prior to the Restructuring Date there has been no material adverse change in:

(a) the business, financial condition, indebtedness or prospects of the Bank compared to the position (as set out in the information provided by the Bank and its advisers to the Steering Committee as of the date of the Memorandum of Understanding); or

(b) the international or any relevant domestic financial market, including devaluation of the Tenge (as determined by the Steering Committee);

and the provision of an officer's certificate confirming there has been no such material adverse change;

13 Adoption of a New Corporate Governance Code;

14 Evidence of appointment of one of the "Big Four" firms as auditors of the Bank;

15 Appointment of an independent compliance auditor (a "Big Four" accountant who may also be the firm's statutory auditor) to review and report on compliance with the New Corporate Governance Code and credit and approvals procedures;

16 Publication on the Bank's website no earlier than three Business Days prior to the Restructuring Date of a copy of an officer's certificate confirming that the representations to be given by the Bank immediately before the occurrence of the Restructuring Date are true and correct and that, having regard to the allocations/reallocations and any changes to provisioning, the debt capacity of the Bank, calculated under Adjusted IFRS, will on completion be at least U.S.$800 million (senior) (excluding Trade Finance Debt and notes issued by Alliance DPR Company) and approximately U.S.$120 million (subordinated); and

17 (a) Receipt by the Steering Committee of the following documentation duly executed (where applicable) by all parties to it (the "Restructuring Documentation"):

(i) the Samruk-Kazyna Undertaking duly executed by Samruk-Kazyna;

(ii) the Alliance Undertaking duly executed by the Bank;

(iii) the New Notes Trust Deed;

(iv) the terms and conditions of the Recovery Notes and the New Notes denominated in Tenge;

(v) the security documents in respect of the Recovery Notes;

(vi) the agency agreement in respect of the New Notes;

(vii) the Distribution Agent Agreement;

(viii) the cash management agreement in respect of the Recovery Notes; and

(ix) the New Charter together with evidence that the New Charter has been duly registered with/approved by the Bank and all appropriate authorities in Kazakhstan.

(b) The following documents and evidence:

(i) corporate documentation (constitutional documents/relevant board resolutions/shareholder resolutions/specimen signatures/certificates) authorising the Restructuring;

(ii) evidence of compliance with all listing/disclosure requirements in each relevant jurisdiction in respect of the New Notes and Shares;

(iii) an opinion of White & Case Kazakhstan LLP to the effect that the trust deed constituting the New Notes, the New Notes and the Shares have been duly authorised by all necessary corporate actions on the part of the Bank; and

(iv) any other documents and evidence reasonably required by the Steering Committee.

18 Publication on the Bank's website no later than the Business Day prior to the Restructuring Date of an officer's certificate together with supporting evidence in reasonable detail certifying that each of the conditions precedent to the Restructuring have been satisfied.

The Steering Committee shall be entitled to rely on the officer's certificate and supporting evidence without further investigation including for the purpose of serving notice on the Bank that conditions precedent set out in this Schedule 9 (*Conditions Precedent to the Restructuring Plan Becoming Effective*) are satisfied but:

(a) has the right but not any obligation to request further detail or other documents and evidence reasonably required by the Steering Committee; and

(b) has the right but not any obligation to determine that a condition precedent is not satisfied if it is not in form and substance satisfactory to six of the nine members (or two-thirds) of the Steering Committee.

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JOINT STOCK COMPANY ALLIANCE BANK

Condensed Interim Consolidated
Financial Information (unaudited)
For the six-month period ended 30 June 2009

JOINT STOCK COMPANY ALLIANCE BANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

The following statement, which should be read in conjunction with independent auditors' responsibilities stated in the report on review of condensed interim consolidated financial information, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the unaudited condensed interim consolidated financial information of Joint Stock Company Alliance Bank ("the Bank") and its subsidiaries (collectively—"the Group").

Management is responsible for the preparation of condensed interim consolidated financial information that presents fairly the financial position of the Group as at 30 June 2009, the results of its operations and cash flows and changes in equity for the six-month period then ended, in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

In preparing the condensed interim consolidated financial information, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IAS 34 has been followed; and
- Preparing the condensed interim consolidated financial information on a going concern basis.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the condensed interim consolidated financial information of the Group comply with IAS 34;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The global financial crisis has significantly affected the banking sector of Kazakhstan. Deteriorating economic conditions around the globe accompanied by large exposures entered into by the Group (aggressive growth policy followed by the issuance of significant guarantees and loans to related parties), before the appointment of the current management team, resulted in the Group incurring significant losses and to a rapidly deteriorating financial position. In particular, during the first half of 2009 the extent of the difficulties became apparent and certain strategies were developed to cope with the worsening financial situation, The Group has defaulted on certain of its liabilities and has entered into negotiations with its creditors in an attempt to restructure its liabilities. Successful completion of the restructuring negotiations is a critical first step in the Group's efforts to extricate itself from its current financial position. The Group will also need to receive substantial Kazakhstan Government support through the Government owned Joint Stock Company "Sovereign Wealth Fund Samruk-Kazyna" ("Samruk-Kazyna").

In addition, the Government launched several initiatives to stabilize the economy of Kazakhstan. The Group actively participates in those Kazakhstan Government programs that provide additional funding to minimize the impact of the global financial crisis. Management expects that the Group will continue to rely on and utilize such facilities for the foreseeable future.

Management is taking what it considers to be appropriate steps to implement measures, which it believes will enhance its internal control as well as return the Group to profitable operations and a sound financial position.

The condensed interim consolidated financial information for the six-month period ended 30 June 2009 was authorized for issue on 21 September 2009 by the Management of the Group.

On behalf of the Management Board of the Bank:

Kabashev M.R.
Chairman

21 September 2009
Almaty, Kazakhstan

Zhakanbayev R.S.
Chief Accountant

21 September 2009
Almaty, Kazakhstan

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REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders and Board of Directors of JSC "Alliance Bank":

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Joint Stock Company Alliance Bank and its subsidiaries (together, "the Group") as at 30 June 2009 and the related consolidated condensed interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of Review

Except as explained in the following paragraphs, we conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion—Financial Guarantees and Pledges

As discussed in Note 25, the Group recorded a liability at 31 December 2008 for the fulfillment of certain guarantees to offshore companies in the amount of KZT 136,972 million. These guarantees were not recorded in the books or records of the Group at the time of their issuance and there is no evidence that the guarantees were appropriately authorized by the Board of Directors. In February and May 2009, the Group was informed that the offshore companies had defaulted on the payment of the loans and the custodians had consequently taken possession of the collateral in the form of treasury bills. Owing to the nature of the Group's records, we were unable to complete our review as to the completeness of guarantees or similar pledges made by, or on behalf of, the Group as at 30 June 2009 and 2008 and 31 December 2008.

Basis for Qualified Conclusion—Related Parties

As discussed in Notes 1 and 29, the Group has information that indicates that certain customers and counterparties may not have been properly identified as related parties. The Group was unable to obtain appropriate evidence as to whether these entities are related parties as at 30 June 2009 and 2008 and 31 December 2008. In the accompanying consolidated condensed interim financial information, the Group has not presented corresponding related parties disclosures for the six-month period ended 30 June 2008. Owing to the uncertainty and the omission of corresponding related parties disclosures for the six-month period ended 30 June 2008, we were unable to complete our review as to the completeness or accuracy of such disclosures, and their associated tax effects, if any.

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Member of Deloitte Touche Tohmatsu

Basis for Qualified Conclusion—Property, Equipment and Intangible Assets

As discussed in Note 3 to the consolidated financial statements as at 31 December 2008 and for the year then ended, in accordance with the Group's accounting policy, certain land and buildings included in property, equipment and intangible assets are carried at revalued amounts. These revaluations should be made with sufficient regularity to ensure that the carrying amount of property and equipment does not differ materially from the values which would be determined using the fair value at the date of the statement of financial position. In addition, when an item of property, equipment and intangible assets is revalued, the entire class of assets to which it belongs should also be revalued. During the year ended 31 December 2008, the Group performed a valuation of certain land and buildings, however not all material assets within land and buildings were revalued. During the six-month period ended 30 June 2009 the Group did not perform a revaluation of land and buildings. As a result, we were unable to complete our review to conclude that there is no significant difference between the carrying amount and fair value of land and buildings included within property, equipment and intangible assets. Therefore, we have been unable to complete our review as to the appropriateness and accuracy of the carrying amounts of property, equipment and intangible assets in the amount of KZT 32,677 million, the revaluation reserve balances in the amount of KZT 1,979 million and the related depreciation and amortization expense in the amount of KZT 1,663 million as at 30 June 2009 and for the six-month period then ended.

Basis for Qualified Conclusion—Derivative Liabilities

As discussed in Notes 13 and 14, the Group had entered into derivative financial instruments in the form of credit default cross currency swaps. The Group was not able to estimate the fair value of this derivative liability as at 31 December 2008. As at 31 December 2008, we have estimated that the fair value of such derivative liability was understated by KZT 5,250 million. Accordingly, as at 31 December 2008, financial liabilities at fair value through profit or loss should have been increased by KZT 5,250 million to KZT 55,418 million, and Accumulated deficit should have been increased by KZT 5,250 million to KZT 232,430 million. During the six-month period ended 30 June 2009 the Group has early terminated derivative positions with a cash settlement of KZT 336,330 million which were open as at 31 December 2008 including the derivative liability associated with the KZT 5,250 understatement mentioned above. Additionally, KZT 55,981 million were converted into term loans held at amortized cost with the derivative counterparties in the Due to Banks line of the condensed interim consolidated statement of financial position. The total loss recorded related to the termination of derivatives during the six-month period ended 30 June 2009 was KZT 39,635 million. Accordingly, for the six-month period ended 30 June 2009 the net loss on financial assets at fair value through profit or loss should be decreased by KZT 5,250 million to KZT 51,714 million.

Qualified Conclusion

Except for the effects of any adjustment related to the derivative liabilities, and the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the completeness of guarantees, pledges, uncertainties related to related parties disclosures, and their associated tax effects, if any, and the valuation of land and buildings within property, equipment and intangible assets, the revaluation reserve balances and depreciation expense related to land and buildings, referred to above, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the entity as at 30 June 2009, and of its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34.

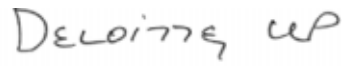
Emphasis of Matter—Going Concern

Without further qualifying our conclusion, we draw attention to Note 1 in the consolidated condensed interim financial information which indicates that the Group incurred a net loss amounting to KZT 153,264 million for the six-month period ended 30 June 2009 and, as of that date, the Group's liabilities exceeded its total assets by KZT 380,913 million. As discussed in Note 1, on 21 July 2009, the Agency of the Republic of Kazakhstan on Regulation and Supervision of the Financial Market and Financial Organizations approved the Group's indicative restructuring and recapitalization plan. The indicative plan is set out in the non-binding Memorandum of Understanding entered into by the Group with the Creditors' Steering Committee dated 6 July 2009 to restructure its financial indebtedness and the Intention Agreement signed on 14 July 2009 between the Group and Samruk-Kazyna for the conversion of Samruk-Kazyna deposits of KZT 24,000 million into equity and a further KZT 105,000 million to be provided by converting bonds of the Group held by Samruk-Kazyna to preferred shares. There is no assurance that any debt restructuring plan will be successfully consummated. Furthermore, the Group is dependent on the continuing support of the Government of the

Republic of Kazakhstan and the successful implementation of the Group's business plan which also cannot be assured. These conditions, together with other matters described in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Emphasis of Matter—Corresponding Figures

Without further qualifying our conclusion, we draw attention to Notes 25 and 29 in the consolidated condensed interim financial information which indicate that certain corresponding figures relating to guarantees and related parties, respectively, were omitted in the previously issued consolidated condensed interim financial information for the six-month period ended 30 June 2008. Corresponding figures relating to guarantees have been updated in the consolidated condensed interim financial information to the extent that management has been able to verify such arrangements. As noted above, corresponding figures for related parties disclosures for the six-month period ended 30 June 2008 have not been provided.



21 September 2009
Almaty, Kazakhstan

JOINT STOCK COMPANY ALLIANCE BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009 (UNAUDITED)
(in Kazakhstani tenge and in millions, except for earnings per share which is in tenge)

	Notes	Six-month period ended 30 June 2009	Six-month period ended 30 June 2008
		(unaudited)	(unaudited)
Interest income	4, 29	60,558	88,896
Interest expense	4, 29	(47,975)	(49,869)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		12,583	39,027
Provision for impairment losses on interest bearing assets	5, 29	(63,745)	(15,838)
NET INTEREST (EXPENSE)/INCOME		(51,162)	23,189
Net (loss)/gain on financial assets at fair value through profit or loss	6, 29	(46,464)	6,408
Net gain on derecognition of liabilities		7	13
Net gain on investments available-for-sale		—	2
Net loss on foreign exchange operations	7, 29	(48,496)	(6,685)
Fee and commission income	8, 29	4,234	7,028
Fee and commission expense	8, 29	(954)	(7,113)
Provision for impairment losses and other transactions	5	(1,345)	(1,241)
Other income	29	785	2,488
NET NON-INTEREST (LOSS)/INCOME		(92,233)	900
OPERATING (LOSS)/INCOME		(143,395)	24,089
OPERATING EXPENSES	9, 29	(9,869)	(10,654)
(LOSS)/PROFIT BEFORE INCOME TAX		(153,264)	1 3,435
Income tax expense	10	—	(3,226)
NET (LOSS)/PROFIT		(153,264)	10,209
OTHER COMPREHENSIVE INCOME:			
Unrealized (loss)/gain on revaluation of investments available-for-sale		(469)	(68)
Gain transferred to statement of comprehensive income on sale of investments available-for-sale (unaudited)		—	(2)
Other transfers		—	3
TOTAL COMPREHENSIVE (LOSS)/INCOME		(153,733)	10,142
Net (loss)/profit attributable to:			
Preference shareholders		—	215
Ordinary shareholders of the parent		(153,264)	9,994
		(153,264)	10,209
(LOSS)/EARNINGS PER SHARE			
Basic and diluted (KZT)	11	(15,903)	1,037

On behalf of the Management Board of the Bank:

Kabashev M.R.
Chairman

21 September 2009
Almaty, Kazakhstan



Zhakanbayev R.S.
Chief Accountant

21 September 2009
Almaty, Kazakhstan

The notes on pages F-13–F-57 form an integral part of this condensed interim consolidated financial information.
The report on review of condensed interim consolidated financial information is set out on pages F-5–F-7.

JOINT STOCK COMPANY ALLIANCE BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2009 (UNAUDITED)
(in Kazakhstani tenge and in millions)

	Notes	30 June 2009 (unaudited)	31 December 2008
ASSETS:			
Cash and balances with the National Bank of the Republic of Kazakhstan	12, 29	19,713	21,217
Financial assets at fair value through profit or loss	13, 29	151,679	201,973
Due from banks	14, 29	61,933	45,956
Loans to customers, net of allowance	15, 29	392,762	433,475
Reverse repurchase agreements		—	132
Investments available-for-sale	16, 29	2,272	2,741
Current income tax assets		3,441	2,677
Property, equipment and intangible assets		32,677	34,197
Other assets	17, 29	4,872	5,940
TOTAL ASSETS		669,349	748,308
LIABILITIES AND DEFICIT			
LIABILITIES:			
Due to the National Bank of the Republic of Kazakhstan		—	15,026
Due to the Government of the Republic of Kazakhstan	18, 29	22,828	4,460
Financial liabilities at fair value through profit or loss	13	2,985	50,168
Due to banks	19, 29	195,595	137,377
Due to other financial institutions	20	34,470	35,741
Other financing	21	27,047	29,449
Customer accounts	22, 29	187,655	189,044
Repurchase agreements	23, 29	66,083	41,945
Debt securities issued	24	457,456	286,584
Other liabilities	29	9,106	6,962
Special provision for guarantees	25	—	136,972
Subordinated debt	26	47,037	41,760
Total liabilities		1,050,262	975,488
DEFICIT:			
Share capital	27	96,380	96,380
Additional paid in capital		1,222	1,222
Investments available-for-sale fair value deficit		(498)	(29)
Property and equipment revaluation reserve		1,979	2,023
Accumulated deficit		(479,996)	(326,776)
Total deficit		(380,913)	(227,180)
TOTAL LIABILITIES AND DEFICIT		669,349	748,308

On behalf of the Management Board of the Bank:

Kabashev M.R.
Chairman

21 September 2009
Almaty, Kazakhstan

Zhakanbayev R.S.
Chief Accountant

21 September 2009
Almaty, Kazakhstan

The notes on pages F-13 - F-57 form an integral part of this condensed interim consolidated financial information.
The report on review of condensed interim consolidated financial information is set out on pages F-5 - F-7.

JOINT STOCK COMPANY ALLIANCE BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009 (UNAUDITED)
(in Kazakhstani tenge and in millions)

	Share capital	Additional paid-in-capital	Investments available-for-sale fair value deficit	Property and equipment revaluation reserve	Accumulated surplus/ (deficit)	Total equity/ (deficit)
31 December 2007	96,380	1,222	(33)	2,109	59,297	158,975
Depreciation of property and equipment revaluation reserve (unaudited)	—	—	—	(71)	71	—
Other transfers	—	—	—	—	3	3
Gain transferred to statement of comprehensive income on sale of investments available-for-sale (unaudited)	—	—	(2)	—	—	(2)
Loss on revaluation of investments available-for-sale (unaudited)	—	—	(68)	—	—	(68)
Net loss recognized directly in equity (unaudited)	—	—	(70)	(71)	74	(67)
Net profit (unaudited)	—	—	—	—	10,209	10,209
Total (loss)/income recognized for the period (unaudited)	—	—	(70)	(71)	10,283	10,142
30 June 2008 (unaudited)	96,380	1,222	(103)	2,038	69,580	169,117
31 December 2008	96,380	1,222	(29)	2,023	(326,776)	(227,180)
Depreciation of property and equipment revaluation reserve (unaudited)	—	—	—	(44)	44	—
Loss on revaluation of investments available-for-sale (unaudited)	—	—	(469)	—	—	(469)
Net (loss)/income recognized directly in equity (unaudited)	—	—	(469)	(44)	44	(469)
Net loss (unaudited)	—	—	—	—	(153,264)	(153,264)
Total recognized (loss)/income for the period (unaudited)	—	—	(469)	(44)	(153,220)	(153,733)
30 June 2009 (unaudited)	96,380	1,222	(498)	1,979	(479,996)	(380,913)

On behalf of the Management Board of the Bank:

Kabashev M.R.
Chairman

21 September 2009
Almaty, Kazakhstan

АЛЬЯНС БАНК

Zhakanbayev R.S.
Chief Accountant

21 September 2009
Almaty, Kazakhstan

The notes on pages F-13–F-57 form an integral part of this condensed interim consolidated financial information.
The report on review of condensed interim consolidated financial information is set out on pages F-5–F-7.

JOINT STOCK COMPANY ALLIANCE BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009 (UNAUDITED)
(in Kazakhstani tenge and in millions)

	Notes	For the six-month period ended 30 June 2009 (unaudited)	For the six-month period ended 30 June 2008 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating (loss)/profit before income tax		(153,264)	13,435
Adjustments for:			
Provision for impairment losses on interest bearing assets		63,745	15,838
Provision for impairment losses and other transactions		1,345	1,241
Amortization of premiums/discount on securities		(5,274)	(2,428)
Gain on derecognition of liabilities		(7)	(13)
Unrealized gain on operation with derivative financial instruments		894	(6,310)
Amortization of discount on issued securities		493	226
Depreciation and amortization		1,663	1,607
(Loss)/gain on disposal of fixed assets		(98)	1
Changes in interest accruals, net		(24,028)	(16,261)
Unrealized loss on foreign exchange operations		48,920	8,032
Changes in operating assets and liabilities:			
Due from banks		(10,851)	17,226
Financial assets and liabilities at fair value through profit or loss		(135,756)	1,826
Loans to customers		58,015	93,680
Reverse repurchase agreements		132	—
Other assets		4,841	(15,348)
Due to the National Bank of the Republic of Kazakhstan		(15,052)	2,467
Due to the Government of the Republic of Kazakhstan		18,739	4,460
Due to banks		37,544	(83,252)
Due to other financial institutions		(12,810)	(17,100)
Repurchase agreements		24,238	21,412
Other financing		(2,438)	(698)
Customer accounts		(9,233)	(38,223)
Other liabilities		140	1,860
Cash (outflow)/inflow from operating activities before income tax		(108,102)	3,678
Income tax paid		(764)	(4,000)
Net cash outflow from operating activities		(108,866)	(322)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets		(262)	(4,705)
Proceeds on sale of property, equipment and intangible assets		217	123
Proceeds on sale of investments available-for-sale		—	372
Net cash outflow from investing activities		(45)	(4,210)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009 (UNAUDITED)
(in Kazakhstani tenge and in millions)

	Notes	For the six-month-period ended 30 June 2009 (unaudited)	For the six-month-period ended 30 June 2008 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from debt securities issued		101,158	—
Repayment at maturity of debt securities issued		(1,486)	(21,580)
Repurchase of debt securities issued		—	(302)
Proceeds from the issue of subordinated debt		—	6,384
Net cash inflow/(outflow) from financing activities		99,672	(15,498)
Effect of changes in foreign exchange rate on cash and cash equivalents		4,337	2,868
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,902)	(17,162)
CASH AND CASH EQUIVALENTS, beginning of period	12	60,855	73,507
CASH AND CASH EQUIVALENTS, end of period	12	55,953	56,345

Interest received and paid by the Group during six-month period ended 30 June 2009 amounted to KZT 36,742 million and KZT 47,756 million, respectively.

Interest received and paid by the Group during the six-month period ended 30 June 2008 amounted to KZT 76,382 million and KZT 53,616 million, respectively.

On behalf of the Management Board of the Bank:

Kabashev M.R.
Chairman

21 September 2009
Almaty, Kazakhstan

АЛЬЯНС БАНК

Zhakanbayev R.S.
Chief Accountant

21 September 2009
Almaty, Kazakhstan

The notes on pages F-13–F-57 form an integral part of this condensed interim consolidated financial information.
The report on review of condensed interim consolidated financial information is set out on pages F-5–F-7.

1. ORGANISATION

Joint Stock Company ("JSC") Alliance Bank ("the Bank") was incorporated in the Republic of Kazakhstan in 1999 under the name of Open Joint Stock Company ("OJSC") Irtyshbusinessbank as a result of a merger of ("OJSC") Semipalatinsk Municipal Joint Stock Bank and OJSC Irtyshbusinessbank. In accordance with a decision made by the Bank's shareholders, Alliance Bank was renamed from Irtyshbusinessbank to Alliance Bank on 30 November 2001 with a subsequent registration on 13 March 2002 as Open Joint Stock Company Alliance Bank. On 13 March 2004 Alliance Bank was re-registered as Joint Stock Company Alliance Bank.

The registered address of JSC Alliance Bank's Head Office is 50 Furmanov Street, Almaty 050004, the Republic of Kazakhstan. JSC Alliance Bank's activity is regulated by the National Bank of the Republic of Kazakhstan ("NBRK") and the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations ("FMSA"). JSC Alliance Bank conducts its business under the license No. 250 issued by FMSA on 24 January 2006 for performing operations in tenge and foreign currencies stipulated by the banking legislation.

JSC Alliance Bank's primary business is related to commercial banking activity, originating loans and guarantees, accepting deposits, exchanging foreign currencies, dealing with securities, and transferring cash payments, as well as providing other banking services.

JSC Alliance Bank is a member of the Kazakhstan Deposits Insurance Fund ("KDIF"). The primary goal of the KDIF is to protect interests of depositors in the event of forcible liquidation of a member-bank. Depositors can receive limited insurance coverage for the deposit, which represents a maximum of KZT 700 thousand per deposit, depending on the amount of the deposit.

As at 30 June 2009, JSC Alliance Bank had 3,907 employees, 21 branches and 116 cash offices in the Republic of Kazakhstan (as at 31 December 2008 – 5,536 employees, 21 branches, and 176 cash offices).

JSC Alliance Bank is the parent company of the banking group (together, "the Group") which consists of the following subsidiaries consolidated in the financial information:

		Proportion or ownership interest/voting rights		
Name	Country of operation	30 June 2009	31 December 2008	Type of operation
ALB Finance B.V.	The Netherlands	100%	100%	Raising funds on international capital markets
LLP Alliance Finance	Russian Federation	100%	100%	Raising funds on Russian capital markets

ALB Finance B.V. is a limited liability partnership (B.V.) and operates under laws of the Netherlands since October 2005. The company was established for the primary purpose of raising funds for the Group in international capital markets.

LLP Alliance Finance is a limited liability partnership and operates under laws of the Russian Federation since June 2007. The company was established for the primary purpose of raising funds for the Group in the Russian capital market.

On 1 February 2009, Seimar Alliance Financial Corporation ("SAFC") and Samruk-Kazyna concluded an agreement to pledge 7,324,548 of the Group's existing ordinary shares to Samruk-Kazyna. The pledged shares amount to 76% of the Group's issued ordinary share capital.

On 2 February 2009, SAFC decided to sell 76% of the Group's ordinary voting shares to Samruk-Kazyna. In accordance with this decision Samruk-Kazyna and the Group signed a Bank Deposit Agreement for the placement of a KZT 24 billion deposit with the Group to support its financial stability and further capitalization.

In March 2009, the Group issued debt securities in the amount of KZT 105 billion, with maturity from 2015-2024 and interest of 9% p.a., in exchange for bonds issued by Samruk-Kazyna, with maturity from 2015-2024 and 5% p.a. The Group used Samruk-Kazyna's debt securities as collateral for repo transactions with NBRK. As explained in Note 1, as at 14 July 2009, an intention agreement was signed which may result in the conversion of these debt securities into preference shares.

As a result of the three events discussed above, Samruk-Kazyna obtained control over the Group. However, the ownership of the shares was not transferred to Samruk-Kazyna as of 30 June 2009. As a consequence, Samruk-Kazyna has not been included in the table disclosing shareholders of the Group.

The following shareholders individually owned more than 5% of the issued shares:

Shareholders	30 June 2009	31 December 2008
	%	%
Ultimate shareholders:		
Margulan Seisembayev	15.16	23.03
Erlan Seisembayev	22.73	23.03
Askar Galin	22.73	23.02
Saken Seifullin	7.57	—
Total ultimate shareholders	68.19	69.08
Other (individually hold less than 5%)	31.81	30.92
Total	100.00	100.00

The interest of Margulan Seisembayev, Erlan Seisembayev, Askar Galin and Saken Seifullin are held through SAFC.

These consolidated financial statements were authorized for issue by the Management Board of the Group on 21 September 2009.

The Group is facing a number of significant risks and uncertainties, which might have material implications on business operations.

Going concern assessment

The Group have prepared the condensed interim consolidated financial information as at and for the six-month period ended 30 June 2009 on a going concern basis, although it is aware of material uncertainties which may cast significant doubt as to the Group's ability to continue as a going concern. These uncertainties have resulted from:

- a significant deterioration in the quality of the customer loan portfolio during 2009 and 2008 (see Note 15);
- the incomplete investigation to determine whether all off-balance sheet guarantees and pledge transactions have been accounted for (see Note 28);
- the identification of a substantial number of possible related party transactions and balances, which has resulted in a provision for loan losses in the consolidated statement of financial position as at 30 June 2009 of KZT 154,196 million (see Note 29);
- the recording of associated tax effects if necessitated by the identification of possible related party transactions and balances, if subsequently corroborated (see Note 29);
- a loss for the six-month period ended 30 June 2009 of KZT 153,264 million and deficiency in shareholders' equity of KZT 380,913 million;
- a breach of debt covenants, the resulting acceleration of requests for repayment, the consequential default on loan payments of KZT 339,396 million as at 30 June 2009 and the absence of access to adequate alternative funding sources;
- the deterioration of the value of the Kazakhstani Tenge, the functional currency of the Group (see Note 33).

As a result of the circumstances and uncertainties described above, the Group faces a very difficult financial situation in which it is attempting to restructure its external debt, convert the Samruk-Kazyna funding to equity,

and successfully implement its new business plan. Successful completion of restructuring plans, recapitalization and adoption of a new business model are seen by the Management of the Group as the only approach to operate the business, to comply with local regulatory requirements and, as a consequence, to continue on a going concern basis. Please see Note 34 for a more detailed description of the various restructuring options.

In early 2009, the Group made fundamental changes to its management resulting in the replacement of the Board of Directors, chairman, deputy chairman, chief financial officer and several other senior managers. In addition, the Kazakhstan Government has taken actions in order to assist the Group to continue on a going concern basis by providing access to special lines of credit and term deposits.

On 6 July 2009, a Memorandum of Understanding was concluded between the Group, members of the Creditors committee: Asian Development Bank, Calyon, Commerzbank Aktiengesellschaft, DEG—Deutsche Investitions- und Entwicklungsgesellschaft mbH, HSBC Bank plc, ING Asia Private Bank Limited, JP Morgan Chase Bank, N.A., Sumitomo Mitsui Banking Corporation Europe Limited and Wachovia Bank N.A. (hereinafter referred to as "the Creditors Committee") ("the Memorandum of Understanding"). Whilst it is non-binding on any of the creditors, Management of the Group consider that the Memorandum demonstrates a willingness by the Creditors Committee to work together with the Group in restructuring its debt. The details of the Memorandum of Understanding as well as the various restructuring options are discussed in more detail in Note 34.

A Memorandum of Understanding on Recapitalization was concluded between the Ministry of Finance of the Republic of Kazakhstan, National Bank of the Republic of Kazakhstan, FMSA, Samruk-Kazyna, the Group and SAFC ("the Memorandum of Understanding on Recapitalization"). In accordance with the Memorandum of Understanding on Recapitalization, on 2 February 2009, a sales agreement was concluded between Samruk-Kazyna, SAFC, the Group and Margulan Seisembayev. Additionally as a consequence thereto, in an intention agreement dated 14 July 2009, between Samruk-Kazyna and the Group, Samruk-Kazyna agreed to consider:

- assisting the Group in restructuring the Group's liabilities;
- acquisition of a controlling block of voting shares of the Group;
- conversion of a deposit of KZT 24,000 million, which was placed in the Group according to the bank deposit agreement concluded between Samruk-Kazyna and the Group on 1 February 2009 into equity of the Group;
- conversion of bonds with par value of KZT 105,000 million owned by Samruk-Kazyna into equity of the Group; and
- provision to the Group of additional liquidity in the form of a short-term deposit and support for the maintenance of the liquidity ratio, the capital ratio and other regulatory requirements applicable to the Group.

As at 30 June 2009, the Group has breached certain requirements of the Agency of the Republic of Kazakhstan on regulation and supervision of the financial market and financial organizations. In accordance with Memorandum of Understanding on Recapitalization the Group would retain its licenses and should be in compliance with all the requirements after completion of the restructuring process.

The possibility of fulfillment of the intentions of Samruk-Kazyna indicated above will be considered only upon a documented confirmation of the occurrence of all the following conditions ("the conditions precedent"):

- confirmation by the Group that at the moment of completion of restructuring there were no adverse changes with respect to the business of the Group, financial position of the Group and perspectives of the development of the Group;
- there were no further significant adverse changes in the international or domestic financial markets;
- approval by the FMSA of the Plan of restructuring and recapitalization of the Group;
- signing by the Group and Creditors Committee of the Term Sheet as described in Note 34; and
- approval of the Plan of restructuring and recapitalization of the Group by creditors of the Group who control not less than two thirds of the total sum of restructured liabilities of the Group;

The Group is obliged to present the result of the analysis that has been performed and:

- present to Samruk-Kazyna the Financial Due Diligence Report prepared by outside consultants;
- present to Samruk-Kazyna the business plan;

- present to Samruk-Kazyna the report prepared by an external law firm on the results of the due diligence on the Group; and
- undertake all the measures provided by the legislation and the Plan of restructuring and recapitalization.

Management's assessment of going concern is based on a new business model which reflects certain assumptions, and is necessarily subject to risks and uncertainties. Evaluation of the estimates incorporated into the new business model under such assumptions has been performed by management of the Group using all available information and to the best of its knowledge. The main assumptions are:

- The debt restructuring plan will be completed and its results will initially permit the Group to pay its obligations with cash generated by operations;
- The Group aims to build up a balanced loan portfolio to retail, small and medium sized enterprises ("SMEs") and corporate loans based on its unique relationship with state bodies, its wide geographical network across Kazakhstan;
- The Group aims to change the funding base from large international borrowings (see Notes 19, 20 and 26) to customer deposits;
- The Group will significantly decrease its number of employees during the next 3 years.

On 21 July 2009, the Agency of the Republic of Kazakhstan on Regulation and Supervision of the Financial Market and Financial Organizations approved the Group's indicative restructuring and recapitalization plan.

The Group's management have concluded that the combination of the circumstances described above represent a material uncertainty that casts significant doubt upon the Bank's and the Group's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties, the Group's management has a reasonable expectation that the Group and the Group have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

2. BASIS OF PRESENTATION

Accounting basis

The condensed interim consolidated financial information has been prepared by management in compliance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Accordingly, certain information and disclosures normally included in the notes to the annual financial statements as required by International Financial Reporting Standards ("IFRS") have been omitted or condensed.

This condensed interim consolidated financial information is presented in millions of Kazakhstani Tenge ("KZT million"), unless otherwise indicated. This condensed interim consolidated financial information has been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments and measurement of buildings at revalued amounts according to International Accounting Standard ("IAS") 39 "Financial Instruments: Recognition and Measurement" and IAS 16 "Property, Plant and Equipment", respectively.

The Bank maintains its accounting records in accordance with Kazakhstani legislation, while its foreign subsidiaries maintain their accounting records in accordance with the requirements of the Netherlands and the Russian Federation, where the subsidiaries operate. This condensed interim consolidated financial information has been prepared based on accounting records of the Bank and the financial information of the foreign subsidiaries, which has been adjusted to conform to IFRS. Adjustments include certain reclassifications to reflect the economic substance of underlying transactions including reclassifications of certain assets and liabilities, income and expenses to appropriate condensed interim consolidated financial information classifications.

The preparation of the condensed interim consolidated financial information in conformity with International Financial Reporting Standards ("IFRS") requires management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities of the Group, and disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial information, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to impairment loss provisions on loans and investments, determination of the fair value of financial instruments and determination of the deferred tax liabilities.

Interim reporting

The condensed interim consolidated financial information should be read in conjunction with the 2008 annual consolidated financial statements of the Group, which were authorized for issue on 31 July 2009.

Since the results of the Group's operations closely relate to and depend on changing market conditions, the results of the Group's operations for the interim period do not necessarily reflect a trend for the total year end results.

Functional currency

Items included in the financial information of each entity of the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The reporting currency of this condensed interim consolidated financial information is the Kazakhstani Tenge.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this condensed interim consolidated financial information the Group has applied the same accounting principles as those applied in the consolidated financial statements of the Group for the year ended 31 December 2008.

Changes in accounting policies

The Group has adopted IFRS 8 "Operating Segments" and IAS 1 "Presentation of Financial Statements" (revised 2007) as at 1 January 2009.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's Management to allocate resources and assess their performance. The internal reports about the components of the Group that are regularly reviewed by the Group's Management have exactly the same composition and format that was historically disclosed in the Group's operating segments information. Therefore, the adoption of IFRS 8 did not have any significant impact on the Group's operating segments and related disclosures.

IAS 1 (revised 2007) requires the presentation of a statement of changes in equity as a primary statement and disclosure of other comprehensive income either as part of the statement of comprehensive income or as a separate statement immediately following the income statement. As a result, the condensed interim statement of comprehensive income disclosing other comprehensive income for the period has been included as the primary financial statement.

Standards and interpretations issued but not adopted

The Group has not applied the following IFRS and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") that have been issued:

- IFRS 3 "Business Combinations"—The International Accounting Standards Board ("IASB") published IFRS 3 and related revisions to IAS 27 "Consolidated and Separate Financial Statements" following the completion in January 2008 of its project on the acquisition and disposal of subsidiaries. There were no transactions during the interim reporting period entered into by the Group that would be related to the acquisition or disposal of its subsidiaries.
- The IASB published revisions to IAS 32 "Financial Instruments: Presentation" and consequential revisions to other standards in February 2008 to improve the accounting for and disclosure of puttable financial instruments. These revisions are not expected to have a material affect on the Group.
- In May 2008, the IASB issued amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements" that change the investor's accounting for the cost of an investment in a subsidiary, jointly controlled entity or associate. It does not affect the condensed interim consolidated financial information but may prospectively affect the Group's accounting and presentation of receipts of dividends from such entities.
- In December 2008 the IFRIC issued interpretation IFRIC 17 'Distributions of Non-Cash Assets to Owners' and the IASB made consequential amendments to IFRS 5 "Non-Current Assets Held for Sale

and Discontinued Operations". The interpretation requires distributions to be presented at fair value with any surplus or deficit to be recognized in the income statement. The amendment to IFRS 5 extends the definition of disposal groups and discontinued operations to disposals by way of distribution. The interpretation is not expected to have a material effect on the condensed interim consolidated financial information.

- On 5 March 2009, the IASB issued an amendment to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRIC 9 "Reassessment of Embedded Derivatives" effective for annual periods ending on or after 30 June 2009. These amendments clarify that on reclassification of a financial asset out of the "at fair value through profit or loss" category all embedded derivatives have to be assessed and, if necessary, separately accounted for in the financial statements. The Group will apply this amendment for the annual period beginning on 1 January 2009 and does not expect that it will have a significant impact on the condensed interim consolidated financial information.
- On 5 March 2009 the IASB issued amendments to IFRS 7 "Financial instruments: Disclosures" named "Improving Disclosures about Financial Instruments". The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements. In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk. The Group will apply this amendment for the annual period beginning on 1 January 2009.

Rates of exchange

The exchange rates at the end of the period used by the Group in the preparation of the condensed interim consolidated financial information are as follows:

	30 June 2009	31 December 2008
KZT/USD	150.43	120.79
KZT/EUR	211.99	170.24

Reclassifications

Certain reclassifications have been made to the financial statements as at 31 December 2008 and for the year then ended to conform to the presentation as at 30 June 2009 and for the six-month period then ended as current year presentation provides better view of the financial position of the Group.

Nature of reclassification	Amount	Balance sheet line as per the previous report	Balance sheet line as per current report
Due to the Government of the Republic of Kazakhstan was disclosed as a separate balance sheet line due to the significance of the amount outstanding as at 30 June 2009	4,460	Customer accounts	Due to the Government of the Republic of Kazakhstan

4. NET INTEREST INCOME

	Six-month period ended 30 June 2009	Six-month period ended 30 June 2008
Interest income comprises:		
Interest income on financial assets recorded at amortized cost:		
—interest income on impaired assets	27,207	43,044
—interest income on unimpaired assets	18,927	37,205
Interest income on financial assets at fair value through profit or loss:		
—interest income on financial assets held-for-trading	14,269	8,498
Interest income on investments available-for-sale	155	149
Total interest income	60,558	88,896
Interest income on financial assets recorded at amortized cost comprises:		
Interest on loans to customers	45,864	79,749
Interest on due from banks	270	495
Interest on reverse repurchase agreements	—	5
Total interest income on financial assets recorded at amortized cost	46,134	80,249
Interest expense comprises:		
Interest expense on financial liabilities recorded at amortized cost	38,858	42,093
Interest expense on financial liabilities at fair value through profit or loss	9,117	7,776
Total interest expense	47,975	49,869
Interest expense on financial liabilities recorded at amortized cost comprise:		
Interest on debt securities issued	18,233	16,315
Interest on customer accounts	9,310	10,698
Interest on due to banks	4,606	10,090
Interest on subordinated debt	2,266	1,877
Interest on due to other financial institutions	1,292	1,718
Interest on other financing	1,071	1,067
Interest on repurchase agreements	2,080	328
Total interest expense on financial liabilities recorded at amortized cost	38,858	42,093

5. ALLOWANCE FOR IMPAIRMENT LOSSES, OTHER PROVISIONS

The movements in allowance for impairment losses on loans to customers were as follows:

	Six-month period ended 30 June 2009	Six-month period ended 30 June 2008
Beginning of the period	269,790	43,527
Additional provision recognized	63,745	15,838
Effect of exchange rate changes	21,715	—
Write-off of assets	(35)	(6,037)
Other transfers	—	221
Recoveries of assets previously written off	—	157
End of the period	355,215	53,706

During the six-month period ended 30 June 2009, the economy of the Republic of Kazakhstan has experienced volatile capital and credit market. On 4 February 2009, the National Bank of the Republic of Kazakhstan reduced the support level of the exchange rate from the range of 117 KZT - 123 KZT to 1 US Dollar to 150 KZT to 1 US Dollar +/- 3%. Those events together with certain other negative trends in the economy of the Republic of Kazakhstan led to the fact that certain borrowers of the Group represented by both legal entities and individuals were not able to repay their loans to the Group in accordance with agreed schedules, which resulted in significant increases in the amount of overdue loans to customers and the allowance for impairment losses on loans to customers. Please also see Note 15 for further information on loans to customers.

The movements in allowance for impairment losses on other operations were as follows:

	Other assets	Guarantees and other commitments	Special reserve for guarantees	Total
31 December 2007	354	89	—	443
Provision for impairment losses and other transactions	1,222	19	—	1,241
Other transfers	(221)	—	—	(221)
Write-off of assets	(29)	—	—	(29)
30 June 2008 (unaudited)	1,326	108	—	1,434
31 December 2008	22,642	4,731	136,972	164,345
Provision for impairment losses and other transactions	(659)	2,004	—	1,345
Effect of exchange rate changes (Note 7)	—	—	33,306	33,306
Settlement	—	—	(170,278)	(170,278)
Recoveries of assets previously written off	48	—	—	48
30 June 2009 (unaudited)	22,031	6,735	—	28,766

The special provision for guarantees had been established to cover estimated losses on guarantees contracts entered into with two brokerage companies from 2006 to 2008. These guarantees protect the two brokerage companies from losses in certain of their loans to customers (see Note 25). The guarantees were settled during the six-month period ended 30 June 2009, as disclosed in the table above.

In February and May 2009, the Group was informed that the offshore companies had defaulted on the payment of these loans and the custodians had consequently taken possession of the collateral in the form of the treasury bills. Consequently, the treasury bills have been used to settle the guarantees.

During 2008, the Group insured its uncollateralized express consumer loans to individuals with JSC Insurance Company "Alliance Policy", a related party. The related party reinsured its insurance risk with an international reinsurance company. An insured event occurs when payments on express consumer loans are past due for a period greater than 180 days. The contracts with JSC Insurance Company "Alliance Policy" had no expiry dates. In June 2008, the contract was amended to include a maximum threshold based on the level of loans past-due, which would trigger termination of the contract. Due to this trigger, the contract was terminated in September 2008 and unamortized insurance premiums were consequently released. In 2008, the Group paid approximately KZT 6 billion in insurance premiums to JSC Insurance Company "Alliance Policy" and received insurance claim payments of approximately KZT 19 billion, respectively, which equals the principal loan amount plus interest accrued. The amount received reduced the expenses with allowance for loan losses.

During 2008, the Group sold non-performing uncollateralized consumer loans and a claim receivable from JSC Insurance Company "Alliance Policy" to certain collection agencies. Management believes that the collecting agencies will not pay the Group and therefore has accrued a provision which is presented as a provision for impairment losses on other assets (see Notes 5 and 17).

6. NET (LOSS)/GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six-month period ended 30 June 2009	Six-month period ended 30 June 2008
Realized loss on operations with derivative financial instruments	(39,635)	—
Realized (loss)/gain on trading operations	(3,836)	281
Unrealized loss on trading operations	(2,100)	(183)
Unrealized gain on operation with derivative financial instruments	(893)	6,310
	(46,464)	6,408

During the six-month period ended 30 June 2009, the Group has recognized significant realized loss on operations with derivative financial instruments due to early termination of majority of its derivative instruments.

7. NET LOSS ON FOREIGN EXCHANGE OPERATIONS

	Six-month period ended 30 June 2009	Six-month period ended 30 June 2008
Translation differences, net	48,919	7,882
Dealing, net	(423)	(1,197)
	48,496	6,685

On 4 February 2009, the tenge was effectively devalued. During 2008 and 2007, the National Bank of the Republic of Kazakhstan supported the exchange rate of the Kazakhstan tenge to the US Dollar within a range of 117 KZT to 1 US Dollar to 123 KZT to 1 US Dollar. On 4 February 2009, the National Bank of the Republic of Kazakhstan reduced the support level of the exchange rate to 150 KZT to 1 US Dollar +/- 3%. As at 31 July 2009, the exchange rate was KZT 150.71 to 1 US Dollar. Major part of the translation difference resulted from the devaluation.

Net translation differences for the six-month period ended 30 June 2009 included the effect of exchange rate changes on special reserve for guarantees in the amount of KZT 33,306 million as disclosed in Note 5 to this condensed interim consolidated financial information.

8. FEE AND COMMISSION INCOME AND EXPENSE

	Six-month period ended 30 June 2009	Six-month period ended 30 June 2008
Fee and commission income:		
Settlements and cash operations	2,982	4,471
Documentary operations	878	1,658
Foreign currency and securities operations	176	229
Lending operations	78	495
Trust operations	39	43
Other	81	132
Total fee and commission income	4,234	7,028

	Six-month period ended 30 June 2009	Six-month period ended 30 June 2008
Fee and commission expense:		
Collection services	691	649
Settlement bank services	58	71
Plastic cards operations	44	50
Customer accounts services by financial agents	42	71
Foreign currency and security operations	36	24
Eurobonds and syndicated loans	21	6
Documentary operations	12	19
Insurance premium to related party	—	6,073
Other	50	150
Total fee and commission expense	954	7,113

9. OPERATING EXPENSES

	Six-month period ended 30 June 2009	Six-month period ended 30 June 2008
Staff costs	4,114	4,920
Depreciation and amortization	1,663	1,607
Taxes, other than income tax	573	583
Operating lease	551	850
Payments to Deposit Insurance Fund	513	328
Advertising and marketing expenses	374	322
Social tax	281	318
Telecommunication expenses	281	310
Legal services expenses	229	10
Repair and maintenance	207	240
Security service	199	110
Consulting	190	260
Cash collection services	137	100
Buildings maintenance	119	119
Transportation costs	49	82
Representative expenses	47	58
Business trip and related expenses	45	85
Stationery	30	58
Expenses on insurance	19	44
Other	248	250
Total operating expenses	9,869	10,654

10. INCOME TAX

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Group operates and which may differ from International Financial Reporting Standards.

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 30 June 2009 and 31 December 2008 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets and liabilities.

Temporary differences as at 30 June 2009 and 31 December 2008 comprise:

	30 June 2009	31 December 2008
Tax basis of deferred tax assets:		
Provision for impairment losses on loans to customers	181,452	210,370
Special provision for guarantees	—	136,972
Unrealized losses on revaluation of financial assets at fair value through profit or loss and derivatives	27,441	18,398
Other assets	181,868	22,319
Accrued interests on loans, written off	1,405	1,438
Total tax basis of deferred tax assets	392,166	389,497
Tax basis of deferred tax liabilities:		
Property and equipment, accrued depreciation	(4,833)	(5,070)
Total tax basis of deferred tax liabilities	(4,833)	(5,070)
Net tax basis assets	387,333	384,427
Net deferred tax asset	62,566	70,393
Deferred tax asset not recognized	(62,566)	(70,393)
Net deferred tax asset	—	—

Relationships between tax expenses and accounting profit for the six-month periods ended 30 June 2009 and 2008 are explained as follows:

	Six-month period ended 30 June 2009	Six-month period ended 30 June 2008
(Loss)/profit before income tax	(153,264)	13,435
Statutory tax rate	20%	30%
Tax at the statutory tax rate	(30,653)	4,031
Effect of change in tax rate on deferred taxes	14,901	—
Change in deferred tax asset not recognized	7,827	—
Tax effect of permanent differences	7,925	(805)
Income tax expense	—	3,226
Current income tax expense	—	2,751
Deferred income tax benefit	7	475
Deferred income tax through revaluation reserves in equity	(7)	—
Income tax expense	—	3,226

The tax rate used for the 2009 and 2008 reconciliations above is the corporate tax rate of 20 % and 30%, respectively, payable by corporate entities in the Republic of Kazakhstan on taxable profit under tax law in that jurisdiction.

The Group has not recognized a deferred tax asset because of the significant level of uncertainty of economic benefits in future periods. Deferred tax assets arose from the amount of provision for impairment losses on loans to customers, special provision for guarantee, provision for impairment losses on other assets, unrealized losses on revaluation of financial assets at fair value through profit or loss and derivatives and accrued interest on loans written off. The carry forward period for tax losses is ten years.

In November 2008, the new Tax Code of the Republic Kazakhstan was enacted to reduce the corporate income tax rate from 30% to 20% effective from 1 January 2009, to 17.5% effective from 1 January 2010 and to 15% effective from 1 January 2011. Current year income tax is measured at 20% of the estimated taxable profit for the year. The 2008 deferred taxes are measured at the substantially enacted tax rates expected to apply to the period when the asset is realized or liability is settled.

	Six-month period ended 30 June 2009	Year ended 31 December 2008
Deferred income tax assets/(liabilities)		
Beginning of the period	—	(1,554)
Movement during the period	—	1,554
End of the period	—	—

11. (LOSS)/EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net (loss)/profit for the period attributable to equity holders of the parent by the weighted average number of participating shares outstanding during the period.

Dividend payments per ordinary shares cannot exceed the dividends per share on preference shares for the same period. Therefore, net profit for the period is allocated to the ordinary shares and the preference shares in accordance with their legal and contractual dividend rights to participate in undistributed earnings:

	Six-month period ended 30 June 2009	Six-month period ended 30 June 2008
Profit:		
Net (loss)/profit for the period attributable to equity holders of the parent	(153,264)	10,209
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	—	(215)
(Loss)/earnings attributable to ordinary shareholders	(153,264)	9,994
Weighted average number of ordinary shares for purpose of basic and diluted earnings per share	9,637,500	9,637,500
(Loss)/ earnings per share—basic and diluted (KZT)	(15,903)	1,037

12. CASH AND BALANCES WITH THE NATIONAL BANK OF THE REPUBLIC OF KAZAKHSTAN

	30 June 2009	31 December 2008
Balance with the National Bank of the Republic of Kazakhstan, classified as loans and receivables	10,524	8,284
Cash on hand	9,189	12,933
Total cash and balances with the National Bank of the Republic of Kazakhstan	19,713	21,217

Minimum reserve requirements are calculated as average balances of cash and balances with the National Bank of the Republic of Kazakhstan ("NBRK") for 14 days including reporting date. The minimum reserve requirements have to cover a particular percentage of average balances of deposits and international borrowings for the same period of time in accordance with the requirements of the NBRK and amounted to KZT 20,637 million and KZT 20,853 million as of 30 June 2009 and 31 December 2008, respectively. The Group was in compliance with the NBRK requirements by maintaining an average balance with the NBRK and therefore was able to use the amounts without any restrictions.

Cash and cash equivalents for the purposes of the condensed interim consolidated statement of cash flows are comprised of the following:

	30 June 2009	31 December 2008	30 June 2008	31 December 2007
Cash and balances with the National Bank of the Republic of Kazakhstan	19,713	21,217	55,897	69,795
Due from banks in countries included in Organization for Economic Co-operation and Development ("OECD")	36,240	39,638	448	3,712
Total cash and cash equivalents	55,953	60,855	56,345	73,507

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2009	31 December 2008
Financial assets held-for-trading:		
Debt securities of central governments and related entities	121,727	142,459
Debt securities of financial institutions	23,015	26,106
Derivative financial instruments	5,974	32,272
Debt securities of corporate entities	963	1,136
Total financial assets at fair value through profit or loss	151,679	201,973

Financial assets held-for-trading comprise:

	30 June 2009		31 December 2008	
	Nominal interest rate	Amount	Nominal interest rate	Amount
Debt securities of central governments and related entities:				
Bonds of the Fund of national wealth Samruk-Kazyna	4.0	106,178	—	—
Bonds of the Ministry of Finance of the Republic of Kazakhstan	3.5-6.10	15,549	3.35-6.10	5,487
Bonds of the Government of the United States of America	—	—	—	136,972
Total debt securities of central governments		121,727		142,459

	30 June 2009		31 December 2008	
	Nominal interest rate	Amount	Nominal interest rate	Amount
Debt securities of financial institutions:				
Bonds of JSC Bank TuranAlem	10.9-11.0	12,676	11.00-12.00	12,743
Structured notes of JSC HSBC	0.5	2,842	0.50	2,258
Structured notes Bayerische Hypo und Vereinsbank	8.0	1,423	8.00	1,054
Structured notes Societe Generale Acceptanci NV	—	1,262	—	1,005
Bonds of JSC Bank CenterCredit	9.0-10.5	1,242	9.00-12.00	2,353
Bonds of JSC Halyk Bank Kazakhstan	7.5-7.75	940	7.50	195
Bonds of Kazkommerts International B.V.	5.13-7.0	882	5.13-8.50	1,748
Bonds of JSC BTA Mortgage	10.00	797	10.00	2,032
Bonds of JSC Sberbank of Russia	11.00	438	11.00	436
Bonds of JSC ATF Bank	10.00-11.00	294	11.00	252
Bonds of TuranAlem Finance B.V.	8.0	118	8.00	170
Bonds of JSC Kazakhstani Mortgage Company	6.9-7.5	101	6.90-7.50	99
Bonds HSBK Europe B.V.	—	—	7.75	638
Bonds of JSC Kazkommertsbank	—	—	8.00-9.50	572
Bonds of JSC Kaspi Bank	—	—	8.50	551
Total debt securities of financial institutions		23,015		26,106

As at 30 June 2009, the majority of bonds due from JSC Bank TuranAlem represent bonds purchased under a special arrangement directly from the issuer. In accordance with the arrangement, the Group has issued approximately the same amount of Group's bonds which were fully acquired by JSC Bank TuranAlem. Both parties to the transaction do not have right to sell the securities to other parties. At first request from the counterparty, each party for the transaction has to repay its obligation. The Group has valued the securities at value close to nominal value of the bonds due to the fact that Management of the Group believes that it will be able to settle both assets and liabilities with JSC Bank TuranAlem at the same time with minor effect on the financial statements.

	30 June 2009		31 December 2008	
	Nominal interest rate	Amount	Nominal interest rate	Amount
Debt securities of corporate entities:				
Bonds of JSC Doszhan Temir Zholy	19.95	568	19.95	739
Bonds of JSC KazTransCom	8.0	395	8.00	397
Total debt securities of corporate entities		963		1,136

The notional amounts and fair value of derivatives outstanding at each date of the statement of financial position is as follows:

	30 June 2009		
	Notional amount	Fair value	
		Asset	Liability
Derivative financial instruments:			
Foreign currency contracts			
Swaps	29,703	5,974	(1,796)
Forwards	4,722	—	(1,189)
Total derivative financial instruments		5,974	(2,985)

	31 December 2008		
	Notional amount	Fair value	
		Asset	Liability
Derivative financial instruments:			
Foreign currency contracts			
Forwards	4,722	—	(477)
Swaps	320,639	32,268	(46,417)
Spots	15,181	4	—
Securities contracts			
Forward	98,229	—	(3,274)
Total derivative financial instruments		32,272	(50,168)

As at 30 June 2009 and 31 December 2008, included in financial assets at fair value through profit or loss was accrued interest income amounting to KZT 1,999 million and KZT 614 million, respectively.

As at 30 June 2009 and 31 December 2008, financial assets at fair value through profit or loss included bonds of the Ministry of Finance of the Republic of Kazakhstan, banks and corporate eurobonds pledged under repurchase agreements with other banks/customers amounting to KZT 69,549 million and KZT 15,408 million, respectively. All the agreements as at 30 June 2009 and 31 December 2008 have maturity before 24 July 2009 and 30 April 2009, respectively (see Note 23).

During the six-month period ended 30 June 2009 the Group has early terminated derivative positions with a cash settlement of KZT 336,330 million which were open as at 31 December 2008. Additionally, KZT 55,981 million were converted into term loans held at amortized cost with the derivative counterparties in the due to banks line of the condensed interim consolidated statement of financial position. The total loss recorded related to the termination of derivatives during the six-month period ended 30 June 2009 was KZT 39,635 million. The Group is in the process of renegotiation with the other banks for early termination of the remaining swap agreements (see Note 14).

During 2008 the Group entered into a cross currency credit default swap linked to the performance of Gazprom on its debts whereby the Group was selling protection to the counterparty for the full notional amount of EUR 100 million in case of default by Gazprom. The Group was to receive Gazprom notes and the counterparty was to retain the initially exchanged notional amount of KZT 17,024 million in case of default on the notes by Gazprom. During the six-month period ended 30 June 2009 the Group has early terminated certain open derivative instruments.

14. DUE FROM BANKS

	30 June 2009	31 December 2008
Recorded as loans and receivables:		
Short-term deposits to banks	60,184	5,421
Long-term deposit to banks	—	34,158
Correspondent accounts with other banks	997	1,481
Long-term loans to other banks	752	640
Overnight deposits to banks	—	4,256
Total due from banks	61,933	45,956

On 2 February 2009, SAFC has decided to sell 76% of the Group's ordinary voting shares to Samruk-Kazyna. In accordance with this decision Samruk-Kazyna and the Group signed a Bank Deposit Agreement for the placement of a KZT 24 billion deposit with the Group to support its financial stability and further capitalization. The full amount of the deposit was placed with the National Bank of the Republic of Kazakhstan. The Group will not be able to use the deposit before the sale of shares is completed.

Included in due from banks is accrued interest of KZT 205 million and KZT 112 million as at 30 June 2009 and 31 December 2008, respectively.

As at 30 June 2009 and 31 December 2008, the maximum credit risk exposure on due from banks amounted to KZT 61,933 million and KZT 45,956 million, respectively.

As at 30 June 2009 and 31 December 2008, short-term deposits to banks include a number of margin call deposits in the amount of KZT 29,628 million and KZT 32,668 million, respectively. The margin call deposits had been placed under cross-currency swap agreements. The swap agreement terms stipulate that the Group should place a deposit with the counterparty bank if the floating component of the swap crosses a certain level. The main purpose of the swaps was to convert EUR, GBP and JPY-borrowings into USD and KZT to on-lend to customers. The Group is negotiating the final settlement of liabilities related to the early termination of the derivatives (see note 19) and therefore the Bank was not able to withdraw the related call deposits.

15. LOANS TO CUSTOMERS

	30 June 2009	31 December 2008
Recorded as loans and receivables:		
Originated loans	737,790	694,479
Net investments in finance lease	10,187	8,786
	747,977	703,265
Less allowance for impairment losses	(355,215)	(269,790)
Total loans to customers, net of allowance	392,762	433,475

As at 30 June 2009 and 31 December 2008, loans to related parties included in loans to customers amounted to KZT 194,672 million and KZT 181,075 million and allowance for impairment losses amounted to KZT 154,696 million and KZT 131,776 million, respectively. (See comments regarding the omission of related party disclosure as of 30 June 2008 in Note 29).

As discussed in Note 17, during 2008, certain non-performing unsecured consumer loans amounting to KZT 22,338 million were sold to collection agencies, which are considered by the Group to be related parties prior to 31 December 2008. As at 30 June 2009 and 31 December 2009, receivables from collection agencies amounted to KZT 21,444 million and KZT 22,338 million. As at 31 December 2008 and 30 June 2009, the Group has fully provided for the amounts receivable from those collection agencies.

As at 30 June 2009 and 31 December 2008, accrued interest income included in loans to customers amounted to KZT 59,327 million and KZT 35,326 million, respectively. As at 30 June 2009 and 31 December 2008, accrued interest income included overdue interest amounting to KZT 35,993 million and KZT 9,846 million, respectively.

Movements in allowances for impairment losses for the six-month period ended 30 June 2009 and 2008 are disclosed in Note 5.

The table below summarizes the amount of loans secured by type of collateral, rather than the fair value of the collateral itself:

	30 June 2009			31 December 2008		
	Gross amount	Allowance for impairment losses	Net amount	Gross amount	Allowance for impairment losses	Net amount
Loans collateralized by real estate	425,085	(168,445)	256,640	409,726	(129,215)	280,511
Loans collateralized by deposits	13,811	(944)	12,867	17,411	(23)	17,388
Loans collateralized by transport vehicles	15,839	(10,494)	5,345	18,106	(6,640)	11,466
Loans collateralized by guarantees	9,414	(9,322)	92	5,877	(3,702)	2,175
Loans collateralized by securities	33	(9)	24	702	(26)	676
Loans collateralized by equipment	284	(66)	218	633	(135)	498
Loans collateralized by goods	1,309	(1,186)	123	1,423	(897)	526
Other	89,513	(27,200)	62,313	27,235	(5,622)	21,613
Uncollateralized loans	192,689	(137,549)	55,140	222,152	(123,530)	98,622
Total loans to customers	747,977	(355,215)	392,762	703,265	(269,790)	433,475

As at 30 June 2009 and as at 31 December 2008, the Group had loans to two customers totaling KZT 52,500 million and KZT 44,101 million, which individually exceeded 10% of the Group's equity.

As at 30 June 2009 and 31 December 2008, a maximum credit risk exposure of loans to customers amounted to KZT 747,977 million and KZT 703,265 million, respectively.

As at 30 June 2009 and 31 December 2008, the Group had loans originated in Almaty totaling KZT 560,065 million and KZT 446,721 million, respectively, which represent significant geographical concentration in this region forming 75 per cent and 64 per cent of the loan portfolio, respectively.

As at 30 June 2009 and 31 December 2008, loans to customer included loans of KZT 176,236 million and KZT 180,565 million with renegotiated terms, respectively.

As at 30 June 2009 and 31 December 2008, loans to customers included loans of KZT 251,757 million and KZT 218,658 million respectively that were individually determined to be impaired. As at 30 June 2009 and 31 December 2008 such loans were collateralized by real estate, securities, equipment and goods with a fair value of KZT 361,183 million and KZT 335,025 million, respectively.

The Group entered as a lessor into finance leasing agreement for equipment and non-production buildings for long-term periods. The interest rate inherent in the leases is fixed at the contract date for all of the lease term. During the six-month period ended 30 June 2009, the average effective interest rate contracted is 12.4% per cent per annum (year ended 31 December 2008: 14.9% per cent per annum).

The components of net investment in finance lease as at 30 June 2009 and 31 December 2008 are as follows:

	30 June 2009	31 December 2008
Not later than one year	4,259	3,727
From one year to five year	7,526	6,784
More than five years	—	25
Minimum lease payments	11,785	10,536
Less: unearned finance income	(1,598)	(1,750)
Net investment in finance lease	10,187	8,786
Current portion	3,370	3,645
Long-term portion	6,817	5,141
Net investment in finance lease	10,187	8,786

Material leasing arrangements were concluded with customers for purchases of vehicles and equipment, which represent the collateral for such arrangements.

16. INVESTMENTS AVAILABLE-FOR-SALE

	30 June 2009		31 December 2008	
Debt securities	**Nominal interest rate**	**Amount**	**Nominal interest rate**	**Amount**
Bonds of the Ministry of Finance of the Republic of Kazakhstan	6.10-6.44	909	6.10-6.44	964
JSC Kazakhstan Kagazi bonds	13.00	518	13.00	616
JSC Bank CenterCredit bonds	14.4	249	17.3	261
JSC Kazakhstani Mortgage Company bonds	18.7-19.2	230	18.70-19.20	377
JSC ATF Bank bonds	8.50	207	8.50	366
JSC Nurbank bonds	9.00	107	9	100
JSC BTA bonds	15	3	15.00	8
		2,223		2,692
Equity securities	**Share %**	**Amount**	**Share %**	**Amount**
LLP First Credit Office	18.40	37	18.40	37
JSC Processing Center	0.81	10	0.81	10
JSC Kazakhstan Stock Exchange	1.33	2	1.33	2
		49		49
Total investments available-for-sale		2,272		2,741

As at 30 June 2009 and 31 December 2008, included in investments available-for-sale was accrued interest income on debt securities amounting to KZT 70 million and KZT 72 million, respectively.

Equity securities are non-marketable and therefore held at cost, less impairment losses, in accordance with the Group's accounting policy.

As at 30 June 2009 and 31 December 2008, investments available-for-sale included bonds of the Ministry of Finance of the Republic of Kazakhstan pledged under repurchase agreements with other banks/customers amounting to KZT 846 million and KZT 1,632 million, respectively. As at 30 June 2009 and 31 December 2008, all the agreements have maturity before 24 July 2009 and 30 April 2009, respectively (see Note 23).

17. OTHER ASSETS

	30 June 2009	31 December 2008
Receivables from collection agencies	21,444	22,338
Prepayments and other debtors	1,161	2,048
Tax settlements, other than income tax	1,041	1,024
Debtors for capital investments	593	604
Other services provided	498	555
Inventory	570	564
Foreclosed assets	291	264
Other transit accounts	83	72
Prepaid expenses	64	338
Other	1,158	775
	26,903	28,582
Less allowance for impairment losses	(22,031)	(22,642)
Total other assets	4,872	5,940

Movements in allowances for impairment losses on other assets for the six-month period ended 30 June 2009 and for the year ended 31 December 2008 are disclosed in Note 5.

In the last quarter of 2008, the Group sold non-performing loans, including loans written-off previously, and claims receivable from JSC Insurance Company "Alliance Policy", a related party, to eight collection agencies disclosed below. Management believes that the collection agencies are related parties of the Group, and as described in Note 29, there is uncertainty as to the financial capacity of related parties. Management has made an

estimate of recoverability of amounts due by debt collection agencies, and has concluded that the Group will not be successful in collecting the amounts below. As a consequence, the Group has fully provided for the amounts receivable from collection agencies as at 30 June 2009 and 31 December 2008.

Collection agency	30 June 2009	31 December 2008
BRD LLC	7,821	8,334
Kazakhstan Collector Company LLC	5,813	6,072
Central Debt Operator LLC	2,235	2,235
Assessment LLC	2,230	2,230
FA Alliance Finance LLC	1,152	1,254
Credit returning company LLC	1,147	1,148
Center for Protection of Interest of Creditors LLC	1,046	1,046
Lex Dominus LLC	—	19
Total	21,444	22,338

18. DUE TO THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

	Currency	Maturity	Interest rate %	30 June 2009	Interest rate %	31 December 2008
Recorded at amortized cost:						
Loans from the Government of the Republic of Kazakhstan:						
JSC Samruk-Kazyna, JSC Damu, quarterly payment of interest, the first repayment due in February 2010	KZT	25/02/2009-03/02/2016	8.0	16,520	—	—
JSC Samruk-Kazyna, JSC Kazakhstan Mortgage Company, JSC Fund of small business development, semi- annual payment of interest, the first repayment due in December 2009	KZT	19/12/2007-05/12/2014	9.6	2,410	10.7	2,017
JSC Damu, semi-annual payment of interest, the first repayment due in July 2010	KZT	20/11/2008-31/07/2015	7.5	2,037	7.5	2,415
JSC Samruk-Kazyna, JSC Damu, quarterly payment of interest, the first repayment due in February 2010	KZT	17/02/2009-03/02/2016	8.0	1,836	—	—
Other loans	KZT	—	—	25	—	28
Total due to the Government of the Republic of Kazakhstan				22,828		4,460

As at 30 June 2009 and 31 December 2008, accrued interest expenses included in due to the Government of the Republic of Kazakhstan amounted to KZT 450 million and KZT 79 million, respectively.

19. DUE TO BANKS

	30 June 2009	31 December 2008
Recorded at amortized cost:		
Correspondent accounts of other banks	6	61
Due to banks including:		
Syndicated loan from banks including:		
Sumitomo Mitsui Tranche B, due on 12/06/2009 coupon rate 3.23% annual, semi-annual payment of interest*	33,675	26,965
Calyon, France on 19/03/2009 coupon rate 5.83% annual, semi-annual payment of interest*	9,791	7,965
Standard Bank due on 01/11/2009, coupon rate 4.94% annual, semi-annual payment of interest*	3,102	2,485
Loans from other banks:		
Morgan Stanley Bank International Ltd due on 27/04/2009-28/06/2010, coupon rate 6.1-9.44% annual, quarterly payment of interest*	42,735	38,284
CoBank due on 08/01/2010-22/12/2011, coupon rate 2.13-2.37% annual, semi-annual payment of interest*	10,335	10,013
JP Morgan Bank London due on 24/08/2009, coupon rate 9.89% annual, semi-annual payment of interest*	8,862	8,849
Asian Development Bank 31/12/2010, coupon rate 4.79 % annual, semi-annual payment of interest*	4,991	4,003
National City Bank due on 07/11/2014, coupon rate 4.59% annual, semi-annual payment of interest*	4,511	3,626
DEG-Deutsche Investitions und Entwicklungesellschaft MBH Bank due on 15/06/2012, coupon rate 8.98% annual, semi-annual payment of interest*	3,397	2,729
Landesbank Berlin AG, Germany due on 07/09/2009 - 14/07/2014, coupon rate 2.625 - 3.33% annual, semi-annual payment of interest*	2,112	2,141
The Bank of Nova Scotia due on 14/12/2012, coupon rate 3.02% annual, semi-annual payment of interest*	1,727	1,380
European Bank of Reconstruction and Development ("EBRD") due on 05.03.2010-07.03.2011, coupon rate 4.81-5.08 % annual, semi-annual payment of interest*	1,322	1,394
ING Bank due on 10/01/20011 - 05/05/2011, coupon rate 3.01 - 3.11% annual, semi-annual payment of interest*	263	307
Merrill Lynch International due on 20/02/2009, coupon rate 10.74% annual, monthly payment of interest*	—	7,273
ABN Amro Bank, Rotterdam due on 08/06/2009, coupon rate 9.52 % annual, interest payment at maturity*	—	539
Due to banks resulted from early termination of derivative instruments:		
*HSBC Bank***	24,311	—
*Barclays Bank***	16,937	—
*Calyon, France***	7,574	—
*Societe Generale***	7,114	—
*UBS AG***	45	—
Loans from other banks:		
Other loans from other banks, interest payment at maturity	12,785	12,529
Time deposits of banks, interest payment at maturity	—	6,834
Total due to banks	195,595	137,377

(*) Covenants related to certain obligations of the Group were breached as at 30 June 2009 and 31 December 2008. Please refer to Note 34 for the restructuring plan of the Group.

(**) It represents balances on derivative instruments early terminated which were not settled. The Bank also has margin call deposits related to these derivative instruments (see Note 14).

The payment and maturity terms above do not consider the effects of the covenants breached.

As at 30 June 2009 and 31 December 2008, accrued interest expenses included in due to banks amounted to KZT 1,744 million and KZT 1,183 million, respectively. As at 30 June 2009 and 31 December 2008, accrued interest expenses included overdue interest amounting to KZT 639 million and nil, respectively.

As at 30 June 2009 and 31 December 2008, due to banks of KZT 105,398 million (54%) and KZT 92,076 million (67%), respectively, were due to five banks, which represents significant concentration.

As at 30 June 2009 and 31 December 2008 due to banks included overdue amount of KZT 63,367 million and nil, respectively.

20. DUE TO OTHER FINANCIAL INSTITUTIONS

	Currency	Maturity	Interest rate %	30 June 2009	Interest rate %	31 December 2008
Recorded at amortized cost:						
Nomura International plc*, quarterly payment of interest	JPY	27/06/2017	5.16	30,549	6.08	25,432
C.V.A. Trade Resources Ltd*, UK, semi-annual payment of interest	USD	22/10/2010-22/12/2011	1.47-4.57	2,223	3.03-5.08	508
Bunge SA*, Geneva, monthly payment of interest	USD	15/06/2009-08/01/2010	1.95	1,654	3.68-9.62	2,511
JSC Alternative Finances, monthly payment of interest	KZT	30/09/2009-31/12/2009	16.0-18.0	44	—	—
Cargill Financial Services International, Inc*, USA, monthly payment of interest	USD	20/01/2009-22/04/2009	—	—	8.22-10.00	6,453
GSTS Financial Services Ltd*, USA, prepaid interest	USD	11/02/2009-17/02/2009	—	—	7.48-7.66	837
Total due to other financial institutions				34,470		35,741

(*) Covenants related to certain obligations of the Group were breached as at 30 June 2009 and 31 December 2008. Please refer to Note 34 for the restructuring plan of the Group.

The payment and maturity terms above do not consider the effects of the covenants breached.

As at 30 June 2009 and 31 December 2008, accrued interest expenses included in due to other financial institutions amounted to KZT 489 million and KZT 16 million, respectively. As at 30 June 2009 and 31 December 2008, accrued interest expenses included overdue interest amounting to KZT 476 million and nil, respectively.

As at 14 July 2009, the date of signing of the intention agreement between the Group and Samruk-Kazyna (see Note 1), the amount overdue to Bunge SA and C.V.A. Trade Resources Ltd. amounted to USD 10,500 thousand and USD 290 thousand, respectively.

21. OTHER FINANCING

	30 June 2009	31 December 2008
Recorded at amortized cost:		
Alliance DPR Company* Tranche A due on 13/11/2013	9,420	11,872
Alliance DPR Company* Tranche B due on 13/11/2013	9,001	8,679
Alliance DPR Company* Tranche A due on 27/06/2015	8,626	8,898
Total other financing	27,047	29,449

(*) Covenants related to certain obligations of the Group were breached as at 30 June 2009 and 31 December 2008. Please refer to Note 34 for the restructuring plan of the Group.

The payment and maturity terms above do not consider the effects of the covenants breached.

As at 30 June 2009 and 31 December 2008, accrued interest expenses included in other financing amounted to KZT 179 million and KZT 215 million, respectively. Interest is payable quarterly.

On 13 November 2006, the Group launched and priced a USD 200 million, dual tranche debt issuance of a newly established future flow Diversified Payment Rights ("DPR") securitization program. The transaction is a true-sale securitization of the Group's dollar and Euro denominated present and future diversified payment rights (SWIFT MT 100 and MT 202) to Alliance DPR company (special purpose vehicle incorporated in the Cayman Islands). The issuance consisted of a USD 100 million Series 2006A tranche and a USD 100 million Series 2006B tranche. Series 2006A was guaranteed by Asian Development Bank. The rate of the issuance amounted to 5.10% for Series 2006A and 3 month LIBOR plus 2% for Series 2006B.

A further securitization transaction dated 27 June 2007 consisted of a USD 75 million Series 2007A Floating Rate Notes due on 27 June 2015. The interest rate on the securitization was 3 month LIBOR plus 2.30%.

22. CUSTOMER ACCOUNTS

	30 June 2009	31 December 2008
Repayable on demand	93,315	25,366
Term deposits	79,771	153,809
Guarantee deposits	14,569	9,869
Total customer accounts	187,655	189,044

As at 30 June 2009 and 31 December 2008, ten customers approximated 55.8% and 21.4% of total liabilities, respectively, which represents significant concentration.

As at 30 June 2009 and 31 December 2008, accrued interest expense included in customer accounts amounted to KZT 1,195 million and KZT 873 million, respectively.

As at 30 June 2009 and 31 December 2008, customer accounts amounting to KZT 1,868 million and KZT 2,283 million, respectively, were held as security against letters of credit issued and other transaction related contingent obligations. As at 30 June 2009 and 31 December 2008, customer accounts amounting to KZT 2,147 million and KZT 1,392 million, respectively, were held as security against guarantees issued.

	30 June 2009	31 December 2008
Analysis by sector:		
State administration	84,500	5,143
Individuals	60,341	91,004
Trade	10,551	28,420
Agriculture	8,122	292
Construction	7,187	11,049
Finance services	6,653	17,883
Services provided by small and medium entities	5,835	22,045
Transport and communication	989	874
Energy	837	2,898
Education	574	1,225
Health care and social services	505	652
Machinery	211	63
Real estate	137	289
Food production	126	130
Production of crude oil and natural gas	89	3,290
Arts	88	184
Consumer production	82	111
Other fields of mineral resource industry	77	137
Hotel business	48	119
Chemical industry	17	18
Paper industry	4	1,217
Metallurgy	3	237
Production of coal, lignite and peat	0	1
Other services	679	1,763
Total customer accounts	187,655	189,044

23. REPURCHASE AGREEMENTS

The carrying value of loans and fair value of collateral under repurchase agreements as at 30 June 2009 and 31 December 2008:

	30 June 2009		31 December 2008	
Collateral	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Recorded at amortized cost				
Coupon bonds of Fund of national wealth Samruk-Kazyna	51,456	54,000	—	—
Bonds of the Ministry of Finance of the Republic of Kazakhstan	14,627	16,395	563	590
Bonds of ALB Finance B.V.	—	—	25,018	10,080
Bonds of Kazakhstani banks	—	—	12,420	13,136
Eurobonds of Kazakhstani banks	—	—	2,295	1,682
Bonds of Kazakhstani companies	—	—	1,649	1,632
Total repurchase agreement	66,083	70,395	41,945	27,120

As at 30 June 2009 and 31 December 2008, included in loans under repurchase agreements was accrued interest amounting to KZT 173 million and KZT 73 million, respectively.

All repurchase agreements are short term in nature (i.e. less than twelve months).

24. DEBT SECURITIES ISSUED

	Issue date dd/mm/yy	Maturity date dd/mm/yy	Annual coupon rate %		30 June 2009		31 December 2008
Recorded at amortized cost:							
Issued Eurobonds							
Issuance of ALB Finance B.V. Eurobonds*, denominated in EUR	02/02/2007	02/02/2012	7.93	163,536		136,819	
Repurchase of ALB Finance B.V. Eurobonds, denominated in EUR				(9,344)		(7,819)	
ALB Finance B.V. Eurobonds*, denominated in EUR, semi-annual payment of interest					154,192		129,000
Issuance of ALB Finance B.V. Eurobonds*, denominated in GBP	13/02/2007	14/02/2011	10.90	64,874		47,635	
Repurchase of ALB Finance B.V. Eurobonds, denominated in GBP				(11,366)		(8,347)	
ALB Finance B.V. Eurobonds*, denominated in GBP, semi-annual payment of interest					53,508		39,288
Issuance of ALB Finance B.V. Eurobonds*, denominated in USD	26/09/2006	26/09/2013	9.30	53,397		42,806	
Repurchase of ALB Finance B.V. Eurobonds, denominated in USD				(6,360)		(5,081)	
ALB Finance B.V. Eurobonds*, denominated in USD, semi-annual payment of interest					47,037		37,725
Issuance of ALB Finance B.V. Eurobonds*, denominated in USD	20/04/2006	20/04/2011	8.80	38,038		30,483	
Repurchase of ALB Finance B.V. Eurobonds, denominated in USD				(4,919)		(3,950)	
ALB Finance B.V. Eurobonds*, denominated in USD, semi-annual payment of interest					33,119		26,533
Issuance of ALB Finance B.V. Eurobonds*, denominated in USD	22/11/2005	22/11/2010	9.04	30,563		24,489	
Repurchased of ALB Finance B.V. Eurobonds, denominated in USD				(3,899)		(3,064)	
ALB Finance B.V. Eurobonds*, denominated in USD, semi-annual payment of interest					26,664		21,425
					314,520		253,971
Russian ruble-denominated bonds							
Issuance of LLP Alliance Finance*, semi-annual payment of interest				15,084		11,057	
Repurchase of LLP Alliance Finance*, semi-annual payment of interest				(1,765)		(204)	
LLP Alliance Finance*, semi-annual payment of interest	27/06/2007	19/06/2012	9.72		13,319		10,853
Tenge-denominated bonds							
Bonds of 15 issuance, semi-annual payment of interest	18/03/2009	18/03/2015	9.0	10,765		—	—
Bonds of 16 issuance, semi-annual payment of interest	18/03/2009	18/03/2016	9.0	10,765		—	—
Bonds of 17 issuance, semi-annual payment of interest	18/03/2009	18/03/2017	9.0	10,765		—	—
Bonds of 18 issuance, semi-annual payment of interest	18/03/2009	18/03/2018	9.0	10,765		—	—
Bonds of 19 issuance, semi-annual payment of interest	18/03/2009	18/03/2019	9.0	10,765		—	—
Bonds of 20 issuance, semi-annual payment of interest	18/03/2009	18/03/2020	9.0	10,765		—	—
Bonds of 21 issuance, semi-annual payment of interest	18/03/2009	18/03/2021	9.0	10,765		—	—
Bonds of 22 issuance, semi-annual payment of interest	18/03/2009	18/03/2022	9.0	10,765		—	—
Bonds of 23 issuance, semi-annual payment of interest	18/03/2009	18/03/2023	9.0	10,765		—	—
Bonds of 24 issuance, semi-annual payment of interest	18/03/2009	18/03/2024	9.0	10,765		—	—
Bonds of 9 issuance, semi-annual payment of interest*	23/02/2007	23/02/2010	8.0	8,444		—	8,292
Bonds of 6 issuance, semi-annual payment of interest*	10/04/2006	10/04/2009	8.5	6,991		—	7,126
Issued bonds of 8 issuance*	26/12/2006	26/12/2011	8.5	5,071		4,88	
Repurchased bonds of 8 issuance*				(885)		(885)	
Bonds of 8 issuance, semi-annual payment of interest*					127,271		4,003
Bonds of 14 issuance, semi-annual payment of interest*	20/09/2008	20/09/2018	11.0		2,210		2,205
Bonds of 12 issuance, semi-annual payment of interest*	20/09/2008	20/09/2015	11.0		134		132
Bonds of 13 issuance, semi-annual payment of interest*	20/09/2008	20/09/2010	11.0		2		2
					129,617		21,760
Total debt securities issued					457,456		286,584

(*) Covenants related to certain obligations of the Group were breached as at 30 June 2009 and 31 December 2008. Please refer to Note 34 for the restructuring plan of the Group.

As at 30 June 2009 and 31 December 2008, accrued interest expense included in debt securities issued amounted to KZT 13,309 million and KZT 15,230 million, respectively.

25. SPECIAL PROVISION FOR GUARANTEES

As at 31 December 2008, a special provision for guarantees was established to cover probable losses under guarantee contracts entered into from 2006 to 2008 with two brokerage companies, which acted as custodians of treasury bills issued by the US Government (the "treasury bills"). The Group pledged treasury bills as guarantee for loans made by the two brokerage companies to companies registered in British Virgin Islands and Samoa (the "offshore companies").

In February and May 2009, the Group was informed that the offshore companies had defaulted on the payment of these loans and the custodians had consequently taken possession of the collateral in the form of the treasury bills. Consequently, the treasury bills have been used to settle the guarantees as at 30 June 2009.

The Group and its legal advisors, together with various regulatory arms of the Kazakhstan Government, are taking actions considered necessary to assess legal matters regarding the guarantee contracts above and reduce the potential losses. However, due to the high level of uncertainty, the Group has recorded a provision in the amount of KZT 136,972 million as at 31 December 2008 for estimated losses related to the identified guarantee transactions. The provision represents the total amount of the treasury bills given as guarantees.

26. SUBORDINATED DEBT

	Issue date dd/mm/yy	Maturity date dd/mm/yy	Interest rate %	30 June 2009	31 December 2008
International Perpetual Subordinated bonds of ALB Finance B.V.*, *issued in USD, semi-annual payment of interest*	19/04/2006	—	9.42	22,433	17,978
Subordinated bonds* of *10 emission in KZT, semi-annual payment of interest*	08/11/2007	08/11/2014	9.75	6,731	6,719
Subordinated bonds* of *7 emission in KZT, semi-annual payment of interest*	24/07/2006	24/07/2013	8.5	5,022	5,017
Subordinated bonds* of *3 emission in KZT, semi-annual payment of interest*	29/10/2004	28/10/2011	10.8	2,940	2,968
Subordinated debt to Deg- Deutsche Investitions und Entwicklungesellschaft MBH* *in USD, semi-annual payment of interest*	14/06/2007	01/06/2014	9.59	3,396	2,723
Subordinated bonds* of *1 emission in KZT indexed to USD, semi-annual payment of interest*	23/12/2002	23/12/2009	9.0	2,878	2,319
Preference shares, *emission in KZT*	—	—	—	3,637	4,036
Total subordinated debt				47,037	41,760

(*) Covenants related to certain obligations of the Group were breached as at 30 June 2009 and 31 December 2008. Please refer to Note 34 for the restructuring plan of the Group.

The payment and maturity terms above do not consider the effects of the covenants breached.

As at 30 June 2009 and 31 December 2008, accrued interest expense included in bonds amounted to KZT 854 million and KZT 757 million, respectively.

As at 30 June 2009 and 31 December 2008, accrued dividends included in preference shares amounted to nil and KZT 400 million, respectively.

In the event of bankruptcy or liquidation of the Group, repayment of this debt is subordinate to the repayments of the Group's liabilities to all other creditors.

These liabilities are measured at amortized cost.

27. SHARE CAPITAL

As at 30 June 2009 and 31 December 2008, share capital authorized consisted of 15,000,000 and 11,537,500 ordinary shares, respectively, with voting rights and with par value of KZT 10,000 each and 2,800,000 and 400,000 preference shares, respectively, with par value of KZT 10,000 each. As at 30 June 2009 and 31 December 2008, ordinary shares issued and outstanding consisted of 9,637,563 shares. As at 30 June 2009 and 31 December 2008, preference shares issued and outstanding consisted of 50,000 preference shares that were paid with the price of KZT 10,000 per share and 350,000 preference shares that were paid with the price of KZT 12,450 per share. The preference shares do not carry voting rights unless dividends are not paid over a period of three months. The preference shares are not mandatorily redeemable but they carry a mandatory annual dividend payment of KZT 1,000 per share. According to Kazakhstan legislation on Joint Stock Companies, dividend payments on the preference shares cannot be less than the dividends paid on common shares.

As at 30 June 2009, the Group's share capital comprised of the following number of shares:

	Share capital authorized	Share capital authorized and not issued	Share capital issued
Ordinary shares	15,000,000	5,362,437	9,637,563
Preference shares	2,800,000	2,400,000	400,000

As at 31 December 2008, the Group's share capital comprised of the following number of shares:

	Share capital authorized	Share capital authorized and not issued	Share capital issued
Ordinary shares	11,537,500	1,899,937	9,637,563
Preference shares	400,000	—	400,000

As at 30 June 2008 and 31 December 2007 the Group's share capital comprised of the following number of shares:

	Share capital authorized	Share capital authorized and not issued	Share capital issued
Ordinary shares	11,537,500	1,900,000	9,637,500
Preference shares	2,800,000	2,400,000	400,000

During the period from 31 December 2007 till 30 June 2009 the Group did not issue ordinary shares. As at 30 June 2009 and 2008 and 31 December 2007 and 2008, number of ordinary share was 9,638 thousand ordinary shares and share capital amounted to KZT 96,380 million.

On transition to IAS 32 "Financial Instruments: Presentation" all preference shares were reclassified and disclosed as subordinated debt in the consolidated statement of financial position (see Note 26).

28. FINANCIAL COMMITMENTS AND CONTINGENCIES

In the normal course of business the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the statement of financial position.

The Group's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance sheet operations. The usual procedure for issue of credit guarantee or letter of credit includes the following steps:

- the credit officer from the front-office collects all necessary documentation including application of the potential client, registration forms and financial documentation, documents on available collateral;
- the package of documentation forwarded to the Credit Committee which decides to issue the guarantee (letter of credit);

- all package of documentation including the Credit Committee's decision transferred to the middle-office which drafts the guarantee (letter of credit) agreement and pass it for management's approval;
- finally, all signed documentation, which above a certain limit is approved by the Board of Directors, goes to the accounting department to record guarantees in the books.

The Group has undertaken actions to change the existing policies and procedures, the management of the Group expects to finalize the process by the end of the year.

As previously disclosed in Note 25, the Group is performing an assessment in order to identify potential off-balance sheet guarantees and pledges not recorded in prior years financial statements. As of the date of the issuance of these financial statements, the investigation has not been concluded and therefore it is possible that relevant non-disclosed transactions exist.

As at 30 June 2009 and 31 December 2008, provision for losses on contingent liabilities excluding special provision on guarantees amounted to KZT 6,735 million and KZT 4,731 million, respectively (see Note 5).

As at 30 June 2009 and 31 December 2008, the nominal or contract amounts of contingent liabilities were:

	30 June 2009	31 December 2008
	Nominal Amount	Nominal Amount
Contingent liabilities:		
Pledge of treasury bills (Note 5)	—	136,972
Commitments on loans and unused credit lines	147,599	126,491
Letters of credit and other transaction related contingent obligations	14,406	20,622
Guarantees issued and similar commitments	14,277	12,927
Total contingent liabilities	176,282	297,012

Extension of loans to customers within credit line limits is approved by the Group on a case-by-case basis and depends on borrowers' financial performance, debt service and other conditions. As at 30 June 2009 and 31 December 2008, such unused credit lines come to KZT 147,599 million and KZT 126,491 million, respectively.

As at 30 June 2009 and 31 December 2008, certain guarantees and similar commitments issued have been secured by cash deposited in customer accounts in amount of KZT 2,147 million and KZT 1,392 million, respectively.

As at 30 June 2009 and 31 December 2008, standby letters of credit have been secured by cash deposited in customer accounts in amount of KZT 1,868 million and KZT 2,283 million, respectively.

The maturity of the guarantees ranges from one month to five years.

Operating lease commitments

Where the Group is the lessee, the future minimum lease payments under non cancelable operating leases are as follows:

	30 June 2009	31 December 2008
Not later than 1 year	581	939
Later than 1 year and not later than 5 years	1,120	1,559
Later than 5 years	237	277
Total operating lease commitments	1,938	2,775

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material losses will be incurred, with the exception of those disclosed in Note 1 and Note 25, and accordingly no provision has been made in these consolidated financial statements for any other claims.

Fiduciary activities

In the normal course of its business the Group enters into agreements with limited right on decision making with clients for asset management in accordance with specific criteria established by clients. The Group may be liable for losses or actions aimed at appropriation of the clients' funds until such funds or securities are not returned to the client due to gross negligence or willful misconduct by the Group only. The maximum potential financial risk of the Group at any given moment is equal to the volume of the clients' funds plus/minus any unrealized income/loss on the client's position.

The Group provides its clients with nominal holding, custody and broker/dealer services. The Group enters into custody agreements with clients for accounting and custody of assets of the clients and assets of investment funds according to certain criteria established by the client and legislation. The Group may be responsible for losses or defalcation until such funds or securities are returned to the client. The maximum potential financial risk of the Group at any time equals the amount of funds of the clients plus/minus any unrealized profit/loss on the client's position.

As at 30 June 2009, the Group had securities of clients in off-balance sheet nominal holder accounts in the following amounts:

- in custody—3,483,642 shares, amounted to KZT 359 million;
- of these shares related to investment funds—47,982 shares, amounted to KZT 8 million;
- other assets related to investment funds amounted to KZT 4,035 million.

As at 31 December 2008, the Group had securities of clients in off-balance sheet nominal holder accounts in the following amounts:

- in custody—3,515,528 shares, amounted to KZT 175 million;
- of these shares related to investment funds—72,855 shares, amounted to KZT 8 million;
- other assets related to investment funds amounted to KZT 4,881 million.

Taxation

Commercial legislation of the Republic of Kazakhstan where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the consolidated financial statements.

As at 30 June 2009 and 31 December 2008, the Group faces significant tax risks related to the uncertainties in tax treatment of significant losses incurred during the six-month period ended 30 June 2009 and year ended 31 December 2008 as well as a possible change of ownership and an ongoing restructuring process (see Notes 1 and 34). In order to clarify and proceed to resolution regarding those risks, the Group has initiated discussion with the Tax Committee of the Republic of Kazakhstan. The following questions are raised:

- Treatment of income from restructuring of liabilities
- Treatment of losses related to the special provision for guarantees
- Treatment of losses related to provisions for losses on loans to related parties
- Treatment of other off-balance sheet unusual guarantees and pledges

The outcome of theses uncertainties could result in the Tax Authorities assessing additional taxes.

Pensions and retirement plans

Employees receive pension benefits in accordance with the laws and regulations of the Republic of Kazakhstan. As at 30 June 2009 and 31 December 2008, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment

The Group's principal activities are within the Republic of Kazakhstan. Laws and regulations affecting businesses operating in the Republic of Kazakhstan are subject to frequent changes and the Group's assets and operations could be at a risk due to negative changes in the political and business environment.

Specific volatility in global and Kazakhstan's financial markets

In recent months a number of major economies around the world have experienced volatile capital and credit markets. A number of major global financial institutions have either been placed into bankruptcy, taken over by other financial institutions and/or supported by government funding. As a consequence of the recent market turmoil in capital and credit markets both globally and in the Republic of Kazakhstan, notwithstanding any potential economic stabilization measures that may be put into place by the Government of the Republic of Kazakhstan, there exists economic uncertainties surrounding the continual availability, and cost, of credit both for the Group and its counterparties, the potential for economic uncertainties to continue in the foreseeable future and, as a consequence, the potential that assets, financial and other, may not be recovered at their carrying amount in the regular course of business, and a corresponding impact on the Group's profitability.

As at 30 June 2009, the Group has gross financial assets amounting to KZT 628,359 million (as at 31 December 2008: KZT 705,494 million). The recoverability of these financial assets depends to a large extent on the efficacy of the fiscal measures and other measures and other actions, beyond the Group's control, undertaken within various countries to achieve economic stability and recovery. The recoverability of the Group's financial assets is determined based on conditions prevailing and information available as at balance sheet date.

Restructuring

As discussed in Note 1, the Group has concluded a Memorandum of Understanding on Recapitalization. In accordance with the terms of the Memorandum of Understanding on Recapitalization, the Group has to undertake restructure of its liabilities. In relation to the restructuring, the Group does not have a detailed formal plan of the restructuring identifying the expenditures that will be undertaken and, accordingly, the Group has not accrued any reserves due to the fact that the Group was not able to make reliable estimate of the amount of possible future expenses.

29. TRANSACTIONS WITH RELATED PARTIES

The Group has identified significant transactions with related parties which represent approximately 36% and 5.5% of interest income for the six-month period ended 30 June 2009 and year ended 31 December 2008, respectively.

The majority of the assets are represented by other assets and loans issued to entities owned by or in which the Group's shareholders have an interest in. As at 30 June 2009 and 31 December 2008, the Group has recorded an allowance for impairment losses for related party assets of KZT 176,227 million and KZT 154,094 million which represent 45% and 76% of the assets receivable from related parties, respectively.

The Group and its legal advisors are pursuing the collection of the amounts in an effort to reduce the Group's exposure and losses. However, the results of those actions are unknown due to a lack of documentation on certain loans and the uncertainty of the financial capacity of the borrowers, due to their current financial situation or because they are inactive. However, the Group believes the allowance for impairment losses were sufficient for the probable losses identified and estimated as at 30 June 2009 and 31 December 2008.

Furthermore, while Management believes that they made all best practicable efforts in identifying the completeness of related parties for the six-month period ended 30 June 2009 and 2008 and year ended 31 December 2008, Management has not been able to conclude the analysis and therefore there is a possibility that the current disclosure does not present all transactions with related parties. The preliminary result of the

analysis has identified additional related parties as at 31 December 2008 which were not disclosed previously. Management is unable to compile the information necessary to present the related party transactions for the six-month period ended 30 June 2008 on a corresponding basis to the year ended 31 December 2008 and the six-month period ended 30 June 2009. As a consequence, the information related to six-month period ended 30 June 2008 has been omitted. This is a breach of disclosure as required under IAS 24 "Related Party Transactions." Additionally, due to the fact that the analysis for 2008 and 2009 regarding related party transactions has not been concluded, the associated tax effects, if any, have neither been recorded nor presented in the tax footnote disclosure.

The Management of the Group believes that Samruk-Kazyna, which is controlled by the Government of the Republic of Kazakhstan, is considered a related party due to the events described in Note 1. As such, outstanding balances with the Government of the Republic of Kazakhstan and organisations related to the Government of the Republic of Kazakhstan as at 30 June 2009 and transactions for the six-month period then ended were included into the tables presented below.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Transaction between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

	30 June 2009		31 December 2008	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Cash and balances with the National Bank of the Republic of Kazakhstan	10,524	19,713	—	21,217
—Government of the Republic of Kazakhstan and organizations related the Government of the Republic of Kazakhstan	10,524		—	
Financial assets at fair value through profit or loss	121,727	151,679	—	201,973
—Government of the Republic of Kazakhstan and organizations related the Government of the Republic of Kazakhstan	121,727		—	
Due from banks	24,729	61,933	873	45,956
—other related parties	729		873	
—Government of the Republic of Kazakhstan and organizations related the Government of the Republic of Kazakhstan	24,000		—	
Investments available-for-sale	946	2,272	37	2,741
—other related parties	37		37	
—Government of the Republic of Kazakhstan and organizations related the Government of the Republic of Kazakhstan	909		—	
Loans to customers before allowances for impairment losses	194,672	747,977	181,075	703,265
—the parent	—		1	
—other shareholders	138,435		131,266	
*—key management personnel of the entity or its parent**	56,045		49,245	
—other related parties	192		563	
Allowance for impairment losses on loans to customers	154,696	355,215	131,776	269,790
—the parent	—		1	
—other shareholders	120,792		106,610	
*—key management personnel of the entity or its parent**	33,880		24,831	
—other related parties	24		334	

	30 June 2009		31 December 2008	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Other assets before allowances for impairment losses	22,497	26,903	22,545	28,582
*—key management personnel of the entity or its parent**	21,444		21,258	
—other related parties	12		1,287	
—Government of the Republic of Kazakhstan and organizations related the Government of the Republic of Kazakhstan	1,041		—	
Allowance for impairment on other assets	21,445	22,031	22,338	22,642
*—key management personnel of the entity or its parent**	21,444		21,064	
—other related parties	1		1,274	
Due to the Government of the Republic of Kazakhstan	22,828	22,828	—	4,460
—Government of the Republic of Kazakhstan and organizations related the Government of the Republic of Kazakhstan	22,828		—	
Due to banks	899	195,595	54	137,377
—other related parties	899		54	
Customer accounts	91,571	187,655	16,576	189,044
—the parent	16		3,909	
—other shareholders	1,653		—	
—other related parties	297		11,367	
*—key management personnel of the entity or its parent**	1,535		1,300	
—Government of the Republic of Kazakhstan and organizations related the Government of the Republic of Kazakhstan	88,070		—	
Repurchase agreements	51,456	66,083	—	41,945
—Government of the Republic of Kazakhstan and organizations related the Government of the Republic of Kazakhstan	51,456		—	
Other liabilities	6,065	9,106	4,216	6,962
—other related parties	—		—	
*—key management personnel of the entity or its parent**	4,986		4,216	
—Government of the Republic of Kazakhstan and organizations related the Government of the Republic of Kazakhstan	1,079		—	
Contingent liabilities	36,717	176,282	35,786	297,012
—the parent	—		1	
*—key management personnel of the entity or its parent**	24,704		13,313	
—other shareholders	12,013		15,890	
—other related parties	—		6,582	

(*) Key management personnel of the entity or its parent represents current and former management of the Group and its parent.

Secured and unsecured loans are made to key management personnel of the entity and shareholders in the ordinary course of business. These loans are made on substantially the same terms, including interest rates, as for comparable transactions with persons of a similar standing or, where applicable, with other employees. No guarantees have been given or received. The transactions did not involve more than the normal risk of repayment or present other unfavorable features.

Amounts deposited by parent and other related parties earn interest at the same rates as those offered to the market or on the same terms and conditions applicable to other employees within the Group.

Included in the condensed interim consolidated statement of comprehensive income for the six-month period ended 30 June 2009 are the following amounts which arose due to transactions with related parties:

	30 June 2009	
	Related party balances	**Total category as per financial statements caption**
Interest income	22,538	60,558
—the parent	—	
—other shareholders	13,182	
—other related parties	70	
*—key management personnel of the entity or its parent**	7,377	
—Government of the Republic of Kazakhstan and organizations related the Government of the Republic of Kazakhstan	1,909	
Interest expense	3,458	47,975
—the parent	34	
—other shareholders	88	
—other related parties	5	
—Government of the Republic of Kazakhstan and organizations related the Government of the Republic of Kazakhstan	3,331	
Provision for impairment losses on interest bearing assets	31,328	63,745
*—key management personnel of the entity or its parent**	19,928	
—other shareholders	11,595	
—other related parties	(195)	
Net loss on financial assets at fair value through profit or loss	126	46,464
—Government of the Republic of Kazakhstan and organizations related the Government of the Republic of Kazakhstan	126	
Operating expenses	1,024	9,869
—the parent	—	
—other related parties	151	
*—key management personnel of the entity or its parent**	19	
—Government of the Republic of Kazakhstan and organizations related the Government of the Republic of Kazakhstan	854	
Fee and commission income	69	4,234
—the parent	13	
—other shareholders	4	
—other related parties	52	
Fee and commission expense	691	954
*—key management personnel of the entity or its parent**	691	
Net loss on foreign exchange operations	5	48,496
—other related parties	5	
Other income	25	785
—other related parties	25	
Key management personnel compensation	177	4,114
Short-term employee benefits, including pension fund payments	177	

(*) Key management personnel of the entity or its parent represents current and former management of the Group and its parent.

30. CAPITAL RISK MANAGEMENT

The capital structure of the Group consists of debt, which includes subordinated debt disclosed in Note 26 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

The Management Board reviews the capital structure on a regular basis. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

As is apparent from the disclosure in Note 1 the Group has not effectively managed this risk with rapid growth funded by substantial amounts of foreign debt being one of the causes for the Group's current financial difficulties.

The Group has undertaken actions to change the existing policies and procedures. The management of the Group expects to finalize the process by the end of the year.

31. SEGMENT REPORTING

The Group's primary format for reporting segment information is business segments and the secondary format is geographical segments.

Business segments

The Group is organized on the basis of three main business segments:

Retail banking—representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

Corporate banking—representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.

Investment banking—representing financial instruments trading, structured financing, corporate leasing, and merger and acquisitions advice.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the statement of financial position, but excluding taxation. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Segment information about these businesses is presented below.

	Retail banking	Corporate banking	Investment banking	Unallocated	Eliminations	Six-month period ended 30 June 2009
						(unaudited)
External operating revenue net of related expenses	(7,672)	(46,433)	(87,534)	(411)	—	(142,050)
Income from other segments	—	—	12,701	—	(12,701)	—
Expenses from other segments	(13,102)	401	—	—	12,701	—
Provision for impairment losses on other transactions	—	—	(1,345)	—	—	(1,345)
Total operating loss	(20,774)	(46,032)	(76,178)	(411)	—	(143,395)
Operating expenses	(4,127)	(5,210)	(532)	—	—	(9,869)
Operating loss before tax	(24,901)	(51,242)	(76,710)	(411)	—	(153,264)
Income tax expense	—	—	—	—	—	—
Net loss	(24,901)	(51,242)	(76,710)	(411)	—	(153,264)
Other segment items						
Depreciation expense	(633)	(948)	(82)	—	—	(1,663)
External interest income	20,532	25,299	14,727	—	—	60,558
Internal interest income	—	—	12,701	—	(12,701)	—
External interest expense	(2,758)	(23,045)	(22,172)	—	—	(47,975)
Internal interest expense	(13,102)	401	—	—	12,701	—
Provisions for impairment losses on interest bearing assets	(30,635)	(32,791)	(319)	—	—	(63,745)
Fee and commission income	2,558	1,672	4	—	—	4,234
Fee and commission expense	(777)	—	(29)	(148)	—	(954)
Capital expenditures	78	79	92	13	—	262

	Retail banking	Corporate banking	Investment banking	Unallocated	Eliminations	30 June 2009
						(unaudited)
Segment assets	198,257	199,376	235,598	497,271	(461,153)	669,349
Segment liabilities	60,541	159,050	830,672	723,285	(723,286)	1,050,262
Loans to customers	196,119	196,643	—	—	—	392,762
Property, equipment and intangible assets	—	—	—	32,677	—	32,677
Customer accounts	60,365	127,290	—	—	—	187,655

	Retail banking	Corporate banking	Investment banking	Unallocated	Eliminations	Six-month period ended 30 June 2008
						(unaudited)
External operating revenue net of related expenses	29,023	26,904	(30,625)	28	—	25,330
Income from other segments	—	—	31,729	—	(31,729)	—
Expenses from other segments	(16,036)	(15,693)	—	—	31,729	—
Provision for impairment losses on other transactions	(17)	(1,224)	—	—	—	(1,241)
Total operating income	12,970	9,987	1,104	28	—	24,089
Operating expenses	(7,150)	(3,004)	(500)	—	—	(10,654)
Operating profit before tax	5,820	6,983	604	28	—	13,435
Income tax expense	—	—	—	(3,226)	—	(3,226)
Net profit/(loss)	5,820	6,983	604	(3,198)	—	10,209
Other segment items						
Depreciation expense	(1,065)	(473)	(69)	—	—	(1,607)
External interest income	47,539	32,208	9,149	—	—	88,896
Internal interest income	—	—	31,729	—	(31,729)	—
External interest expense	(5,366)	(5,718)	(38,785)	—	—	(49,869)
Internal interest expense	(16,036)	(15,693)	—	—	31,729	—
Provisions for impairment losses on interest bearing assets	(12,728)	(3,110)	—	—	—	(15,838)
Fee and commission income	3,822	3,186	20	—	—	7,028
Fee and commission expense	(6,844)	(10)	(18)	(241)	—	(7,113)
Capital expenditures	1,425	1,905	1,225	150	—	4,705

	Retail banking	Corporate banking	Investment banking	Unallocated	Eliminations	31 December 2008
Segment assets	230,316	209,099	272,019	319,049	(282,175)	748,308
Segment liabilities	91,080	246,358	638,050	369,162	(369,162)	975,488
Loans to customers	229,792	203,683	—	—	—	433,475
Property, equipment and intangible assets	10,563	9,590	12,476	1,568	—	34,197
Customer accounts	91,006	98,038	—	—	—	189,044

Geographical segments

Segment information for the main geographical segments of the Group is set out below as at 30 June 2009 and for six-month period then ended and as at 31 December 2008 and for the six-month period ended 30 June 2008.

	Kazakhstan	Other non-OECD countries	OECD countries	As at and for the six-month period ended 30 June 2009 Total
				(unaudited)
External operating revenue	(105,930)	(650)	(35,470)	(142,050)
External net loss	(102,856)	(907)	(49,501)	(153,264)
Assets	590,294	17,147	61,908	669,349
Liabilities	376,735	187,944	485,583	1,050,262
Capital expenditure	262	—	—	262

	Kazakhstan	Other non-OECD countries	OECD countries	For the six-month period ended 30 June 2008 Total
				(unaudited)
External operating revenue	19,894	818	4,618	25,330
External net profit	8,018	330	1,861	10,209
Capital expenditure	4,705	—	—	4,705

	Kazakhstan	Other non-OECD countries	OECD countries	31 December 2008 Total
Assets	522,593	4,065	221,650	748,308
Liabilities	301,910	187,994	485,584	975,488

External operating income, assets, capital expenditure have generally been allocated based on domicile of the counterparty. Tangible assets (cash on hand, precious metals, premises and equipment) have been allocated based on the country in which they are physically held.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

The following methods and assumptions are used by the Group to estimate fair value of financial instruments not carried at fair value.

Loans to Customers and Customer Accounts—For assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For assets and liabilities with maturity greater than one month, fair value is estimated as the present value of estimated future cash flows discounted at the appropriate year-end market rates.

Due to banks, Due to other financial institutions and Other financing—As at 31 December 2008, for assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For assets and liabilities with maturity greater than one month, fair value is estimated as the present value of estimated future cash flows discounted at the appropriate year-end market rates. As at 30 June 2009, these debts are in the process of restructuring, therefore their fair value can not be accurately estimated. Based on negotiations with the Committee of Creditors and proposed options under the Memorandum of agreement, fair value of these debts is indicated at a 75% discount to their carrying amount.

Debt securities issued and subordinated debt—The securities are traded on active markets and quoted market prices have been used to determine the fair value.

The fair value of financial assets and liabilities compared with the corresponding carrying amount in the consolidated statement of financial position of the Group is presented below:

	30 June 2009		31 December 2008	
	Book value	Fair value	Book value	Fair value
Loans to customers, net of allowance	392,762	355,530	433,475	383,443
Due to the Government of the Republic of Kazakhstan	22,828	14,898	4,460	2,857
Due to banks	195,595	48,899	137,377	120,988
Due to other financial institutions	34,470	8,618	35,741	30,923
Customer accounts	187,655	193,549	189,044	202,251
Debt securities issued	457,456	185,419	286,584	147,324
Subordinated debt	47,037	24,011	41,760	26,387
Other financing	27,047	6,762	29,449	26,258

Financial assets and liabilities at fair value through profit or loss and available-for-sale investment securities are carried at fair value in the condensed interim consolidated statement of financial position. The carrying amount of cash and balances with the National Bank of the Republic of Kazakhstan and due from banks approximate fair value due to the short-term nature of such financial assets. The carrying amount of due to the government of the Republic of Kazakhstan approximate fair value due to individual nature of such financial assets issued at individual interest rates.

33. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the banking business and is an essential element of the Group's operations. The main risks inherent to the Group operations are those related to credit exposures, liquidity risk and market risk.

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose aims to protect the Group from risks and to achieve its performance objectives.

In response to recent events Management of the Group have attempted to strengthen the risk-management procedures, particularly in relation to all steps of loan issuance: deal structuring, its approval, registration and further monitoring.

Through the risk management framework, the Group aims to manage the following risks:

Credit risk

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Assets and Liabilities Management Committee ("the ALMC") sets limits on size and structure of risk assets. The Credit Committee approves each new loan and lease, and any changes and amendments to such agreements. The Credit Department performs current of compliance with such limits.

Risk management and monitoring is performed within set limits of authority. These procedures are performed by the Credit Committees and the Group's Management Board. Before any application is made to the Credit Committee, all recommendations on credit processes (borrower's limits approved, or amendments made to loan agreements, etc.) are reviewed and approved by the branch risk-manager or the Risk Management Department.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, to industry and geographical segments. Limits on the level of credit risk by borrower, product, industry sector and region are approved by the Credit Committee. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures, which are set by the Credit Committee. Actual exposures against limits are monitored daily.

Where appropriate, and in the case of most loans, the Group obtains collateral and corporate and personal guaranties. However a significant portion of loans relate to personal lending which are unsecured. Unsecured loans, collateral valuation, and financial performance of creditors/guarantors are monitored on a continuous basis and subject to annual or more frequent reviews.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk on off-balance sheet financial instruments is defined as a probability of losses due to inability of the counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the balance sheet financial instruments, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and ongoing monitoring. The Group manages the setting of the term to maturity of credit commitments as longer term commitments generally have a greater degree of credit risk than shorter-term commitments.

As discussed in Note 25 to these financial statements, Management of the Group has identified previously unrecorded guarantees issued to third parties. The non-recording of these guarantees has prompted Management to review the current internal risk management systems and policies.

The Group has undertaken actions to change the existing policies and procedures, the management of the Group expects to finalize the process by the end of the year.

As at 30 June 2009 and 31 December 2008, the key aspects of the current credit risk system and policies are described in detail below.

Specialist credit committees review all loan applications from prospective borrowers:

- Corporate business —Credit Committee of the Head Office
- SME —SME Credit Committee up to USD 5 million
- Bad Loans —Bad Loans Committee (authority for restructuring and legal claims)
- Retail banking —Retail banking Credit Committee
- Loans distributed by Branches —Credit Committee of the Branch up to KZT 15 million

All credit committees include personnel from the Risk Management department and each loan application should be approved by the following sub-divisions: Credit Department—Collateral department—Legal Department—Economic Security Department—Risk department—Credit Committee in order for a loan to be issued. With regard to retail banking all decisions are made on an individual basis.

As a result of the review of the risk management policies described above. Management has developed a comprehensive improvement plan for the risk management system. The plan considers the operations of the Group by market segment.

Maximum Exposure

The Group's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

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

The following table presents the maximum exposure to credit risk of balance sheet and off balance sheet financial assets, based on the current information known at the date of the issuance of these financial statements. For financial assets in the balance sheet, the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral. For financial guarantees and other off balance sheet assets, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the guarantee was called or in the case of commitments, if the loan amount was called. The maximum exposure to letters of credit, guarantees granted and other commitments is disclosed in Note 28. The collateral pledged was determined based on its fair value and limited to the outstanding balance of each loan.

As at 30 June 2009:

	Maximum exposure	Offset	Net exposure after offset	Collateral pledged	Net exposure after offset and collateral
Financial assets at fair value through profit or loss	151,679	—	151,679	—	151,679
Due from banks	61,933	—	61,933	—	61,933
Loans to customers	747,977	—	747,977	361,183	386,794
Investments available-for-sale	2,272	—	2,272	—	2,272

As at 31 December 2008:

	Maximum exposure	Offset	Net exposure after offset	Collateral pledged	Net exposure after offset and collateral
Financial assets at fair value through profit or loss	201,973	—	201,973	—	201,973
Due from banks	45,956	—	45,956	—	45,956
Loans to customers	703,265	—	703,265	335,025	368,240
Reverse repurchase agreements	132	—	132	119	13
Investments available-for-sale	2,741	—	2,741	—	2,741

Included in financial assets at fair value through profit and losses are the treasury bills given as guarantees and for which the Group has recorded a special provision for guarantees (see Note 25).

Financial assets are graded according to the current credit rating they have been issued by an internationally regarded agency such as Standard and Poors, except for loans to customers that are graded internally using the Group's internal model. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets that have ratings lower than BBB are classed as speculative grade.

The following table details the credit ratings of financial assets held by the Group:

As at 30 June 2009:

	AAA	AA	A	BBB	<BBB	Not Rated	Total at 30 June 2009
Financial assets at fair value through profit or loss	—	2,842	3,822	4,012	32,305	108,698	151,679
Due from banks	—	793	107	27	684	60,322	61,933
Investments available-for-sale	—	—	—	—	1,498	774	2,272

As at 31 December 2008:

	AAA	AA	A	BBB	<BBB	Not Rated	Total at 31 December 2008
Financial assets at fair value through profit or loss	136,972	10,705	25,829	—	25,158	3,309	201,973
Due from banks	—	31,631	7,924	14	5,488	899	45,956
Reverse repurchase agreements	—	—	—	—	—	132	132
Investments available-for-sale	—	—	—	—	2,075	666	2,741

Under FMSE rules loans are classified by reference to: (i) the customer's financial performance; (ii) the timeliness of repayment of principal and/or interest; (iii) the quality of collateral; (iv) whether there has been any extension of the loan; (v) the timeliness of repayments on other loans; (vi) whether there has been any unauthorized 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 from 1 to 5 (grade increases as the risk is higher). Based on this assessment and client's repayment schedule, the risk weight grades for all criteria are then combined, resulting in classification of the Group's portfolio as follows:

Total grades	Timeliness of repayment	Internal bank classification
Less than 1	Current	Standard
1-2	Current	Substandard 1st category
	Overdue	Substandard 2nd category
2-3	Current	Substandard 3rd category
	Overdue	Substandard 4th category
3-4	Both current and overdue	Substandard 5th category
4 and more	Both current and overdue	Loss

The following tables detail the credit ratings of loans to customers held by the Group as at 30 June 2009 and 31 December 2008:

	Standard	Sub-standard of 1 level	Sub-standard of 2 level	Sub-standard of 3 level	Sub-standard of 4 level	Sub-standard of 5 level	Loss	Total at 30 June 2009
Loans to customers . .	136,584	4,583	18,037	1,232	25,695	73,060	426,997	686,188
	Standard	**Sub-standard of 1 level**	**Sub-standard of 2 level**	**Sub-standard of 3 level**	**Sub-standard of 4 level**	**Sub-standard of 5 level**	**Loss**	**Total at 31 December 2008**
Loans to customers . .	206,202	23,311	16,192	137,906	24,071	36,750	228,406	672,838

The tables above do not include interest or discount on loans to customers in the amount of KZT 61,789 million and KZT 30,427 million as at 30 June 2009 and 31 December 2008, respectively.

The banking industry is generally exposed to credit risk through its loans to customers and inter bank deposits. The loans to customers are concentrated to borrowers domiciled in the Republic of Kazakhstan. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Group's risk management policy are not breached.

The scoring methodologies adopted by the Group are based on the principal amount of the loans. It is not meaningful to include the allocation of the not rated portion between the scoring categories, as this would not reconcile to the disclosed balances in the financial statements.

The following table details the carrying value of assets that are impaired and the ageing of those that are past due but not impaired:

As at 30 June 2009:

		Financial assets past due but not impaired					
	Neither past due nor impaired	0-3 months	3-6 months	6 months to 1 year	Greater than one year	Financial assets that have been impaired	Total at 30 June 2009
Financial assets at fair value through profit or loss	151,679	—	—	—	—	—	151,679
Due from banks	61,933	—	—	—	—	—	61,933
Loans to customers	129,792	11,022	148	31	12	251,757	392,762
Investments available-for-sale	2,272	—	—	—	—	—	2,272

As at 31 December 2008:

		Financial assets past due but not impaired					
	Neither past due nor impaired	0-3 months	3-6 months	6 months to 1 year	Greater than one year	Financial assets that have been impaired	Total at 31 December 2008
Financial assets at fair value through profit or loss	201,973	—	—	—	—	—	201,973
Due from banks	45,956	—	—	—	—	—	45,956
Loans to customers	197,581	17,236	—	—	—	218,658	433,475
Reverse repurchase agreements	132	—	—	—	—	—	132
Investments available-for-sale	2,741	—	—	—	—	—	2,741

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Treasury Department performs management of these risks through analysis of asset and liability maturity and performance of money market transactions for current liquidity support and cash flow optimization. Risk Management Department performs determination of the optimal structure of balance, limits on liquidity ratios and gap-positions approved by the Assets and Liabilities Management Committee. Risk Analysis and Management Department performs monitoring of liquidity ratios.

An analysis of the liquidity risk is presented in the following table. The presentation below is based upon the information provided internally to key management personnel of the entity.

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	30 June 2009 Total
FINANCIAL ASSETS							
Financial assets at fair value through profit or loss	151,679	—	—	—	—	—	151,679
Due from banks	29,399	1,316	30,340	752	—	—	61,807
Loans to customers	47,740	38,118	153,594	103,425	49,885	—	392,762
Investments available-for-sale	—	—	993	1,023	207	—	2,223
Total interest bearing financial assets	228,818	39,434	184,927	105,200	50,092	—	608,471
Cash and balances with the National Bank of the Republic of Kazakhstan	19,713	—	—	—	—	—	19,713
Investments available-for-sale	—	—	—	—	—	49	49
Due from banks	126	—	—	—	—	—	126
TOTAL FINANCIAL ASSETS	248,657	39,434	184,927	105,200	50,092	49	628,359
FINANCIAL LIABILITIES							
Due to the Government of the Republic of Kazakhstan	450	—	—	6	22,372	—	22,828
Financial liabilities at fair value through profit or loss	2,985	—	—	—	—	—	2,985
Due to banks	195,590	—	—	—	—	—	195,590
Due to other financial institutions	34,470	—	—	—	—	—	34,470
Other financing	27,047	—	—	—	—	—	27,047
Customer accounts	56,575	3,295	6,957	60,844	14,727	—	142,398
Repurchase agreements	66,083	—	—	—	—	—	66,083
Debt securities issued	457,456	—	—	—	—	—	457,456
Subordinated debt	853	—	2,839	11,109	28,600	3,636	47,037
Total interest bearing financial liabilities	841,509	3,295	9,796	71,959	65,699	3,636	995,894
Due to banks	5	—	—	—	—	—	5
Customer accounts	45,257	—	—	—	—	—	45,257
TOTAL FINANCIAL LIABILITIES	886,771	3,295	9,796	71,959	65,699	3,636	1,041,156
Liquidity gap	(638,114)	36,139	175,131	33,241	(15,607)		
Cumulative liquidity gap	(638,114)	(601,975)	(426,844)	(393,603)	(409,210)		
Interest sensitivity gap	(612,691)	36,139	175,131	33,241	(15,607)		
Cumulative interest sensitivity gap	(612,691)	(576,552)	(401,421)	(368,180)	(383,787)		
Cumulative interest sensitivity gap as a percentage of total financial assets	(97.5)%	(91.8)%	(63.9)%	(58.6)%	(61.1)%		
Commitments on loans and unused credit lines	18,712	8,114	19,374	106,941	31,362	—	184,503

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2008 Total
FINANCIAL ASSETS							
Financial assets at fair value through profit or loss	65,001	136,972	—	—	—	—	201,973
Due from banks	10,449	1,611	604	32,474	—	—	45,138
Loans to customers	64,763	32,789	145,760	79,229	110,934		433,475
Reverse repurchase agreements	132	—	—	—	—	—	132
Investments available-for-sale	72	—	—	1,782	838	—	2,692
Total interest bearing financial assets	140,417	171,372	146,364	113,485	111,772	—	683,410
Cash and balances with the National Bank of the Republic of Kazakhstan	21,217	—	—	—	—	—	21,217
Investments available-for-sale	—	—	—	—	—	49	49
Due from banks	818	—	—	—	—	—	818
TOTAL FINANCIAL ASSETS	162,452	171,372	146,364	113,485	111,772	49	705,494
FINANCIAL LIABILITIES							
Due to National Bank of the Republic of Kazakhstan	15,026	—	—	—	—	—	15,026
Due to the Government of the Republic of Kazakhstan	79	—	—	7	4,374	—	4,460
Financial liabilities at fair value through profit or loss	50,168	—	—	—	—	—	50,168
Due to banks	137,316	—	—	—	—	—	137,316
Due to other financial institutions	35,741	—	—	—	—	—	35,741
Other financing	29,449	—	—	—	—	—	29,449
Customer accounts	12,486	25,305	10,733	114,014	910	—	163,448
Repurchase agreements	39,180	817	1,948	—	—	—	41,945
Debt securities issued	286,584	—	—	—	—	—	286,584
Subordinated debt	21,449	—	2,315	7,740	6,620	3,636	41,760
Total interest bearing financial liabilities	627,478	26,122	14,996	121,761	11,904	3,636	805,897
Due to banks	61	—	—	—	—	—	61
Customer accounts	25,596	—	—	—	—	—	25,596
Special provision for guarantees	—	136,972	—	—	—	—	136,972
TOTAL FINANCIAL LIABILITIES	653,135	163,094	14,996	121,761	11,904	3,636	968,526
Liquidity gap	(490,683)	8,278	131,368	(8,276)	99,868		
Cumulative liquidity gap	(490,683)	(482,405)	(351,037)	(359,313)	(259,445)		
Interest sensitivity gap	(487,061)	145,250	131,368	(8,276)	99,868		
Cumulative interest sensitivity gap	(487,061)	(341,811)	(210,443)	(218,719)	(118,851)		
Cumulative interest sensitivity gap as a percentage of total assets	(69.0)%	(48.4)%	(29.8)%	(31.0)%	(16.8)%		
Commitments on loans and unused credit lines	4,019	6,087	12,930	96,425	7,030	—	126,491

As at 30 June 2009 and 31 December 2008, the above table discloses a liquidity deficit. This deficit has primarily arisen due to the following reasons;

- The losses guarantees collateralized by US Treasury Bills in the amount of KZT 136,972 million as discussed in Note 25;
- As at 30 June 2009 and 31 December 2008, loans in the amount of KZT 339,396 million and KZT 490,489 million, respectively, which are presented as up to 1 month due to the covenants breached; and
- The outflow of customers' deposits during six-month period ended 30 June 2009 and year ended 31 December 2008 in amount of KZT 1,389 million and KZT 48,313 million.

The significant increase in margin-call deposit payments relates to various Swap agreements.

Currently, liquidity management is conducted by the Treasury Department of the Group under daily direct control of the Chief Financial Officer. Lending operations are currently limited to Government sponsored programs. In order to support short term liquidity the Group enters into repo operations using Samruk-Kazyna senior bonds with the National Bank of the Republic of Kazakhstan.

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The ALMC controls currency risk by management of the open currency position on the estimated basis of KZT devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rate fluctuations toward its national currency. The Treasury Department performs daily monitoring of the Group's open currency position with the aim to comply with the requirements of national (central) banks.

The Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD USD 1 = KZT 150.43	EURO EURO 1 = KZT 211.99	Other currencies	30 June 2009 Total
FINANCIAL ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	11,121	1,996	6,487	109	19,713
Financial assets at fair value through profit or loss	144,191	6,626	862	—	151,679
Due from banks	24,656	27,654	9,539	84	61,933
Loans to customers	164,935	218,327	5,383	4,117	392,762
Investments available-for-sale	2,272	—	—	—	2,272
TOTAL FINANCIAL ASSETS	347,175	254,603	22,271	4,310	628,359
FINANCIAL LIABILITIES					
Due to the Government of the Republic of Kazakhstan	22,828	—	—	—	22,828
Financial liabilities at fair value through profit or loss	2,920	65	—	—	2,985
Due to banks	22,637	133,630	8,827	30,501	195,595
Due to other financial institutions	44	3,877	—	30,549	34,470
Other financing	—	27,047	—	—	27,047
Customer accounts	158,254	25,809	3,423	169	187,655
Repurchase agreements	66,083	—	—	—	66,083
Debt securities issued	129,619	106,546	154,388	66,903	457,456
Subordinated debt	14,693	32,344	—	—	47,037
TOTAL FINANCIAL LIABILITIES	417,078	329,318	166,638	128,122	1,041,156
NET POSITION	(69,903)	(74,715)	(144,367)	(123,812)	

	KZT	USD USD 1 = KZT 120.79	EURO EURO 1 = KZT 170.24	Other currencies	31 December 2008 Total
FINANCIAL ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	16,695	3,164	944	414	21,217
Financial assets at fair value through profit or loss	26,025	144,997	17,077	13,874	201,973
Due from banks	542	21,729	18,539	5,146	45,956
Loans to customers	220,579	201,432	10,696	768	433,475
Reverse repurchase agreements	132	—	—	—	132
Investments available-for-sale	2,741	—	—	—	2,741
TOTAL FINANCIAL ASSETS	266,714	371,322	47,256	20,202	705,494
FINANCIAL LIABILITIES					
Due to National Bank of the Republic of Kazakhstan	15,026	—	—	—	15,026
Due to the Government of the Republic of Kazakhstan	4,460	—	—	—	4,460
Financial liabilities at fair value through profit or loss	3,665	46,503	—	—	50,168
Due to banks	23,843	85,300	2,635	25,599	137,377
Due to other financial institutions	—	9,484	825	25,432	35,741
Other financing	—	29,449	—	—	29,449
Customer accounts	135,893	47,961	4,844	346	189,044
Repurchase agreements	41,945	—	—	—	41,945
Debt securities issued	21,760	85,582	129,084	50,158	286,584
Other provisions for guarantees	—	136,972	—	—	136,972
Subordinated debt	18,740	23,020	—	—	41,760
TOTAL FINANCIAL LIABILITIES	265,332	464,271	137,388	101,535	968,526
NET POSITION	1,382	(92,949)	(90,132)	(81,333)	

Currently, the Group faces significant forex exposures caused by inadequate currency risk management. As a result of the rapid growth of the Banks operations in the preceding years the Bank was exposed to excessive currency risks which were not sufficiently hedged.

The continued growth and aggressive lending policy demanded significant international funding in the form of bilateral and syndicated loans as well as bonds issued on internal markets in different currencies (Euros, JPYs, GBPs, etc.). Due to the mismatch between the currency of borrowing and lending the Group had negotiated long-term currency swaps to hedge this risk. However, as a result of recent market volatility this led to an ineffective hedging plan and to an unpredicted higher volume of margin-call deposit payments. As discussed in Note 13, during the six-month period ended 30 June 2009, the Group has early terminated majority of its derivative positions.

Derivative financial instruments and spot contracts

The Group enters into derivative financial instruments to manage currency and liquidity risks and for trading purposes. These instruments include forwards on foreign currency and securities. Derivative financial instruments entered by the Group are not designated as hedges and do not qualify for hedge accounting.

Transactions are undertaken in derivative financial instruments ("derivatives"), which include interest rate, cross currency, forwards, as well as credit default and total return swaps, equity index contracts and exchange traded interest rate futures and equity index options. Derivatives are contracts or agreements whose value is derived from one or more underlying indices or asset values inherent in the contract or agreement, which require no or little initial net investment and are settled at a future date.

As discussed in Notes 13, during 2008 the Group entered into a cross currency credit default swap linked to the performance of Gazprom on its debts whereby the Bank is selling protection to the counterparty for the full notional of EUR 100 million in case of default by Gazprom. The Group was to receive Gazprom notes and the

counterparty was to retain the initially exchanged notional amount of KZT 17,024 million in case of default in the notes by Gazprom. During the six-month period ended 30 June 2009, the Group has early terminated the derivative instrument open.

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above and the following table presents further analysis of currency risk by types of derivative financial instruments and spot contracts as at 30 June 2009 and 31 December 2008. The accounts payable and receivable in the tables below disclose the nominal value of the derivative financial instruments and spot contracts with the gain or loss on the derivative financial instruments and spot contracts being included in the table above.

	KZT	USD USD 1 = KZT 150.43	EURO EURO 1 = KZT 211.99	Other Currencies	30 June 2009 Total
Accounts payable on spot and derivative contracts	4,905	27,074	—	—	31,979
Accounts receivable on spot and derivative contracts	10,761	1,504	6,360	15,800	34,425
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	5,856	(25,570)	6,360	15,800	
TOTAL NET POSITION	(64,047)	(100,285)	(138,007)	(108,012)	

	KZT	USD USD 1 = KZT 120.79	EURO EURO 1 = KZT 170.24	Other Currencies	31 December 2008 Total
Accounts payable on spot and derivative contracts	64,021	350,466	2,554	6,549	423,590
Accounts receivable on spot and derivative contracts	20,398	204,594	105,364	93,234	423,590
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(43,623)	(145,872)	102,810	86,685	
TOTAL NET POSITION	(42,241)	(238,821)	12,678	5,352	

Currency risk sensitivity

During 2008 the National Bank of the Republic of Kazakhstan supported the exchange rate of the Kazakhstan tenge to the US Dollar within a range of 120 KZT to 1 US Dollar to 123 KZT to 1 US Dollar. On 4 February 2009, the National Bank of the Republic of Kazakhstan reduced the support level of the exchange rate to 150 KZT to 1 US Dollar +/- 3%. As at 16 September 2009 and as at 30 June 2009, the exchange rate was KZT 150.95 and KZT 150.43 to 1 US Dollar, respectively.

As disclosed in Note 13, during the six-month period ended 30 June 2009, the Group terminated the majority of its cross-currency swaps resulting in a foreign currency exchange loss. The termination of the contracts exposes the Group to future foreign currency exchange fluctuations. Currently the Group continues to have significant exposure to foreign currency exchange rate fluctuations.

The following table details the Group's Sensitivity to a 10% and 25% increase and decrease in the USD against the KZT as at 30 June 2009 and 31 December 2008, respectively. The analysis represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 25 % change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

Impact on net profit and equity based on asset values as at 30 June 2009 and 31 December 2008:

	As at 30 June 2009		As at 31 December 2008	
	KZT/USD +10%	KZT/USD -10%	KZT/USD +25%	KZT/USD -25%
Impact on profit or loss	(10,002)	10,002	(59,705)	59,705
Impact on equity	(8,001)	8,001	(41,794)	41,794

Management of the Group considers the most significant currency exposure to be in relation to fluctuations in the US Dollar. As discussed in the tables above, although, the Group does have exposure to fluctuations in the Euro and other currencies; this exposure is limited to specific assets and liabilities including debt securities and derivative financial instruments.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group is exposed to price risks of its products which are subject to general and specific market fluctuations.

The Group manages price risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing and maintaining appropriate stop-loss limits and margin and collateral requirements.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group manages fair value interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Department of Financial Control conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in fair value interest rates and its influence on the Group's profitability.

Cash flow interest rate risk

Cash flow interest rate risk—the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The Treasury Department performs management of interest rate risks through determination of the transferring rates and general rates of borrowed and allocated resources, which enables the Group to avoid negative interest margin. Risk Management Department develops limits for interest gaps and performs monitoring of spread level and net interest margin. Assets and Liabilities Management Committee approves limits on interest gaps, transferring rates and general interest rates for borrowed and allocated resources.

34. SUBSEQUENT EVENTS

On 6 July 2009 the Group entered into a Memorandum of Understanding with the Creditors' Steering Committee with respect to the restructuring of Alliance Bank's financial indebtedness ("the Restructuring"). The Creditors' Steering Committee is comprised of Asian Development Bank, Calyon, Commerzbank Aktiengesellschaft, DEG Deutsche Investitions- und Entwicklungsgesellschaft mbH, ING Asia Private Bank Limited, HSBC Bank plc, JPMorgan Chase Bank, N.A., Sumitomo Mitsui Banking Corporation Europe Limited and Wachovia Bank N.A. The Memorandum of Understanding is non-binding on any financial creditor and the restructuring will be subject to approvals.

The summary of restructuring options:

Option 1—Cash-Out Option

- Creditors will be offered the right to be repaid on a discounted basis. There is a limited amount of $500 million available for this. It will be organized on the basis of an open offer.
- There will be a fixed price of $0.225 per $1 of debt.
- Any cash not applied in Option 1 shall be retained within the Group.
- The Group considers that the minimum debt for this option should be $1,850,000,000.

Option 2—50% Haircut—7 years + Recovery Notes

- The debt which is not subject to the forgiveness will be repaid over a 3 year period following a 4 year grace period. The interest rate will be 5.8% per annum.

- Creditors will receive Recovery Notes for the amount of debt forgiven under Option 2. Payments under the Recovery Notes will stop after 7 years. At such point there will be a calculation of any residual potential cash recoveries and a final payment will be made. Payments will be distributed to note holders as additional income.
- 50% of cash recoveries over current written down amounts, litigation recoveries and tax assets are distributed to Recovery Note holders and 50% of recoveries are to be retained by the Group.
- A notional pay in kind interest rate of 4.2% per annum will be applied to the unamortized Recovery Notes. Once Recovery Notes plus accrued pay in kind interest have been repaid, the Recovery Notes will be cancelled.
- Payment will be made quarterly.
- Recoveries for the account of Recovery Note holders will be retained in a segregated account.

Option 3—No Haircut—10 years

- The debt will be repaid over a 3 year period following a 7 year grace period.
- There will be a fixed interest rate in cash for the first 7 years of 2% per annum plus a PIK interest rate of 2.7% per annum for the first 7 years which will be amortized over the remaining 3 years. For the 3 years of the amortization period the interest rate will be increased to 90 day floating LIBOR plus 8.5% per annum. The margin will decrease to 6.5% if and so long as the Group has an investment grade rating from at least two internationally recognized ratings agencies.

Option 4—Subordinated debt holders and subordinated bond holders

- The debt will remain subordinated to all senior debt and will be documented and treated as Tier 2 capital.
- The debt will be repaid over a 3 year period following a 10 year grace period.
- There will be a fixed interest rate of 2% per annum plus a PIK interest rate of 3% per annum for the 10 year period which will be amortized over the remaining 3 years. For the 3 year amortization period the interest rate will be increased to a fixed interest rate of 10% per annum.

Option 5—Equity Conversion

Preference Shares—33% to be allocated to participating creditors

- Perpetuals will be converted to convertible preferential shares at an 80% haircut and a 4% per annum coupon.
- Other senior debt has the option to be converted to convertible preferential shares at a 75% haircut and a 4% per annum coupon. The conversation rate to Common Shares is yet to be agreed.
- The balance of the convertible preferential shares up to 33% to be allocated to creditors who select options 2, 3 and 4. The basis of apportionment is to be determined.

Common Shares—33% to be allocated to participating creditors

- Common Shares in the Group will be issued to creditors who select options 2, 3, 4 and 5 in an amount of 33% of Group shares. The basis of apportionment is to be determined.
- There will be a tag along right if Samruk-Kazyna's shares in the Group are sold to a third party or if Samruk-Kazyna's shares in the Group are bought back or redeemed by the Group. The right will be to receive the same price as Samruk-Kazyna and in the case of preferential shares, to be treated as if the preferential shares had converted to Common Shares. Samruk-Kazyna will also be granted drag along rights in respect of all but not part of the shares of the Financial Creditors in circumstances where Samruk-Kazyna is selling to a third party an arm's length, fair market value terms.
- Consideration will be given to achieving the apportionment by way of warrants rather than day one apportionments.

On 14 July, as discussed in detail in Note 1, an intention agreement was signed between the Group and Samruk-Kazyna.

On 21 July 2009, the Agency of the Republic of Kazakhstan on Regulation and Supervision of the Financial Market and Financial Organizations approved the Group's indicative restructuring and recapitalization plan.

JOINT STOCK COMPANY ALLIANCE BANK

Consolidated Financial Statements
for the Year Ended 31 December 2008

JOINT STOCK COMPANY ALLIANCE BANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report set out on pages 2-3, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of Joint Stock Company ("JSC") Alliance Bank and its subsidiaries (the "Group").

Management of the Group is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of the Group as at 31 December 2008, the consolidated results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS has been followed; and
- Preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The global financial crisis has significantly affected the banking sector of Kazakhstan. Deteriorating economic conditions around the globe accompanied by large exposures entered into by the Group (aggressive growth policy followed by the issuance of significant guarantees and loans to related parties), before the appointment of the current management team, resulted in the Group incurring significant losses and to a rapidly deteriorating financial position. In particular, during the first half of 2009 the extent of the difficulties became apparent and certain strategies were developed to cope with the worsening financial situation. The Group has defaulted on certain of its liabilities and has entered into negotiations with its creditors in an attempt to restructure its liabilities. Successful completion of the restructuring negotiations is a critical first step in the Group's efforts to extricate itself from its current financial position. The Group will also need to receive substantial Kazakhstan Government support through the Government owned Joint Stock Company "Sovereign Welth Fund "Samruk-Kazyna" ("Samruk-Kazyna").

In addition, the Government launched several initiatives to stabilize the economy of Kazakhstan. The Group actively participates in those Kazakhstan Government programs that provide additional funding to minimize the impact of the global financial crisis. Management expects that the Group will continue to rely on and utilize such facilities for the foreseeable future.

Management is taking what it considers to be appropriate steps to implement measures, which it believes will enhance its internal control as well as return the Group to profitable operations and a sound financial position. The consolidated financial statements for the year ended 31 December 2008 were authorized for issue on 31 July 2009 by the Management Board of the Bank.

On behalf of the Management Board of the Bank:



Dauletkhanov K.K.
Chief Financial Officer

31 July 2009
Almaty, Kazakhstan

Zhakanbayev R.S.
Chief Accountant

31 July 2009
Almaty, Kazakhstan

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INDEPENDENT AUDITORS' REPORT

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Joint Stock Company Alliance Bank and its subsidiaries (together, "the Group"), which comprise the consolidated balance sheet as at 31 December 2008, the consolidated income statement, the consolidated statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. Except as discussed in the basis for qualified opinion paragraphs below, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Member of Deloitte Touche Tohmatsu

Qualified Opinion—Financial Guarantees and Pledges

As discussed in Note 30, the Group has recorded a liability at 31 December 2008 for the fulfillment of certain guarantees in the amount of KZT 136,972 million. These guarantees were not recorded in the books or records of the Group at the time of their issuance and there is no evidence that the guarantees were appropriately authorized by the Board of Directors. Owing to the nature of the Group's records, we were unable to satisfy ourselves as to the completeness of guarantees or similar pledges made by, or on behalf of, the Group as at 31 December 2008 and 2007.

Qualified Opinion—Related Parties

As discussed in Notes 1 and 34, the Group has information that indicates that certain customers and counterparties may not have been properly identified as related parties. The Group was unable to obtain appropriate evidence as to whether these entities are related parties as at 31 December 2008 and 2007. In the accompanying consolidated financial statements, the Group has not presented corresponding related parties disclosures for the year ended 31 December 2007. Owing to this uncertainty and the omission of corresponding related parties disclosures for the year ended 31 December 2007, we were unable to satisfy ourselves as to the completeness or accuracy of such disclosures, and their associated tax effects, if any.

Qualified Opinion—Property, equipment and intangible assets

As discussed in Note 3 to the consolidated financial statements, in accordance with the Group's accounting policy, certain land and buildings included in property, equipment and intangible assets are carried at revalued amounts. These revaluations should be made with sufficient regularity to ensure that the carrying amount of property and equipment does not differ materially from the values which would be determined using the fair value at the balance sheet date. In addition, when an item of property, equipment and intangible assets is revalued, the entire class of assets to which it belongs should also be revalued. During the year ended 31 December 2008, the Group performed a valuation of certain land and buildings, however not all material assets within land and buildings were revalued. As a result, we were unable to obtain sufficient appropriate audit evidence to conclude that there is no significant difference between the carrying amount and fair value of land and buildings included within property, equipment and intangible assets. Therefore, we have been unable to satisfy ourselves as to the appropriateness and accuracy of the carrying amounts of property, equipment and intangible assets in the amount of KZT 34,197 million, the revaluation reserve balances in the amount of KZT 2,023 million and the related depreciation and amortization expense in the amount of KZT 3,033 million as at 31 December 2008 and for the year then ended.

Qualified Opinion—Derivative liabilities

As discussed in Notes 14 and 15, the Group has entered into derivative financial instruments in the form of credit default cross currency swaps. The Group was not able to estimate the fair value of this derivative liability as at 31 December 2008. As at 31 December 2008, we have estimated that the fair value of such derivative liability was understated by KZT 5,250 million. Accordingly, financial liabilities at fair value through profit or loss should be increased by KZT 5,250 million to KZT 55,418 million, the net loss on operations with financial assets at fair value through profit or loss should be increased by KZT 5,250 million to KZT 38,132 million and the Net loss and Accumulated deficit should each be increased by KZT 5,250 million to KZT 391,460 million and KZT 232,430 million, respectively.

Qualified Audit Opinion

In our opinion, except for the effects of the adjustment related to the derivative liabilities, and the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the completeness of guarantees, pledges, related parties disclosures, and their associated tax effects, if any, and the valuation of land and buildings within property, equipment and intangible assets, revaluation reserve balances and depreciation expense related to land and buildings, referred to above, the consolidated financial statements present fairly, in all material respects, the financial position of the Group and its subsidiaries as at 31 December 2008, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter—Going Concern

Without further qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Group incurred a net loss amounting to KZT 386,210 million for the year ended 31 December 2008 and, as of that date, the Group's liabilities exceeded its total assets by KZT 227,180 million. As discussed in Note 1, on 21 July 2009, the Agency of the Republic of Kazakhstan on Regulation and Supervision of the Financial Market and Financial Organizations approved the Group's indicative restructuring and recapitalization plan. The indicative plan is set out in the non-binding Memorandum of Understanding entered into by the Group with the Creditors' Steering Committee dated 6 July 2009 to restructure its financial indebtedness and the Intention Agreement signed on 14 July 2009 between the Group and Samruk-Kazyna for the conversion of Samruk-Kazyna deposits of KZT 24,000 million into equity and a further KZT 105,000 million to be provided by converting bonds of the Bank held by Samruk-Kazyna to preferred shares. There is no assurance that any debt restructuring plan will be successfully consummated. Furthermore, the Group is dependent on the continuing support of the Government the Republic of Kazakhstan and the successful implementation of the Group's business plan which also cannot be assured. These conditions, together with other matters described in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Emphasis of Matter—Corresponding Figures

Without further qualifying our opinion, we draw attention to Notes 30 and 34 in the financial statements which indicate that certain corresponding figures relating to guarantees and related parties, respectively, were omitted in the previously issued financial statements for the year ended 31 December 2007. Corresponding figures relating to guarantees have been updated in the consolidated financial statements to the extent that management have been able to verify such arrangements. As noted above, no corresponding figures for related parties disclosures have been provided.



Arman Chingilbayev
Engagement Partner
Qualified auditor
Qualification certificate №0000487,
Republic of Kazakhstan

Deloitte, LLP

Deloitte, LLP
Audit license for Republic of Kazakhstan
№0000015, type MFU - 2, issued by the Ministry of
Finance of the Republic of Kazakhstan dated
13 September 2006



Nurlan Bekenov
General Director
Deloitte, LLP

31 July 2009
Almaty

JOINT STOCK COMPANY ALLIANCE BANK

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008
(in Kazakhstani tenge and in millions, except for (loss)/earnings per share which is in tenge)

	Notes	Year ended 31 December 2008	Year ended 31 December 2007
Interest income	4,34	163,488	181,768
Interest expense	4,34	(100,677)	(92,889)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	4	62,811	88,879
Provision for impairment losses on interest bearing assets	5,34	(242,273)	(25,571)
NET INTEREST (LOSS)/INCOME		(179,462)	63,308
Net (loss)/gain on financial assets at fair value through profit or loss	6	(32,882)	14,792
Net gain on repurchase of liabilities	28	3,712	5,733
Net (loss)/gain on investments available-for-sale		(1)	108
Net gain/(loss) on foreign exchange transactions	7,34	15,564	(9,474)
Fee and commission income	8,34	12,817	12,629
Fee and commission expense	8,34	(24,584)	(10,508)
Special provision for guarantees	5	(136,972)	—
(Provision)/recovery of provision for impairment losses on other transactions	5,34	(27,175)	79
Other income	9,34	4,316	2,323
NET NON-INTEREST (LOSS)/INCOME		(185,205)	15,682
OPERATING (LOSS)/INCOME		(364,667)	78,990
OPERATING EXPENSES	10,34	(21,889)	(22,401)
(LOSS)/PROFIT BEFORE INCOME TAX		(386,556)	56,589
Income tax benefit/(expense)	11	346	(13,906)
NET (LOSS)/PROFIT		(386,210)	42,683
Attributable to:			
Preference shareholders		—	1,512
Ordinary shareholders of the parent		(386,210)	41,171
(LOSS)/EARNINGS PER SHARE Basic and diluted (KZT)	12	(40,073.67)	4,780.19

On behalf of the Management Board of the Bank:

Dauletkhanov K.K.
Chief Financial Officer

31 July 2009
Almaty, Kazakhstan

Zhakanbayev R.S.
Chief Accountant

31 July 2009
Almaty, Kazakhstan

The notes on pages F-69 - F-132 are an integral part of these consolidated financial statements.

JOINT STOCK COMPANY ALLIANCE BANK

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008
(In Kazakhstani tenge and in millions)

	Notes	31 December 2008	31 December 2007
ASSETS:			
Cash and balances with the National Bank of the Republic of Kazakhstan	13	21,217	69,795
Financial assets at fair value through profit or loss	14	201,973	179,620
Due from banks	15, 34	45,956	37,079
Loans to customers, net of allowance	16, 34	433,475	819,194
Reverse repurchase agreements	17	132	—
Investments available-for-sale	18, 34	2,741	3,057
Current income tax assets		2,677	—
Other assets	20, 34	5,940	21,137
Property, equipment and intangible assets	19	34,197	31,049
TOTAL ASSETS		748,308	1,160,931
LIABILITIES AND (DEFICIT)/EQUITY			
LIABILITIES:			
Due to the National Bank of the Republic of Kazakhstan	21	15,026	5,569
Financial liabilities at fair value through profit or loss	22	50,168	6,280
Due to banks	23, 34	137,377	292,565
Due to other financial institution	24	35,741	48,533
Other financing	25	29,449	31,051
Customer accounts	26, 34	193,504	241,817
Repurchase agreements	27	41,945	6,357
Debt securities issued	28	286,584	328,265
Deferred income tax liabilities	11	—	1,554
Current income tax liabilities		—	1,860
Other liabilities	29, 34	6,962	3,307
Special provision for guarantees	30	136,972	—
Subordinated debt	31	41,760	34,798
TOTAL LIABILITIES		975,488	1,001,956
(DEFICIT)/EQUITY:			
Share capital	32	96,380	96,380
Additional paid-in-capital		1,222	1,222
Investments available-for-sale fair value reserve		(29)	(33)
Property and equipment revaluation reserve		2,023	2,109
(Accumulated deficit)/retained earnings		(326,776)	59,297
TOTAL (DEFICIT)/EQUITY		(227,180)	158,975
TOTAL LIABILITIES AND (DEFICIT)/EQUITY		748,308	1,160,931

On behalf of the Management Board of the Bank:

Dauletkhanov K.K.
Chief Financial Officer

31 July 2009
Almaty, Kazakhstan

Zhakanbayev R.S.
Chief Accountant

31 July 2009
Almaty, Kazakhstan

The notes on pages F-69 - F-132 are an integral part of these consolidated financial statements.

JOINT STOCK COMPANY ALLIANCE BANK

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008
(in Kazakhstani tenge and in millions)

	Share capital	Additional paid-in-capital	Investments available-for-sale fair value reserve	Property and equipment revaluation reserve	(Accumulated deficit)/ retained earnings	Total (deficit)/ equity
31 December 2006	60,013	1,222	80	2,255	16,468	80,038
Depreciation of property and equipment revaluation reserve	—	—	—	(146)	146	—
Loss transferred to income statement on sale of investments available-for-sale	—	—	2	—	—	2
Unrealized losses on revaluation of investments available-for-sale	—	—	(115)	—	—	(115)
Net (loss)/ income recognized directly in equity	—	—	(113)	(146)	146	(113)
Net profit	—	—	—	—	42,683	42,683
Total recognized income and expense	—	—	(113)	(146)	42,829	42,570
Issue of ordinary share capital	36,367	—	—	—	—	36,367
31 December 2007	96,380	1,222	(33)	2,109	59,297	158,975
Depreciation of property and equipment revaluation reserve	—	—	—	(137)	137	—
Revaluation of property and equipment	—	—	—	(359)	—	(359)
Change in deferred tax on revaluation of property and equipment	—	—	—	410	—	410
Loss transferred to income statement on sale of investments available-for-sale	—	—	(1)	—	—	(1)
Unrealized gains on revaluation of investments available-for-sale	—	—	5	—	—	5
Net income/(loss) recognized directly in equity	—	—	4	(86)	137	55
Net loss	—	—	—	—	(386,210)	(386,210)
Total recognized income and expense	—	—	4	(86)	(386,073)	(386,155)
31 December 2008	96,380	1,222	(29)	2,023	(326,776)	(227,180)

On behalf of the Management Board of the Bank:

Dauletkanov K.K.
Chief Financial Officer

31 July 2009
Almaty, Kazakhstan

Zhakanbayev R.S.
Chief Accountant

31 July 2009
Almaty, Kazakhstan

The notes on pages F-69 - F-132 are an integral part of these consolidated financial statements.

JOINT STOCK COMPANY ALLIANCE BANK

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008
(in Kazakhstani tenge and in millions)

	Notes	Year ended 31 December 2008	Year ended 31 December 2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss)/profit before income tax		(386,556)	56,589
Adjustments for:			
Provision for impairment losses on interest bearing assets	5	242,273	25,571
Special provision for guarantees	5	136,972	—
Provision/(recovery of provision) for impairment losses on other transactions	5	27,175	(79)
Unrealized loss/(gain) on derivative financial instruments		33,664	(12,020)
Unrealized loss/(gain) on securities and amortization of premiums		3,917	(2,439)
Amortization of discount on issued securities		515	452
Gains on sales of investments available-for-sale		—	(108)
Net gain on derecognition of liabilities		(3,712)	(5,733)
Depreciation and amortization	10	3,033	2,238
Changes in interest accruals, net		(20,328)	8,865
Net gain on disposal of property and equipment		—	(30)
Unrealized (gain)/ loss on foreign exchange transactions	7	(13,989)	10,748
Other non-cash items		423	215
Cash inflow from operating activities before changes in operating assets and liabilities		23,387	84,269
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		28,348	(36,385)
Due from banks		26,850	(29,401)
Loans to customers		158,486	(230,201)
Reverse repurchase agreements		(132)	18,075
Other assets		(7,220)	(11,275)
Due to the National Bank of the Republic of Kazakhstan		9,431	3,569
Financial liabilities at fair value through profit or loss		(27,019)	6,262
Due to banks		(156,731)	(24,195)
Due to other financial institutions		(17,832)	24,515
Other financing		(1,547)	6,104
Customer accounts		(47,945)	(1,702)
Repurchase agreements		35,560	(38,008)
Other liabilities		(986)	(130)
Net cash inflow/(outflow) from operating activities before taxation		22,650	(228,503)
Income tax paid		(5,743)	(12,504)
Net cash inflow/(outflow) from operating activities		16,907	(241,007)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets	19	(6,940)	(20,624)
Proceeds from sale of property and equipment		386	149
Proceeds from sale of non-current assets held for sale		—	793
Proceeds from sale of investments available-for-sale		309	2,197
Proceeds from maturity of investments held-to-maturity		—	43
Net cash outflow from investing activities		(6,245)	(17,442)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008
(in Kazakhstani tenge and in millions)

	Notes	Year ended 31 December 2008	Year ended 31 December 2007
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of ordinary share capital		—	36,367
Proceeds from debt securities sale		—	198,572
Repayment of debt securities issued		(19,131)	—
Repurchase of debt securities issued		(12,886)	(22,293)
Proceeds from subordinated debt issued		6,589	1,206
Net cash (outflow)/inflow from financing activities		(25,428)	213,852
Effect of changes in foreign exchange rate on cash and cash equivalents		2,114	1,395
NET DECREASE IN CASH AND CASH EQUIVALENTS		(12,652)	(43,202)
CASH AND CASH EQUIVALENTS, beginning of year	13	73,507	116,709
CASH AND CASH EQUIVALENTS, end of year	13	60,855	73,507

SUPPLEMENTARY INFORMATION:

Interest received and paid by the Group during the year ended 31 December 2008 amounted to KZT 148,028 million and KZT 95,808 million, respectively.

Interest received and paid by the Group during the year ended 31 December 2007 amounted to KZT 175,650 million and KZT 77,906 million, respectively.

On behalf of the Management Board of the Bank:

Dauletkanov K.K.
Chief Financial Officer

31 July 2009
Almaty, Kazakhstan

Zhakanbayev R.S.
Chief Accountant

31 July 2009
Almaty, Kazakhstan

1. ORGANISATION AND DEVELOPMENT

Joint Stock Company ("JSC") Alliance Bank ("the Bank") was incorporated in the Republic of Kazakhstan in 1999 under the name of Open Joint Stock Company ("OJSC") Irtyshbusinessbank as a result of a merger of OJSC Semipalatinsk Municipal Joint Stock Bank and OJSC Irtyshbusinessbank. In accordance with a decision made by the Bank's shareholders, Alliance Bank was renamed from Irtyshbusinessbank to Alliance Bank on 30 November 2001 with subsequent registration on 13 March 2002 as Open Joint Stock Company Alliance Bank. On 13 March 2004 Alliance Bank was re-registered as Joint Stock Company Alliance Bank.

The registered address of JSC Alliance Bank's Head Office is 50, Furmanov St., 050004, Almaty, the Republic of Kazakhstan. JSC Alliance Bank's activity is regulated by the National Bank of the Republic of Kazakhstan ("NBRK") and the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations ("FMSA"). JSC Alliance Bank conducts its business under the license No. 250 issued by the FMSA on 24 January 2006 for performing operations in Kazakhstani Tenge ("KZT" or "tenge") and foreign currencies stipulated by the banking legislation.

JSC Alliance Bank's primary business is related to commercial banking activity, originating loans and guarantees, accepting deposits, exchanging foreign currencies, dealing with securities, transferring cash payments, as well as providing other banking services.

Alliance Bank is a member of the Kazakhstan Deposits Insurance Fund ("KDIF"). The primary goal of the KDIF is to protect interests of depositors in the event of forcible liquidation of a member-bank. Depositors can receive limited insurance coverage for the deposit, which represents a maximum of KZT 5,000,000 per deposit, depending on the amount of the deposit.

As at 31 December 2008, JSC Alliance Bank had 21 branches, 176 cash offices in the Republic of Kazakhstan, number of employees 3,819 (as at 31 December 2007 – 24 branches, 199 cash offices number of employees 5,807).

JSC Alliance Bank is the parent company of a banking group (together, "the Group") which consists of the following subsidiaries consolidated in the financial statements:

Name	Country of operation	Proportion or ownership interest/voting rights	Type of operation
ALB Finance B.V.	The Netherlands	100%	Raising funds on international capital markets
LLP Alliance Finance	Russian Federation	100%	Raising funds on Russian capital markets

ALB Finance B.V. is a limited liability partnership ("B.V.") and operates under laws of The Netherlands since October 2005. The company was established for the primary purpose of raising funds for the Bank in international capital markets.

LLP Alliance Finance is a limited liability partnership and operates under laws of the Russian Federation since June 2007. The company was established for the primary purpose of raising funds for the Bank in the Russian capital market.

The following shareholders individually owned more than 5% of the issued shares:

Shareholders	31 December 2008	31 December 2007
	%	%
Ultimate shareholders:		
Margulan Seisembayev	23.03	18.93
Erlan Seisembayev	23.03	18.93
Askar Galin	23.02	18.93
Total ultimate shareholders	69.08	56.79
Others (individually hold less than 5%)	30.92	43.21
Total	100.00	100.00

The interest of Margulan Seisembayev, Erlan Seisembayev and Askar Galin are held through Seimar Alliance Financial Corporation ("SAFC").

These consolidated financial statements were authorized for issue by the Management Board of the Group on 31 July 2009.

The Group is facing a number of significant risks and uncertainties, which might have material implications on business operations.

Going concern assessment

The Group have prepared the consolidated financial statements as at and for the year ended 31 December 2008 on a going concern basis, although it is aware of material uncertainties which may cast significant doubt as to the Group's ability to continue as a going concern. These uncertainties have resulted from:

- a significant deterioration in the quality of the customer loan portfolio during 2008, and subsequently (see Note 16);
- the discovery of off-balance sheet guarantees and pledges which have resulted in a charge to the consolidated income statement for the year ended 31 December 2008 of KZT 136,972 million (see Note 30);
- the incomplete investigation to determine whether all off-balance sheet guarantees and pledge transactions have been accounted for (see Note 30);
- the identification of a substantial number of possible related party transactions and balances as at and for the year ended 31 December 2008, which has resulted in a provision for loan losses to the consolidated income statement for the year ended 31 December 2008 of KZT 131,776 million (see Notes 16 and 34);
- the identification of such possible related party transactions and balances, if subsequently corroborated, could necessitate the recording of associated tax effects, if applicable (see Note 34);
- a loss for the year ended 31 December 2008 of KZT 386,210 million and deficiency in shareholders' equity of KZT 227,180 million;
- a breach of debt covenants, the resulting acceleration of debt payments, the consequential default on loan payments of KZT 490,489 million and the absence of access to alternative adequate funding sources (see Note 40);
- unrealized losses on derivatives as at 31 December 2008 of KZT 33,663 million (see Note 6) and realized losses on derivatives subsequent to the balance sheet date up to the date of this report on early termination of certain cross currency swaps of KZT 59 billion (see Note 40); and
- the devaluation of the Kazakhstan Tenge on 4 February 2009 which increased the non-performing rate on customer loans and increased the Group's difficulty in repaying foreign currency debt (see Note 40).

As a result of the circumstances and uncertainties described above, the Group faces a very difficult financial situation, in which it is attempting to restructure its external debt, convert the Samruk-Kazyna funding to equity, and successfully implement its new business plan. Successful completion of restructuring plans, recapitalization and adoption of a new business model are seen by the Management of the Group as the only alternatives to

operate the business, to comply with local regulatory requirements and, as a consequence, to continue on a going concern basis. Please see the overview below and Note 40 for a more detailed description of the funding received subsequent to year-end by the Group as well as the various restructuring options.

In early 2009, the Group made fundamental changes in its management resulting in the replacement of the Board of Directors, chairman, deputy chairman, chief financial officer and several other managers. In addition, the Kazakhstan Government have taken actions in order to assist the Group to continue on a going concern basis by providing access to special lines of credit and term deposits.

On 6 July 2009, a Memorandum of Understanding was concluded between the Bank, members of the Creditors committee: Asian Development Bank, Calyon, Commerzbank Aktiengesellschaft, DEG—Deutsche Investitions- und Entwicklungsgesellschaft mbH, HSBC Bank plc, ING Asia Private Bank Limited, JP Morgan Chase Bank, N.A., Sumitomo Mitsui Banking Corporation Europe Limited and Wachovia Bank N.A. (hereinafter referred to as "Creditors Committee") (the "Memorandum of Understanding"). Whilst it is non-binding on any of the creditors, Management of the Group consider that it demonstrates a willingness by the Creditors Committee to work together with the Group in restructuring its debt. The details of the Memorandum of Understanding as well as the various restructuring options are discussed in more detail in Note 40.

A Memorandum of Understanding was concluded between the Ministry of Finance of the Republic of Kazakhstan, National Bank of the Republic of Kazakhstan, Agency of the Republic of Kazakhstan on regulation and supervision of the financial market and financial organizations, Samruk-Kazyna, the Bank and SAFC (hereinafter referred to as the "Memorandum of Understanding on Recapitalization"). In accordance with the Memorandum of Understanding on Recapitalization, on 2 February 2009, a sales agreement was concluded between Samruk-Kazyna, SAFC, the Bank and Margulan Seisembayev. Additionally as a consequence thereto, in an intention agreement dated 14 July 2009, between Samruk-Kazyna and the Bank, Samruk-Kazyna agreed to consider:

- assisting the Bank in restructuring of the Bank's liabilities;
- acquisition of the controlling block of voting shares of the Bank;
- conversion of the deposit of KZT 24,000 million, which was placed in the Bank according to the bank deposit agreement concluded between Samruk-Kazyna and the Bank on 1 February 2009 into equity of the Bank;
- conversion of bonds with par value of KZT 105,000 million owned by Samruk-Kazyna into equity of the Bank; and
- provision to the Bank of additional liquidity in the form of a short-term deposit and support for the maintenance of the liquidity ratio, capital ratio and other regulatory requirements applicable to the Bank.

The possibility of fulfilment of the intentions of Samruk-Kazyna indicated above will be considered only upon a documented confirmation of the occurrence of all the following conditions ('the conditions precedent'):

- confirmation by the Bank that at the moment of completion of restructuring there were no adverse changes with respect to the business of the Bank, financial position of the Bank and perspectives of the development of the Bank;
- there were no further significant adverse changes in the international or respective domestic financial markets;
- approval by the Agency of the Republic of Kazakhstan on regulation and supervision of the financial market and financial organizations of the Plan of restructuring and recapitalization of the Bank;
- signing by the Bank and Creditors Committee of the Term Sheet as described in Note 40; and
- approval of the Plan of restructuring and recapitalization of the Bank by the creditors of the Bank who control not less than 2/3 (two thirds) of the total sum of restructured liabilities of the Bank;

The Bank is obliged to present the result of the analysis that has been performed and:

- present to Samruk-Kazyna the Financial Due Diligence Report prepared by outside consultants;
- present to Samruk-Kazyna the business plan;
- present to Samruk-Kazyna the report prepared by an external law firm on the results of the due diligence of the Bank; and
- undertake all the measures provided by the legislation and the Plan of restructuring and recapitalization.

The Managements assessment of going concern was based on the new business model, which incorporates the use of certain assumptions, and is necessarily subject to risks and uncertainties. Evaluation of the estimates incorporated into the new business model under such assumptions has been performed by management of the Group using all available information and to the best of its knowledge. The main assumptions are:

- The debt restructuring plan will be completed and its results will initially permit the Group to pay its obligations with cash generated by operations;
- The Bank aims to build up a balanced loan portfolio of retail, small and medium sized enterprises ("SMEs") and corporate loans based on its unique relationship with state bodies, its wide geographical network across Kazakhstan, and via the implementation of more advanced operating and risk management processes;
- The Group aims to change the funding base from large international borrowings (see Notes 23, 24 and 31) to customer deposits;
- The Group will significantly decrease its number of employees during the next 3 years.

On 21 July 2009, the Agency of the Republic of Kazakhstan on Regulation and Supervision of the Financial Market and Financial Organizations approved the Group's indicative restructuring and recapitalization plan.

The Group's management have concluded that the combination of the circumstances described above represent a material uncertainty that casts significant doubt upon the Group's and the Bank's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties, the Group's management has a reasonable expectation that the Group and the Bank have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

2. BASIS OF PRESENTATION

Accounting basis

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements are presented in millions of Kazakhstani Tenge ("KZT million"), unless otherwise indicated. These consolidated financial statements have been prepared on a going concern basis as explained in Note 1 and under the historical cost convention, except for the measurement at fair value of certain financial instruments and measurement of buildings at revalued amounts according to International Accounting Standard ("IAS") 39 "Financial Instruments: Recognition and Measurement" and IAS 16 "Property, Plant and Equipment", respectively.

The Bank maintains its accounting records in accordance with Kazakhstani legislation, while its foreign subsidiaries maintain their accounting records in accordance with the requirements of the Netherlands and the Russian Federation, where the subsidiaries operate. These consolidated financial statements have been prepared based on accounting records of the Bank and the financial information of the foreign subsidiaries, which have been adjusted to conform to IFRS. As discussed in Note 3, reclassifications have been made to these consolidated financial statements to reflect the economic substance of underlying transactions and to ensure certain assets and liabilities, income and expenses are included in the appropriate consolidated financial statement classifications.

Functional currency

Items included in the financial statements of each entity of the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The reporting currency of these consolidated financial statements is the Kazakhstani Tenge.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries). Control is achieved where the Bank has the power to govern the

financial and operating policies of an investee entity so as to obtain benefits from its activities.

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

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

In translating the financial statements of a foreign subsidiary into the presentation currency for incorporation in the consolidated financial statements, the Group follows a translation policy in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" ("IAS 21") and performs the following procedures:

- Assets and liabilities, both monetary and non-monetary, of the foreign entity are translated at closing rate;
- Income and expense items of the foreign entity are translated at exchange rates at the dates of transactions;
- Equity items of the foreign entity are translated at exchange rates at the dates of transactions;
- All resulting exchange differences are classified as equity until the disposal of the investment; and
- On disposal of the investment in the foreign entity related exchange differences are recognized in the consolidated income statement.

Recognition and measurement of financial instruments

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

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

Cash and balances with the National Bank of the Republic of Kazakhstan

Cash and balances with the National Bank of the Republic of Kazakhstan include cash on hand and unrestricted balances on correspondent and time deposit accounts with the National Bank of the Republic of Kazakhstan.

For the purposes of determining cash flows, cash and cash equivalents include cash on hand, unrestricted balances on correspondent and time deposit accounts and advances to banks with original maturities within 90 days. The minimum reserve deposits with the National Bank of the Republic of Kazakhstan are not subject to restrictions as to their availability. The Bank is required by the NBRK to maintain average balances for 14 days of cash sufficient to cover a particular percentage of average balances of deposits and international borrowings. The minimum reserve deposit is not subject to restrictions as to its availability and is therefore included in cash and cash equivalents.

Due from banks

In the normal course of business, the Group maintains advances and deposits for various periods of time with other banks. Due from banks are initially recognized at fair value. Due from banks are subsequently measured at amortized cost using the effective interest method. Amounts due from credit institutions are carried net of any allowance for impairment losses.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss represent derivative instruments or securities (1) acquired principally for the purpose of selling them in the near future, (2) which are a part of portfolio of identified financial instruments that are managed together and for which there is evidence of a recent and actual pattern of short-term profit taking or (3), which are designated by the Group at fair value through

profit or loss upon initial recognition. A financial asset other than a financial asset held for trading may be designated at fair value through profit or loss upon initial recognition if: (1) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (2) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (3) it forms part of a contract containing one or more embedded derivatives, and IAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are initially recorded and subsequently measured at fair value. The Group uses quoted market prices to determine fair value for financial assets and liabilities at fair value through profit or loss. The fair value adjustment on financial assets and liabilities at fair value through profit or loss is recognized in the consolidated income statement for the period. The Group does not reclassify financial instruments in or out of this category while they are held.

Derivative financial instruments

In the normal course of business, the Group enters into various derivative financial instruments including forwards and swaps. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Derivatives are included in financial assets and liabilities at fair value through profit or loss in the consolidated balance sheet. Gains and losses resulting from these instruments are included in Net gain/loss from financial assets and liabilities at fair value through profit or loss in the consolidated income statement.

Derivative instruments embedded in other financial instruments are treated as separate derivatives if their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value with unrealized gains and losses reported in consolidated income statement. An embedded derivative is a component of a hybrid (combined) financial instrument that includes both the derivative and a host contract, with the effect that some of the cash flows of the combined instrument vary in a similar way to a stand-alone derivative.

Repurchase and reverse repurchase agreements

In the normal course of business, the Group enters into sale and repurchase agreements ("repos") and securities purchased under agreements to resell ("reverse repos"). Repos and reverse repos are utilized by the Group as an element of its treasury management.

A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as financing transactions. Financial assets sold under repos are retained in the consolidated balance sheet and consideration received under these agreements is recorded as collateralized deposit received within repurchase agreements on the consolidated balance sheet. The difference between the sale and repurchase prices is treated as interest expense in the consolidated income statement and accrued over the life of the repo agreement using the effective interest rate method.

The amounts related to securities purchased under agreements to resell are recorded in reverse repo agreements on the consolidated balance sheet. The difference between the purchase and resale prices is treated as interest income in the consolidated income statement and accrued over the life of the reverse repo agreement using the effective interest rate method.

The Group enters into repos and reverse repos under which it receives or transfers collateral in accordance with normal market practice. Under standard terms for repurchase transactions in Kazakhstan and other CIS countries, the recipient of collateral has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transaction, only if the counterparty fails to meet its obligations per the agreement on the lending transaction.

Loans to customers

Loans to customers are non-derivative assets with fixed or determinable payments that are not quoted in an active market other than those classified in other categories of financial assets.

Loans to customers granted by the Group are initially recognized at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the loan, for example where the loan is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the loan is recognized as a loss on initial recognition of the loan and included in the consolidated income statement according to nature of the losses. Subsequently, loans are carried at amortized cost using the effective interest method. Loans to customers are carried net of any allowance for impairment losses.

Write off of loans and advances

Loans and advances are written off against the allowance for impairment losses when deemed uncollectible. Loans and advances are written off after management has exercised all possibilities available to collect amounts due to the Group and after the Group has sold all available collateral. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the consolidated income statement in the period of recovery.

Allowance for impairment losses

Assets carried at amortized cost

The Group accounts for impairment losses of financial assets when there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are measured as the difference between carrying amounts and the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the financial asset's original effective interest rate.

Such impairment losses are not reversed, unless if in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, such as recoveries, in which case the previously recognized impairment loss is reversed.

For financial assets carried at cost, impairment losses are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, a consolidated amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the consolidated income statement, is transferred from equity to the consolidated income statement. Reversals of impairment losses in respect of equity instruments classified as available-for-sale are not recognized in the consolidated income statement. Reversals of impairment losses on debt instruments are reversed through the consolidated income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the consolidated income statement.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- the Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial asset is derecognized when it has been transferred and the transfer qualifies for derecognition. A transfer requires that the Group either: (a) transfers the contractual rights to receive the asset's cash flows; or (b) retains the right to the asset's cash flows but assumes a contractual obligation to pay those cash flows to a third party. After a transfer, the Group reassesses the extent to which it has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards have been retained, the asset remains on the consolidated balance sheet. If substantially all of the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been neither retained nor transferred, the Group assesses whether or not is has retained control of the asset. If it has not retained control, the asset is derecognized. Where the Group has retained control of the asset, it continues to recognize the asset to the extent of its continuing involvement.

Financial liabilities

A financial liability is derecognized when the obligation is discharged, cancelled, or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

Finance leases

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

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

The Group as lessor

The Group as a lessor presents finance leases as loans and initially measures them in the amount equal to net investment in the lease. Subsequently the recognition of finance income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the finance lease.

Before commencement date, property and equipment purchased for future transfer to financial lease is recognized in the consolidated financial statements as property and equipment purchased to transfer to finance lease at cost.

The Group as lessee

At the commencement of the lease term, the Group as a lessee recognizes finance leases as assets and liabilities in its consolidated balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Subsequently, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability, so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rents are charged as expenses in the periods in which they are incurred. Depreciation of the lease property is charged in accordance with depreciation policy that is applied to property owned by the Group.

Investments held-to-maturity

Investments held-to-maturity are debt securities with determinable or fixed payments. The Group has the positive intent and ability to hold them to maturity. Such securities are carried at amortized cost, using the effective interest method, less any allowance for impairment. Amortized discounts are recognized in interest income over the period to maturity using the effective interest method. The Bank did not have investments held-to-maturity as at 31 December 2008 and 2007.

Investments available-for-sale

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

Dividends received on investments available-for-sale are included in dividend income in the consolidated income statement.

Non-marketable debt and equity securities are stated at amortized cost and cost, respectively, less impairment losses, if any, unless fair value can be reliably measured. When there is objective evidence that such securities have been impaired, the cumulative loss previously recognized in equity is removed from equity and recognized in the consolidated income statement for the period. Reversals of such impairment losses on debt instruments, which are objectively related to events occurring after the impairment, are recognized in the consolidated income statement for the period. Reversals of such impairment losses on equity instruments are not recognized in the consolidated income statement. These financial assets are recognized at net of reserve for impairment.

Property, equipment and intangible assets

Land and buildings held for use in supply of services, or for administrative purposes, are stated in the consolidated balance sheet at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional independent appraisers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the property and equipment revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property and equipment revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the consolidated income statement, which is partially offset by a related transfer from the revaluation reserve to retained earnings. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property and equipment revaluation reserve is transferred directly to retained earnings.

The market value of property is determined using one of the following methods:

- The comparable sales method which involves analysis of market sales prices for similar real estate property;

- The income-based method which assumes a direct relationship between revenues generated by the property and its market value; or
- The costs method, which presumes the value of property to be equal to its recoverable amount less any depreciation charges.

Computers, vehicles, intangible and other assets are stated at cost less accumulated depreciation or amortization and accumulated impaired losses.

Depreciation or amortization is charged on the carrying value of property, equipment and intangible assets and it is designed to write off assets over their useful economic lives. Depreciation or amortization is calculated on a straight line basis using the following useful life years:

	Years
Building	30-40
Computers	3-4
Vehicles	5-7
Other	2-15
Intangible assets	1-8

Leasehold improvements are amortized over the life of the related leased asset. Expenses related to repairs and renewals are charged when incurred and included in operating expenses unless they qualify for capitalization.

The carrying amounts of property, equipment and intangible assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts. The recoverable amount is the higher of fair value less costs to sell and value in use. Where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount.

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

Taxation

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

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

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

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Deferred income tax assets and deferred income tax liabilities are offset and reported net on the balance sheet if:

- The Group has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
- Deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

The Republic of Kazakhstan where the Group operates also has various other taxes, which are assessed on the Group's activities. These taxes are included as a component of operating expenses in the consolidated income statement. (See also discussion of tax effects on possible related party transactions under "Going concern assessment" paragraph above.)

Due to banks and other financial institutions, other financing, customer accounts, debt securities issued and subordinated debt

Due to banks and other financial institutions, other financing, customer accounts, debt securities issued and subordinated debt are initially recognized at fair value less transaction costs. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Financial guarantee contracts issued and letters of credit

Financial guarantee contracts and letters of credit issued by the Group that provides for specified payments to be made in order to reimburse the holder for a loss it incurred such that payments are made when a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. Such financial guarantee contracts and letters of credit issued are initially recognized at fair value. Subsequently they are measured at the higher of (a) the amount recognized as a provision in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (b) the amount initially recognized less, where appropriate, cumulative amortization of initial premium revenue received over the financial guarantee contracts or letter of credit issued.

Contingencies

Contingent liabilities are recognized for probable losses and disclosed if it is possible of any outflow in settlement is probable. A contingent asset is not recognized in the consolidated balance sheet but disclosed when an inflow of economic benefits is probable.

Reserves on possible losses are determined based on the best estimates of the Management at the date of signing taking into consideration all available facts, including events after the reporting date.

Share capital and additional paid-in-capital

Contributions to share capital are recognized at historic cost. Additional paid-in-capital represents the excess of contributions over the nominal value of the shares issued. External costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the balance sheet date are treated as a subsequent event under IAS 10 "Events after the Balance Sheet Date" ("IAS 10") and disclosed accordingly.

Preference shares

Preference shares, which carry a mandatory dividend payment, are classified as compound financial instruments in accordance with the substance of the contractual agreement and accordingly the liability and equity components are presented separately in the consolidated balance sheet. On initial recognition, the fair value of the debt is equivalent to the present value of the mandatory dividend obligations over the term of the preferred share discounted at the market interest rate for a similar instrument that does not retain a residual benefit to discretionary dividends.

Dividends on preference shares are classified as an expense and are recognized in the consolidated income statement with interest expense.

Retirement and other benefit obligations

In accordance with the requirements of the legislation of the Republic of Kazakhstan in which the Group operates, certain percentages of pension payments are withheld from total disbursement to staff to be transferred to pension funds, such that a portion of salary expense is withheld from the employee and instead paid to a pension fund on behalf of the employee. Such expense is charged in the period in which the related salaries are earned. Upon retirement, all retirement benefit payments are made by the pension funds as selected by employees. The Group does not have any pension arrangements separate from the pension system of the Republic of Kazakhstan and countries where it operates. In addition, the Group has no post-retirement benefits or other significant compensated benefits requiring accrual.

Recognition of income and expense

Recognition of interest income and expense

Interest income and expense are recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest earned on assets at fair value is classified within interest income.

Recognition of fee and commission income and expense

Loan origination fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the loan. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in the consolidated income statement over the remaining period of the loan commitment. Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognized in the consolidated income statement on expiry. Loan servicing fees are recognized as revenue as the services are provided. Loan syndication fees are recognized in the consolidated income statement when the syndication has been completed. All other commissions are recognized when services are provided.

Foreign currency transactions

The financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates. In preparing the financial statements of the individual entities, monetary assets and liabilities denominated in currencies other than the entity's functional currency (foreign currencies) are translated at the appropriate spot rates of exchange rates prevailing at the balance sheet date. Transactions in currencies other than their functional currency are accounted for at the exchange rates prevailing at the date of the transaction. Profits and losses arising from these translations are included in net (loss)/gain on foreign exchange operations.

Rates of exchange

The exchange rates at the date of issuance of the financial statements and at the end of the year used by the Group in the preparation of the consolidated financial statements as at year-end are as follows:

	31 July 2009	14 July 2009	31 December 2008	31 December 2007
KZT/USD	150.71	150.44	120.79	120.30
KZT/EURO	213.22	209.73	170.24	177.17
KZT/RUB	4.80	4.55	4.11	4.92

During 2008 and 2007 the National Bank of the Republic of Kazakhstan supported the exchange rate of the Kazakhstan tenge to the US Dollar within a range of 117 KZT to 1 US Dollar and 123 KZT to 1 US Dollar, respectively. On 4 February 2009, the National Bank of the Republic of Kazakhstan reduced the support level of the exchange rate to 150 KZT to 1 US Dollar. As of 31 July 2009, the exchange rate was KZT 150.71 to 1 US Dollar.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and reported net on the consolidated balance sheet when the Group has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for de-recognition, the Group does not offset the transferred asset and the associated liability.

Fiduciary activities

The Group provides trustee services to its customers. The Group also provides depositary services to its customers, which include transactions with securities on their depositary accounts. Assets accepted and liabilities incurred under the fiduciary activities are not included in the Group's consolidated financial statements. The Group accepts the operational risk on these activities, but the Group's customers bear the credit and market risks associated with such operations.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from sales to external customers and whose revenue, result or assets are ten per cent or more of all the segments are reported separately. Geographical segments of the Group have been reported separately within these consolidated financial statements based on the ultimate domicile of the counterparty, e.g. based on economic risk rather than legal risk of the counterparty. The Group's primary format for reporting segment information is based on the type of clients served by the Group: corporate or retail. Business activities that are not included in these two segments are classified as investment banking.

Areas of significant management judgment and sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amount of income and expenses during the period ended. Management evaluates its estimates and judgments on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following estimates and judgments are considered important to the portrayal of the Group's financial condition.

Allowance for impairment of loans and receivables

The Group regularly reviews its loans and receivables to assess for impairment. The Group's loan impairment provisions are established to recognize incurred impairment losses in its portfolio of loans and receivables. The Group considers accounting estimates related to allowance for impairment of loans and receivables a key source of estimation uncertainty because (i) they are highly susceptible to change from period

to period as the assumptions about future default rates and valuation of potential losses relating to impaired loans and receivables are based on recent performance experience, and (ii) any significant difference between the Group's estimated losses and actual losses would require the Group to record provisions which could have a material impact on its consolidated financial statements in future periods.

The Group uses management's judgment to estimate the amount of any impairment loss in cases where a borrower has financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Group estimates changes in future cash flows based on past performance, past customer behavior, observable data indicating an adverse change in the payment status of borrowers in a group, and national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans and receivables. The Group uses management's judgment to adjust observable data for a group of loans or receivables to reflect current circumstances not reflected in historical data.

The allowances for impairment of financial assets in the consolidated financial statements have been determined on the basis of existing economic and political conditions. The Group is not in a position to predict what changes in conditions will take place in Kazakhstan and what effect such changes might have on the adequacy of the allowances for impairment of financial assets in future periods.

Allowance for contingent liabilities

The Group regularly reviews the status of its contingent liabilities to assess if there is a present obligation for which a reliable estimate of the probable outflow of economic benefits exists. In instances where management can reliably estimate an outflow of economic benefits, a provision is recorded in the consolidated financial statements.

In assessing the probability and amount of a potential loss, the Group reviews all available information and observable data in relation to the contingent liabilities and uses Management judgment based on historical experience.

The Group has disclosed all contingent liabilities in Note 33 and, where necessary, has recorded a provision in the consolidated financial statements.

Taxation

The preparation of the Group's financial statement requires management to assess the Group's tax liabilities. As commercial legislation of the Republic of Kazakhstan where the Group operates, including tax legislation, may allow more than one interpretation, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the consolidated financial statements.

Valuation of Financial Instruments

Financial instruments that are classified at fair value through profit or loss or available-for-sale, and all derivatives, are stated at fair value. The fair value of such financial instruments is the estimated amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for an instrument, the fair value is calculated based on the market price. When valuation parameters are not observable in the market or cannot be derived from observable market prices, the fair value is derived through analysis of other observable market data appropriate for each product and pricing models, which use a mathematical methodology based on accepted financial theories. Pricing models take into account the contract terms of the securities as well as market-based valuation parameters, such as interest rates, volatility, exchange rates and the credit rating of the counterparty. Where market-based

valuation parameters are not directly observable, management will make a judgment as to its best estimate of that parameter in order to determine a reasonable reflection of how the market would be expected to price the instrument. In exercising this judgment, a variety of tools is used including proxy observable data, historical data, and extrapolation techniques. The best evidence of fair value of a financial instrument at initial recognition is the transaction price unless the instrument is evidenced by comparison with data from observable markets. Any difference between the transaction price and the value based on a valuation technique is not recognized in the consolidated income statement on initial recognition. Subsequent gains or losses are only recognized to the extent that it arises from a change in a factor that market participants would consider in setting a price.

The Group considers that the accounting estimate related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and (ii) the impact that recognizing a change in the valuations would have on the assets reported on its balance sheet as well as its profit/(loss) could be material.

Had management used different assumptions regarding the interest rates, volatility, exchange rates, the credit rating of the counterparty and valuation adjustments, a larger or smaller change in the valuation of financial instruments where quoted market prices are not available would have resulted that could have had a material impact on the Group's reported net income.

The table below summarizes the Group's trading portfolios and other assets and liabilities held at fair value by valuation methodology at 31 December 2008:

Balance sheet category		Quoted prices in active markets (in millions KZT)	Internal models based on market prices (in millions KZT)	Valuation techniques	Total category as per financial statements caption
Assets					
Trading assets	Debt securities	165,384	4,317	A	169,701
Derivative assets	Foreign currency contracts	4	32,268	B	32,272
					201,973
Available-for-sale financial assets*	Debt securities	2,692	—		2,692
Liabilities					
Derivative liabilities	Foreign currency contracts	477	46,417	B	46,894
	Securities contracts	3,274	—		3,274
					50,168

* the amount is reflected without the equity securities held at cost

The table below summarizes the Group's trading portfolios and other assets and liabilities held at fair value by valuation methodology at 31 December 2007:

Balance sheet category		Quoted prices in active markets (in millions KZT)	Internal models based on market prices (in millions KZT)	Valuation techniques	Total category as per financial statements Caption
Assets					
Trading assets	Debt securities	157,133	—		157,133
Derivative assets	Foreign currency contracts	851	20,301	B	21,152
	Securities contract	1,335	—		1,335
					179,620
Available-for-sale financial assets*	Debt securities	2,981	—		2,981
Liabilities					
Derivative liabilities	Foreign currency contracts	467	3,124	B	3,591
	Securities contracts	2,689	—		2,689
					6,280

* the amount is reflected without the equity securities held at cost

The main valuation techniques employed in the Group's internal models to measure the fair value of the financial instruments disclosed above at 31 December 2008 and 2007 are set out below. In substantially all cases, the principal inputs into these models are derived from observable market data.

(A) In the valuation of securities that are not widely traded (structured instruments), proprietary stochastic volatility models are used. Observable market inputs are used in these models to generate variables such as the bid-offer spread, foreign currency exchange rates, credit risk and volatility. In limited circumstances, other inputs may be used in these models that are based on data other than observable market data

(B) In the valuation of cross-currency derivatives the 'present value' method is used. Expected future cash flows are discounted using the interest rate curves of the applicable currencies. The interest rate curves are generally observable market data and reference yield curves derived from quoted interest rates in appropriate time bandings, which match the timings of the cash flows and maturities of the instruments.

Adoption of new and revised standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods ending on 31 December 2008. The adoption of these new and revised Standards and Interpretations has not resulted in significant changes to the Group's accounting policies that have affected the amounts reported for the current or prior years.

Amendments to IAS 1 "Capital Disclosures" ("IAS 1")—On 18 August 2005, the IASB issued an amendment to IAS 1, which requires certain disclosures to be made regarding the entity's objectives, policies and processes for managing capital. Additional information was disclosed in the consolidated financial statements for the current and comparative reporting periods as required by amended IAS 1.

Amendments to IAS 39, "Financial Instruments: Recognition and Measurement", and IFRS 7, "Financial Instruments: Disclosures", titled "Reclassification of Financial Assets"—On 13 October 2008 IASB issued amendments to IAS 39 and IFRS 7 which permits certain reclassifications of non-derivative financial assets (other than those designated as at fair value through profit or loss at initial recognition under the fair value option) out of the fair value through profit or loss category and also allow reclassification of financial assets from the available for sale category to the loans and receivables category in particular circumstances. The amendments to IFRS 7 introduce additional disclosure requirements if an entity has reclassified financial assets in accordance with the amendments to IAS 39. The amendments are effective as of 13 October 2008 and in certain circumstances can be applied retrospectively from 1 July 2008. The Group has not made any reclassifications of financial assets.

Standards and interpretations issued and not yet adopted

At the date of authorization of these financial statements, other than the Standards and Interpretations adopted by the Group in advance of their effective dates, the following Interpretations were in issue but not yet effective.

IFRS 3 'Business Combinations'—On 10 January 2008, the IASB issued an amendment to IFRS 3 'Business Combinations' which clarifies and changes certain elements of accounting for a business combination, including measurement of contingent consideration, step acquisition and intangible assets and also widens the scope of this standard. There are also associated amendments to IAS 27, IAS 28 and IAS 31. The amendment to IFRS 3 is effective for periods beginning on or after 1 July 2009.

IFRS 8—The IASB issued IFRS 8 "Operating Segments" in December 2006. This will replace IAS 14 "Segment Reporting" for accounting periods beginning on or after 1 January 2009. IFRS 8 requires segmental analysis reported by an entity to be based on information used by management. Management is currently assessing the impact of the adoption of IFRS 8.

IAS 1—on September 2006, the IASB issued an amendment to IAS 1, which changes the way in which non-owner changes in equity are required to be presented to in IFRS but does not require that these be renamed in an entity's financial statements. The amendment to IAS 1 is effective for periods beginning on or after 1 January 2009.

IAS 23—On March 2007 the IASB issued a revised IAS 23 "Borrowing Costs". The main change is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalize borrowing costs as part of the cost of such asset. The Standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009.

IAS 27—In 2008, the standard was amended as part of the second phase of the business combinations project. That phase of the project was undertaken jointly with the US Financial Accounting Standards Board (FASB). The amendments related, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary. The boards concluded the second phase of the project by the IASB issuing the amended IAS 27 and the FASB issuing FASB Statement No. 160 Non-controlling Interests in Consolidated Financial Statements, along with, respectively, a revised IFRS 3 Business Combinations and FASB Statement No. 141 (revised 2007) Business Combinations. The amended standard must be applied for annual periods beginning on or after 1 July 2009. Earlier application is permitted. However, an entity must not apply the amendments for annual periods beginning before 1 July 2009 unless it also applies IFRS 3 (as revised in 2008).

Prior period reclassification

The Group is presenting in separate captions on the consolidated balance sheet transactions under repurchase and reverse repurchase agreements.

In addition, in order to conform the prior year's presentation to the current year, certain reclassifications have been made to the consolidated balance sheet as at 31 December 2007 as follows:

Income statement	Amount	Income statement line as per the previous report	Income statement line as per current report
Net gain on financial assets at fair value through profit or loss	425	14,367	14,792
Net (loss)/gain on foreign exchange operations	(425)	(9,049)	(9,474)

4. NET INTEREST INCOME

	Year ended 31 December 2008	Year ended 31 December 2007
Interest income comprises:		
Interest income on financial assets recorded at amortized cost:		
—interest income on impaired financial assets	70,741	72,231
—interest income on unimpaired financial assets	70,075	97,402
Interest income on financial assets at fair value	22,672	12,135
Total interest income	163,488	181,768
Interest income on financial assets recorded at amortized cost comprises:		
Interest on loans to customers	139,677	166,785
Interest on due from banks	1,133	2,639
Interest on reverse repurchase agreements	6	207
Interest on investments held-to-maturity	—	2
Total interest income on financial assets recorded at amortized cost	140,816	169,633
Interest income on financial assets at fair value:		
Interest income on financial assets designated at fair value through profit or loss	22,349	11,826
Interest income on investments available-for-sale	323	309
Total interest income on financial assets at fair value	22,672	12,135
Interest expense comprises:		
Interest on financial liabilities recorded at amortized cost	79,291	86,265
Interest on financial liabilities at fair value through profit or loss	21,386	6,624
Total interest expense	100,677	92,889
Interest expense on financial liabilities recorded at amortized cost comprise:		
Interest on debt securities issued	30,268	30,522
Interest on customer accounts	21,410	17,775
Interest on due to banks	16,510	27,914
Interest on subordinated debt	4,159	3,416
Interest on due to other financial institutions	2,926	3,372
Interest on other financing	2,023	2,329
Interest on repurchase agreements	1,995	937
Total interest expense on financial liabilities recorded at amortized cost	79,291	86,265
Interest expense on financial liabilities at fair value through profit or loss	21,386	6,624
Net interest income before provision for impairment losses on interest bearing assets	62,811	88,879

5. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

The movements in allowance for impairment losses on interest bearing assets were as follows:

	Loans to customers
31 December 2006	21,113
Additional provision recognized	25,571
Write-off of assets	(3,229)
Recoveries of assets previously written off	72
31 December 2007	43,527
Additional provision recognized	242,273
Write-off of assets	(16,245)
Other transfers	221
Foreign exchange translation gain	14
31 December 2008	269,790

The movements in other allowances presented as Provision for possible commitments and (Provision)/ recovery of provision for impairment losses on other transaction in the income statement were as follows:

	Other assets	Guarantees and letters of credits	Special provision for guarantees	Total
31 December 2006	45	506	—	551
Additional provision/(recovery of provision) recognized	338	(417)	—	(79)
Write-off of assets	(29)	—	—	(29)
31 December 2007	354	89	—	443
Additional provision recognized	22,533	4,642	136,972	164,147
Other transfers	(221)	—	—	(221)
Write-off of assets	(24)	—	—	(24)
31 December 2008	22,642	4,731	136,972	164,345

The special provision for guarantees had been established to cover estimated losses on guarantees contracts entered into with two brokerage companies from 2006 to 2008. These guarantees protect the two brokerage companies from losses in certain of their loans to customers (see Note 30).

During 2008 and 2007, the Group insured its uncollateralized express consumer loans to individuals with JSC Insurance Company "Alliance Policy", a related party. The related party reinsured its insurance risk with an international reinsurance company. An insured event occurs when payments on express consumer loans are past due for a period greater than 180 days. The contracts with JSC Insurance Company "Alliance Policy" had no expiry dates. In June 2008, the contract was amended to include a maximum threshold based on the level of loans past-due, which would trigger termination of the contract. Due to this trigger, the contract was terminated in September 2008 and unamortized insurance premiums were consequently released. In 2008 and 2007, the Bank paid approximately KZT 6 billion and KZT 24 billion in insurance premiums to JSC Insurance Company "Alliance Policy" and received insurance claim payments of approximately KZT 19 billion and KZT 24 billion, respectively, which equals the principal loan amount plus interest accrued. The amount received reduced the expenses with allowance for loan losses.

During 2008, the Bank sold non-performing uncollateralized consumer loans and a claim receivable from JSC Insurance Company "Alliance Policy" to certain collection agencies. Management believes that the collecting agencies will not pay the Bank and therefore has accrued a provision in the amount of KZT 22,338 million which is presented as other assets (See Note 20).

6. NET (LOSS)/GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net (loss)/gain on financial assets and liabilities at fair value through profit or loss comprises:

	Year ended 31 December 2008	Year ended 31 December 2007
Net (loss)/gain on operations with financial assets designated at fair value through profit and loss at initial recognition comprise:		
Realized gain on trading operations	293	23
Realized gain/(loss) on operation with derivative financial instruments	314	(1,905)
Unrealized gain on trading operations	174	2,324
Unrealized (loss)/gain on operation with derivative financial instruments	(33,663)	14,350
Total net (loss)/gain on operations with financial assets designated at fair value through profit and loss at initial recognition	(32,882)	14,792

The Group enters into derivative financial instruments to economically manage currency and liquidity risks.

7. NET GAIN/(LOSS) ON FOREIGN EXCHANGE OPERATIONS

Net gain/(loss) on foreign exchange operations comprise:

	Year ended 31 December 2008	Year ended 31 December 2007
Dealing, net	1,575	1,274
Translation differences, net	13,989	(10,748)
Total net gain/(loss) on foreign exchange operations	15,564	(9,474)

8. FEE AND COMMISSION INCOME AND EXPENSE

Fee and commission income and expense comprise:

	Year ended 31 December 2008	Year ended 31 December 2007
Fee and commission income:		
Cash operations and settlements	8,465	6,849
Commissions on letters of credit and guarantees	3,052	2,175
Lending operations	551	2,374
Foreign currency and securities operations	436	618
Trust operations	86	80
Other	227	533
Total fee and commission income	12,817	12,629

	Year ended 31 December 2008	Year ended 31 December 2007
Fee and commission expense:		
Insurance premium to related party (see Note 5)	21,723	7,665
Collection services	2,151	1,518
Customer accounts services by financial agents	123	508
Settlement bank services	133	164
Commissions on ATM transactions	100	139
Foreign currency and security operations	52	115
Eurobonds and loans	28	110
Documentary operations	56	64
Other	218	225
Total fee and commission expense	24,584	10,508

9. OTHER INCOME

Other income includes mainly imposition of fines and penalties received from customers.

10. OPERATING EXPENSES

	Year ended 31 December 2008	Year ended 31 December 2007
Staff costs	9,414	9,252
Depreciation and amortization	3,033	2,238
Operating lease	1,591	1,882
Taxes, other than income tax	1,423	1,407
Advertising and marketing expenses	1,132	1,545
Payments to Deposit Insurance Fund	654	1,081
Telecommunication expenses	648	487
Social tax	641	928
Repair and maintenance	579	707
Consulting	452	296
Business development expenses	288	390
Buildings maintenance	249	184
Cash collection services	240	130
Charity	224	82
Business trip and related expenses	219	263
Security service	216	254
Transportation services	147	148
Stationery	102	203
Expenses on insurance	64	180
Legal services expenses	31	100
Other	542	644
Total operating expenses	21,889	22,401

11. INCOME TAX

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Group and its subsidiaries operate which may differ from IFRS.

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2008 and 2007 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Temporary differences as at 31 December 2008 and 2007 comprise:

	31 December 2008	31 December 2007
Tax basis of deferred tax assets:		
Provision for impairment losses on loans to customers	210,370	—
Special provision for guarantees	136,972	—
Other assets	22,319	—
Unrealized losses on revaluation of financial assets at fair value through profit or loss and derivatives	18,398	—
Accrued interests on loans, written off	1,438	485
Total tax basis of deferred tax assets	389,497	485
Tax basis of deferred tax liabilities:		
Property and equipment, accrued depreciation	(5,070)	(4,192)
Unrealized gains on revaluation of financial assets at fair value through profit or loss and derivatives	—	(1,439)
Provision for impairment losses on loans to customers	—	(34)
Total tax basis of deferred tax liabilities	(5,070)	(5,665)
Net tax basis assets/(liabilities)	384,427	(5,180)
Net deferred tax asset/(liability)	70,393	(1,554)
Deferred tax asset not recognized	(70,393)	—
Net deferred tax liabilities	—	(1,554)

Relationships between tax expenses and accounting profit for the years ended 31 December 2008 and 2007 are explained as follows:

	Year ended 31 December 2008	Year ended 31 December 2007
(Loss)/profit before income tax	(386,556)	56,589
Statutory tax rate	30%	30%
Tax at the statutory tax rate	(115,967)	16,977
Change in deferred tax asset not recognized	70,393	—
Effect of change in tax rate	44,935	—
Tax effect of permanent differences:		
Tax-exempt interest income on mortgage loans and finance leasing	(410)	(2,382)
Tax-exempt interest income and other related income on state and other qualifying securities	(178)	(625)
Other non-taxable income	(64)	(260)
Non-deductible interest expense	120	17
Provisions on loans to related parties and finance leases	147	20
Other non-deductible expenditure	678	159
	293	(3,071)
Income tax (benefit)/expense	(346)	13,906
Current income tax expense	1,208	13,452
(Recovery)/provision for deferred tax liabilities	(1,144)	454
Deferred income tax through property revaluation reserve	(410)	—
Income tax (benefit)/expense	(346)	13,906

The tax rate used for the 2008 and 2007 reconciliations above is the corporate tax rate of 30 % payable by corporate entities in the Republic of Kazakhstan on taxable profit under tax law in that jurisdiction.

The Group has not recorded the deferred tax asset because of the significant level of uncertainty of economic benefits in future periods. Deferred tax assets arose from the amount of provision for impairment losses on loans to customers, special provision for guarantee, provision for impairment losses on other assets, unrealized losses on revaluation of financial assets at fair value through profit or loss and derivatives and accrued interest on loans written off. The carry forward period for tax losses is ten years.

In November 2008, the new Tax Code of the Republic Kazakhstan was enacted to reduce the corporate income tax rate from 30% to 20% effective from 1 January 2009, to 17.5% effective from 1 January 2010 and to 15% effective from 1 January 2011. Current year income tax is measured at 30% of the estimated taxable profit for the year. The 2008 deferred taxes are measured at the substantially enacted tax rates expected to apply to the period when the asset is realized or liability is settled.

	31 December 2008	31 December 2007
Deferred income tax assets/(liabilities)		
Beginning of the period	(1,554)	(1,100)
(Decrease)/increase in income tax assets/(liabilities) for the period	1,554	(454)
Net deferred tax assets/(liabilities)	—	(1,554)

12. (LOSS)/EARNINGS PER SHARE

Basic and diluted losses and earnings per share are calculated by dividing the net income for the year attributable to equity holders of the parent by the weighted average number of participating shares outstanding during the year.

As described in Note 32, dividend payments per ordinary shares cannot exceed the dividends per share on preference shares for the same period. Therefore, net (loss)/profit for the period is allocated to the ordinary shares and the preference shares in accordance with their legal and contractual dividend rights to participate in undistributed earnings:

	Year ended 31 December 2008	Year ended 31 December 2007
(Loss)/profit:		
Net (loss)/profit for the year attributable to equity holders of the parent	(386,210)	42,683
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	—	(1,512)
(Loss)/earnings attributable to ordinary shareholders	(386,210)	41,171
Weighted average number of ordinary shares for purpose of basic and diluted earnings per share	9,637,501	8,612,843
(Loss)/earnings per share—basic and diluted (KZT)	(40,073.67)	4,780.19

13. CASH AND BALANCES WITH THE NATIONAL BANK OF THE REPUBLIC OF KAZAKHSTAN

	31 December 2008	31 December 2007
Balance with the National Bank of the Republic of Kazakhstan, recorded as loans and receivables	8,284	49,097
Cash on hand	12,933	20,698
Total cash and balances with the National Bank of the Republic of Kazakhstan	21,217	69,795

The balances with the National Bank of the Republic of Kazakhstan ("NBRK") as at 31 December 2008 and 2007 include KZT 20,853 million and KZT 71,400 million, respectively, which represent the obligatory minimum reserve deposits with the NBRK. The Bank is required by the NBRK to maintain average balances for 14 days of cash sufficient to cover a particular percentage of average balances of deposits and international borrowings. The minimum reserve deposit is not subject to restrictions as to its availability and is therefore included in cash and cash equivalents.

Cash and cash equivalents for the purposes of the consolidated statement of cash flows are comprised of the following:

	31 December 2008	31 December 2007
Cash and balances with the National Bank of the Republic of Kazakhstan	21,217	69,795
Due from banks in Organisation for Economic Co-operations and Development ("OECD") countries (Note 39)	39,638	3,712
Total cash and cash equivalents	60,855	73,507

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit at loss comprise:

	31 December 2008	31 December 2007
Debt securities of central governments	142,459	135,706
Derivative financial instruments	32,272	22,487
Debt securities of financial institutions	26,106	18,397
Debt securities of corporate	1,136	3,030
Total financial assets at fair value through profit or loss	201,973	179,620

Financial assets held-for-trading comprise:

	31 December 2008		31 December 2007	
	Nominal interest rate	Amount	Nominal interest rate	Amount
Debt securities of central governments:				
Bonds of the Government of the United States of America	—	136,972	—	128,328
Bonds of the Ministry of Finance of the Republic of Kazakhstan	3.35-6.10	5,487	3.35-6.40	6,879
Notes of the National Bank of the Republic of Kazakhstan	—	—	—	499
Total debt securities of central governments		142,459		135,706

	31 December 2008		31 December 2007	
	Nominal interest rate	Amount	Nominal interest rate	Amount
Debt securities of financial institutions:				
Bonds of JSC BTA Bank	11.00-12.00	12,743	12.00	245
Bonds of JSC Bank CenterCredit	9.00-12.00	2,353	9.00-12.00	1,868
Structured notes HSBC	0.50	2,258	—	—
Bonds of JSC BTA Mortgage	10.00	2,032	9.10-10.00	2,248
Bonds of Kazkommerts International B.V.	5.13-8.50	1,748	5.13-8.50	2,355
Structured notes Bayerische Hypo und Vereinsbank	8.00	1,054	8.00	1,268
Structured notes Societe Generale Acceptanci NV[1]	—	1,005	10.00	1,287
Bonds HSBK Europe BV	7.75	638	0.50-7.75	3,228
Bonds of JSC Kazkommertsbank	8.00-9.50	572	8.00	141
Bonds of JSC Kaspi Bank	8.50	551		
Bonds of JSC Sberbank Rossii	11.00	436	11.00	445
Bonds of JSC ATF Bank	11.00	252	8.13-9.80	2,509
Bonds of JSC Halyk Bank Kazakhstan	7.50	195	7.50	296
Bonds of TuranAlem Finance B.V.	8.00	170	8.00	312
Bonds of JSC Kazakhstani Mortgage Company	6.90-7.50	99	4.90-7.50	1,944
Bonds of JSC Temir Bank	—	—	9.75	251
Total debt securities of financial institutions		26,106		18,397

(1) Interest rate is calculated based on difference between the average market yield and profitability of fund which invest in Euro capital markets, derivative market and structured financing.

	31 December 2008		31 December 2007	
	Nominal interest rate	Amount	Nominal interest rate	Amount
Debt securities of corporate				
Bonds of JSC Doszhan Temir Zholy	19.95	739	8.05	989
Bonds of JSC KazTransCom	8.00	397	8.00	390
Bonds of JSC Ulbinsky Metallurgical Plant	—	—	8.25	1,501
Bonds of JSC KazPost	—	—	8.00	150
Total debt securities of corporate		1,136		3,030

The derivatives are not designated in hedging relationships in any of the years presented. The notional amounts and fair value of derivatives outstanding at each balance sheet date is as follows:

	31 December 2008			31 December 2007		
		Fair value			Fair value	
	Nominal amount	Asset	Liability	Nominal amount	Asset	Liability
Derivative financial instruments:						
Foreign currency contracts						
Forwards	4,722	—	(477)	26,559	851	(467)
Swaps	320,639	32,268	(46,417)	298,137	20,301	(3,124)
Spot	15,181	4	—	—	—	—
Securities contracts						
Forward	98,229	—	(3,274)	132,388	1,335	(2,689)
Total derivative financial instruments		32,272	(50,168)		22,487	(6,280)

As at 31 December 2008 and 2007, included in financial assets at fair value through profit or loss was accrued interest income amounting to KZT 614 million and KZT 603 million, respectively.

As at 31 December 2008, the Group held Treasury Bills of the US Government of KZT 136,972 million (2007: KZT 128,328 million) in custody accounts with two brokerage companies (see Note 5 and Note 30).

During 2007 and 2008, the Group concluded forward securities sale agreements with an independent third party. As at 31 December 2008, given the credit risk of the counterparty, Management believes the value of these agreements to be immaterial. In May 2009, the Group decided to terminate these contracts.

The Group estimates changes in fair value due to credit risk, by estimating the amount of change in the fair value that is not due to changes in market conditions that give rise to market risks.

As at 31 December 2008 and 2007, financial assets at fair value through profit or loss included bonds of the Ministry of Finance of the Republic of Kazakhstan, banks and corporate eurobonds pledged under repurchase agreements with other banks/customers amounting to KZT 15,408 million and KZT 1,513 million, respectively. All the agreements as at 31 December 2008 and 2007 have maturity before 30 April 2009 and 17 January 2008, respectively (see Note 27).

The Bank entered into a cross currency credit default swap linked to the performance of Gazprom on its debts whereby the Bank is selling protection to the counterparty for the full notional amount of EUR 100 million in case of default by Gazprom. The Bank will receive Gazprom notes and the counterparty will retain the initially exchanged notional amount of KZT 17,024 million in case of default on the notes by Gazprom.

15. DUE FROM BANKS

Due from banks comprise:

	31 December 2008	31 December 2007
Recorded as loans and receivables:		
Long-term deposit to banks	34,158	3,022
Short-term deposits to banks	5,421	29,533
Overnight deposits to banks	4,256	124
Correspondent accounts with other banks	1,481	3,409
Long-term loans to other banks	640	991
Total due from banks	45,956	37,079

Included in due from banks is accrued interest of KZT 112 million and KZT 110 million as at 31 December 2008 and 2007, respectively.

As at 31 December 2008 and 2007, the maximum credit risk exposure on due from banks amounted to KZT 45,956 million and KZT 37,079 million, respectively.

As at 31 December 2008, long-term deposits to banks include a number of margin call deposits in the amount of KZT 32,668 million. The margin call deposits had been placed under cross-currency swap agreements. The swap agreement terms stipulate that the Group should place a deposit with the counterparty bank if the floating component of the swap crosses a certain level. The main purpose of the swaps was to convert EUR, GBP and JPY-borrowings into USD and KZT to on-lend to customers. Subsequent to the reporting date the majority of swap agreements have been terminated early by the Bank. The margin call deposits would reduce the Group's liability arising under that early termination (See Note 40).

The Bank has a credit linked deposit agreement in the amount of KZT 21,591 million included within Long-term deposits to banks which was pledged as collateral for a cross currency credit default swap with a notional amount of KZT 17,024 million as at 31 December 2008. The terms of the credit linked deposits contract establish that the deposit will be retained by the counterparty and notes issued by Gazprom will be delivered to the Bank in case of Gazprom defaulting on payments of the notes.

16. LOANS TO CUSTOMERS, NET OF ALLOWANCE

Loans to customers comprise:

	31 December 2008	31 December 2007
Recorded as loans and receivables:		
Loans to customers	694,479	851,968
Net investment in finance lease	8,786	10,753
	703,265	862,721
Less allowance for impairment losses	(269,790)	(43,527)
Total loans to customers	433,475	819,194

As at 31 December 2008 loans to related parties included in loans to customers amounted to KZT 181,075 million and allowance for impairment losses amounted to KZT 131,776 million. (See comments regarding of omission of related party disclosure as of 31 December 2007 in Note 34.)

As discussed in Note 20, certain non-performing unsecured consumer loans amounting to KZT 22,338 million were sold to collection agencies, which are considered by the Group to be related parties. As at 31 December 2008, the Group has fully provided for the amounts receivable from those collection agencies.

As at 31 December 2008 and 2007 accrued interest income included in loans to customers amounted to KZT 35,326 million and KZT 19,884 million, respectively.

Movements in allowances for impairment losses for the years ended 31 December 2008 and 2007 are disclosed in Note 5.

The table below summarizes the amount of uncollateralized and collateralized loans secured by type of collateral and their amortized cost, rather than the fair value of the collateral itself:

	31 December 2008			31 December 2007		
Collateralized loans	**Gross amount**	**Allowance for impairment losses**	**Net amount**	**Gross amount**	**Allowance for impairment losses**	**Net amount**
Loans collateralized by real estate, equipment and inventories	409,726	(129,215)	280,511	474,231	(22,078)	452,153
Loans collateralized by deposits	17,411	(23)	17,388	9,438	(124)	9,314
Loans collateralized by guarantees	5,877	(3,702)	2,175	4,922	(913)	4,009
Loans collateralized by securities	702	(26)	676	40,027	(4,578)	35,449
Loans collateralized by goods	1,423	(897)	526	12,900	(513)	12,387
Loans collateralized by equipment	633	(135)	498	12,827	(1,356)	11,471
Loans collateralized by transport vehicles	6,938	(6,640)	298	32,335	(2,313)	30,022
Loans insured by related party	—	—	—	215,329	(7,598)	207,731
Other	27,235	(5,622)	21,613	37,295	(2,225)	35,070
Uncollateralized loans	233,320	(123,530)	109,790	23,417	(1,829)	21,588
Total loans and advances to customers	703,265	(269,790)	433,475	862,721	(43,527)	819,194

Customer concentration per economic sector is presented as follows:

	31 December 2008			31 December 2007		
	Gross amount	**Allowance for impairment losses**	**Net amount**	**Gross amount**	**Allowance for impairment losses**	**Net amount**
Analysis by sector:						
Individuals	285,327	(58,467)	226,860	426,658	(21,600)	405,058
Services provided by small and medium entities	79,278	(28,211)	51,067	110,479	(3,196)	107,283
Wholesale	63,045	(22,617)	40,428	41,757	(3,216)	38,541
Construction	102,305	(75,762)	26,543	105,714	(3,987)	101,727
Transportation	19,119	(6,340)	12,779	14,592	(1,031)	13,561
Retail	13,777	(1,974)	11,803	16,686	(593)	16,093
Paper manufacturing	16,758	(5,158)	11,600	18,619	(245)	18,374
Entertainment and recreational activities	16,308	(5,297)	11,011	2,190	(133)	2,057
Metallurgy industry	12,343	(5,651)	6,692	10,613	(505)	10,108
Finance services	9,847	(7,563)	2,284	24,460	(5,536)	18,924
Food	5,912	(1,291)	4,621	12,700	(578)	12,122
Oil and gas services	43,843	(39,941)	3,902	14,819	—	14,819
Chemical industry	3,805	(86)	3,719	4,281	(85)	4,196
Agriculture	3,482	(296)	3,186	5,389	(421)	4,968
Coal mining	3,136	(163)	2,973	1,869	(125)	1,744
Real estate operations	5,480	(3,536)	1,944	24,464	(978)	23,486
Production of metal goods	886	(27)	859	833	(3)	830
Mass media	468	(180)	288	1,804	(85)	1,719
Post and Communications	516	(244)	272	626	—	626
Heavy industry	172	(82)	90	957	(22)	935
Other	17,458	(6,904)	10,554	23,211	(1,188)	22,023
Total loans and advances to customers	703,265	(269,790)	433,475	862,721	(43,527)	819,194

Loans to individuals comprise the following products:

	31 December 2008			31 December 2007		
	Gross amount	Allowance for impairment losses	Net amount	Gross amount	Allowance for impairment losses	Net amount
Unsecured consumer loans	115,868	(43,647)	72,221	20,850	(1,215)	19,635
Loans insured by related party	—	—	—	215,329	(7,598)	207,731
Secured consumer loans	80,954	(3,335)	77,619	89,889	(3,524)	86,365
Mortgage loans	66,426	(9,196)	57,230	71,655	(7,182)	64,473
Car credits	8,138	(1,203)	6,935	11,574	(834)	10,740
Other loans	13,941	(1,086)	12,855	17,361	(1,247)	16,114
Total loans to individuals	285,327	(58,467)	226,860	426,658	(21,600)	405,058

As at 31 December 2008 and 2007, the Group granted loans to two and one customers, totaling KZT 44,101 million and KZT 20,105 million, respectively, which were related parties and individually exceeded 10% of the Group's equity.

As at 31 December 2008 and 2007, the maximum credit risk exposure of loans to customers, without considering the potential benefit of collateral realization, amounted to KZT 703,265 million and KZT 862,721 million, respectively.

As at 31 December 2008 and 2007, the Group had loans originated in Almaty totaling KZT 446,721 million and KZT 500,357 million, respectively, which represents significant geographical concentration in this region forming 64 per cent and 57.3 per cent of the loan portfolio, respectively.

As at 31 December 2008, loans to customer included loans of KZT 180,565 million, with renegotiated terms.

As at 31 December 2008 and 2007, loans to customers included loans of KZT 218,658 million and KZT 432,240 million, respectively, that were individually determined to be impaired. As at 31 December 2008 and 2007 such loans were collateralized by real estate, securities, equipment and goods with a fair value of KZT 130,359 million and KZT 578,157 million, respectively.

During the years ended 31 December 2008 and 2007, the Group entered as a lessor into finance lease agreements for equipment and non-production buildings for a long-term period. The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted is 14.9% per cent per annum.

The components of net investment in finance lease as at 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
Not later than one year	3,727	4,427
From one year to five year	6,784	9,187
More than five years	25	115
Minimum lease payments	10,536	13,729
Less: unearned finance income	(1,750)	(2,976)
Net investment in finance lease	8,786	10,753
Current portion	3,645	3,127
Long-term portion	5,141	7,626
Net investment in finance lease	8,786	10,753

Material leasing arrangements were concluded with customers for purchases of vehicles and equipment, which represent the collateral for such arrangements.

17. REVERSE REPURCHASE AGREEMENTS

The carrying value of the loans and fair value of collateral under reverse repurchase agreements as at 31 December 2008 and 2007 are presented as follows:

	31 December 2008		31 December 2007	
Collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
Recorded as loans and receivables:				
Bonds of banks	132	119	—	—
Total	132	119	—	—

The Group entered into reverse repurchase agreements using the automated system of the Kazakhstan Stock Exchange (KASE) in accordance with the trading rules established by KASE (the "Rules"). According to the Rules, the automated reverse repurchase transactions are concluded using open sale methods. For open sale methods the counterparty remains undefined, and all risks the Group undertook, including credit and settlement risks, remain with KASE.

18. INVESTMENTS AVAILABLE-FOR-SALE

Investments available-for-sale comprise:

	31 December 2008		31 December 2007	
	Nominal interest rate	Amount	Nominal interest rate	Amount
Debt securities				
Bonds of the Ministry of finance of the Republic of Kazakhstan	6.10-6.44	964	6.10-6.44	972
JSC Kazakhstan Kagazi bonds	13.00	616	10.40	586
JSC Kazakhstani Mortgage Company bonds	18.70-19.20	377	11.70-12.20	361
JSC ATF Bank bonds	8.50	366	8.5	390
JSC Bank CenterCredit bonds	17.3	261	21	315
JSC Nurbank bonds	9	100	9	100
JSC BTA Bank bonds	15.00	8	9.9	9
JSC Halyk Bank Kazakhstan Euronotes	—	—	8.13	248
		2,692		2,981
	Share	Amount	Share	Amount
	%		%	
Equity securities				
LLP First Credit Office	18.40	37	18.4	37
JSC Processing Center	0.81	10	1.49	10
JSC Kazakhstan Stock Exchange	1.33	2	1.37	2
JSC Alliance Policy	—	—	5.4	27
		49		76
Total investments available-for-sale		2,741		3,057

As at 31 December 2008 and 2007, included in investments available-for-sale was accrued interest income on debt securities amounting to KZT 72 million and KZT 67 million, respectively.

Equity securities are non-marketable and therefore held at cost, less impairment losses, in accordance with the Group's accounting policy.

19. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

	Land and building	Computers	Vehicles	Construction in progress	Other	Intangible assets	Total
At cost							
At 31 December 2006	8,020	942	386	1,140	2,978	376	13,842
Additions	8,278	1,172	194	4,212	5,417	1,351	20,624
Disposals	(63)	(38)	(21)	(20)	(143)	—	(285)
At 31 December 2007	16,235	2,076	559	5,332	8,252	1,727	34,181
Additions	4,065	619	1	46	1,787	422	6,940
Revaluation	(861)	—	—	—	—	—	(861)
Transfers	2,157	(1)	—	(2,722)	565	1	—
Disposals	(6)	(139)	(155)	—	(722)	(144)	(1,166)
At 31 December 2008	21,590	2,555	405	2,656	9,882	2,006	39,094
Accumulated depreciation and amortization							
At 31 December 2006	26	251	71	—	598	114	1,060
Charge for the year	445	411	75	—	1,130	177	2,238
Disposals	(3)	(30)	(9)	—	(124)	—	(166)
At 31 December 2007	468	632	137	—	1,604	291	3,132
Charge for the year	487	515	59	—	1,646	326	3,033
Elimination of revaluation on disposal	(489)	—	—	—	—	—	(489)
Disposals	(1)	(134)	(49)	—	(452)	(143)	(779)
At 31 December 2008	465	1,013	147	—	2,798	474	4,897
Net book value							
At 31 December 2007	15,767	1,444	422	5,332	6,648	1,436	31,049
At 31 December 2008	21,125	1,542	258	2,656	7,084	1,532	34,197

In 2008, land and buildings of the Group were revalued to market prices by an independent appraiser, LLP Consulting Company "Kenes", registration number UL-00630. The legal address of the appraiser is the Republic of Kazakhstan, Almaty, Otegen Batyr street, 76-d. The revaluation was performed with the purpose to record their fair value and amounted to a KZT 861 million write down on land and buildings for the year ended 31 December 2008. The appraiser used the comparative approach method of revaluation based on analysis of prices on judgment analogy of revaluation assets.

As at 31 December 2008 and 2007, included in property and equipment were fully depreciated equipment at cost of KZT 548 million and KZT 178 million, respectively.

Intangible assets include software, patents and licenses.

20. OTHER ASSETS

	31 December 2008	31 December 2007
Receivables from collection agencies	22,338	—
Prepayments and other debtors	2,048	602
Tax settlements, other than income tax	1,024	1,147
Debtors for capital investments	604	1,405
Other services provided	555	727
Prepaid expenses	338	262
Other inventory	335	299
Foreclosed assets	264	225
Inventory	229	99
Other transit accounts	72	725
Unamortized insurance premium to related party	—	15,691
Other	775	309
	28,582	21,491
Less allowance for impairment losses	(22,642)	(354)
Total other assets	5,940	21,137

Movements in allowances for impairment losses on other assets for the years ended 31 December 2008 and 2007 are disclosed in Note 5.

During 2007 and 2008, the Group insured its uncollateralized loans in Alliance Policy LLP (see Note 5). The insurance company terminated the insurance agreements in September 2008 and the unamortized insurance premiums were released in the income statement "Fee and commission income and expense".

In the last quarter of 2008, the Bank sold non-performing loans, including loans written-off previously, and claims receivable from Alliance Policy Insurance Company, a related party, to eight collection agencies disclosed below. Management believes that the collection agencies are related parties of the Group, and as described in Note 34, there is uncertainty as to the financial capacity of related parties. Management has made an estimate of recoverability of amounts due by debt collection agencies, and has concluded that the Group will not be successful in collecting the amounts below. As a consequence, the Bank has fully provided for the amounts receivable from collection agencies as at 31 December 2008.

Collection agency	31 December 2008
BRD LLC	8,334
Kazakhstan Collector Company LLC	6,072
Central Debt Operator LLC	2,235
Assessment LLC	2,230
FA Alliance Finance LLC	1,254
Credit returning company LLC	1,148
Center for Protection of Interest of Creditors LLC	1,046
Lex Dominus LLC	19
Total	22,338

21. DUE TO THE NATIONAL BANK OF THE REPUBLIC OF KAZAKHSTAN

On 25 December 2008, the National Bank of the Republic of Kazakhstan placed a deposit with the Group in amount of KZT 15,000 million with maturity on 5 January 2009 and interest rate of 10.5%. As at 31 December 2008 accrued interest expenses amounted to KZT 26 million.

22. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss are represented by derivative financial instruments as disclosed in Note 14.

23. DUE TO BANKS

	31 December 2008	31 December 2007
Recorded at amortized cost:		
Correspondent accounts of other banks	61	529
Due to banks including:		
Syndicated loan from banks including:		
Sumitomo Mitsui* Tranche B, due on 12/06/2009 coupon rate 3.23% annual, semi-annual payment of interest	26,965	26,927
Calyon*, France on 19/03/2009 coupon rate 5.83% annual, semi-annual payment of interest	7,965	18,365
Standard Bank* due on 01/11/2009, coupon rate 4.94% annual, semi-annual payment of interest	2,485	13,586
Sumitomo Mitsui Tranche A, due on 17/06/2008 coupon rate 5.65% annual, semi-annual payment of interest	—	21,284
Bank of Tokyo-Mitsubishi UFJ Tranche B due on 20/06/2008, coupon rate 6.55% annual, semi-annual payment of interest	—	17,698
Loans from other banks:		
Morgan Stanley Bank International Ltd* due on 27/04/2009-28/06/2010, coupon rate 6.1-9.44% annual, quarterly payment of interest	38,284	33,196
CoBank* due on 28/02/2011-07/10/2011, coupon rate 3.2-4.68% annual, semi-annual payment of interest	10,013	—
JP MORGAN Bank* London due on 24/08/2009, coupon rate 9.89% annual, semi-annual payment of interest	8,849	27,498
Merrill Lynch International* due on 20/01/2010, coupon rate 10.74% annual, monthly payment of interest	7,273	—
Asian Development Bank* 31/12/2010, coupon rate 5.634% annual, semi-annual payment of interest	4,003	5,985
National City Bank* due on 07/11/2014, coupon rate 5.915% annual, semi-annual payment of interest	3,626	3,620
DEG-Deutsche Investitions und Entwicklungesellschaft MBH Bank* due on 15/06/2012, coupon rate 8.98% annual, semi-annual payment of interest	2,729	2,715
Landesbank Berlin AG*, Germany due on 19/01/2009- 30/08/2014, coupon rate 2.625-7.39% annual, semi-annual payment of interest	2,141	8,798
European Bank of Reconstruction and Development ("EBRD")* due on 05.03.2010-07.03.2011, coupon rate 6.11-6.36 % annual, semi-annual payment of interest	1,394	3,836
The Bank of Nova Scotia* due on 14/12/2012, coupon rate 5.1479% annual, semi-annual payment of interest	1,380	8,718
ABN Amro Bank*, Rotterdam due on 08/06/2009, coupon rate 9.52% annual, interest payment at maturity	539	5,113
ING Bank* due on 23/01/2009-05/05/2011, coupon rate 4.07-8.92% annual, semi-annual payment of interest	307	2,888
HSBC Bank, due on 31/03/2008-05/11/2008, coupon rate 7.06-8.03% annual, semi-annual payment of interest	—	21,592
Standard Bank due on 26/02/08-28/03/2008, coupon rate 7.36-7.64% annual, semi-annual payment of interest	—	4,925
Fortis Bank S.A., Belgium due on 16/01/2008 30/07/2008, coupon rate 6.46-7.17% annual, semi-annual payment of interest	—	4,907
Bank of Montreal due on 03/01/2008-31/12/2008, coupon rate 6.10-7.37% annual, semi-annual payment of interest	—	3,312
Other loans from other banks, interest payment at maturity	12,529	33,658
Time deposits of banks, interest payment at maturity	6,834	23,415
Total due to banks	137,377	292,565

(*) Covenants breached as at 31 December 2008 (see Note 40)

The payment and maturity terms above do not consider the effects of the covenants breached.

As at 31 December 2008 and 2007, accrued interest expenses included in due to banks amounted to KZT 1,183 million and KZT 4,627 million, respectively.

As at 31 December 2008 and 2007, due to banks of KZT 92,076 million (67%) and KZT 130,497 million (45%), respectively, were due to 5 banks, which represents significant concentration.

As at 14 July 2009, the date of signing of the intention agreement between the Bank and Samruk-Kazyna (see Note 1), the overdue to a number of foreign banks amounted to KZT 64,559 million.

24. DUE TO OTHER INSTITUTIONS

	Ccy	Maturity	Interest rate	31 December 2008	Interest rate	31 December 2007
			%		%	
Recorded at amortized cost:						
Nomura International plc*, quarterly payment of interest	JPY	27/06/2017 20/01/2009	6.08	25,432	5.30	20,200
Cargill Financial Services International, Inc*, USA, monthly payment of interest	USD	— 22/04/2009 13/04/2009	8.22-10.00	6,453	6.96-7.67	7,921
Bunge SA*, Geneva, monthly payment of interest	USD	— 08/01/2010 11/02/2009	3.68-9.62	2,511	5.31-8.66	5,307
GSTS Financial Services Ltd*, USA, prepaid interest	USD	— 17/02/2009 11/06/2010	7.48-7.66	837	—	—
C.V.A. Trade Resources Ltd*, UK, *semi-annual payment of interest*	USD	— 22/10/2010	3.03-5.08	508	5.51-5.59	1,357
TR Commodity Trading GMBH, Sweden, monthly payment of interest	USD	02/11/2007 — 28/05/2008 02/06/2008	—	—	6.99-7.89	9,152
Cargill Financial Services International, Inc, USA	USD	— 12/06/2008 09/06/2008	—	—	7.75	4,159
Bunge HMBH*, semi-annual payment of interest*	USD	— 04/06/2009	—	—	8.64	437
Total due to other institutions				35,741		48,533

(*) Covenants breached as at 31 December 2008 (see Note 40)

The payment and maturity terms above do not consider the effects of the covenants breached.

As at 31 December 2008 and 2007, accrued interest expenses included in due to other institutions amounted to KZT 16 million and KZT 81 million, respectively.

As at 14 July 2009, the date of signing of the intention agreement between the Bank and Samruk-Kazyna (see Note 1), the amount overdue to Bunge SA and C.V.A. Trade Resources Ltd. amounted was USD 10,500 thousand and USD 290 thousand, respectively.

25. OTHER FINANCING

	31 December 2008	31 December 2007
Recorded at amortized cost:		
Alliance DPR Company* Tranche A due on 13/11/2013	11,872	11,955
Alliance DPR Company* Tranche B due on 13/11/2013	8,679	10,230
Alliance DPR Company* Tranche A due on 27/06/2015	8,898	8,866
Total other financing	29,449	31,051

(*) Covenants breached as at 31 December 2008 (see Note 40)

The payment and maturity terms above do not consider the effects of the covenants breached.

As at 31 December 2008 and 2007, accrued interest expenses included in other financing amounted to KZT 215 million and KZT 316 million, respectively. Interest is payable quarterly.

On 13 November 2006, the Group launched and priced a USD 200 million, dual tranche debt issuance of a newly established future flow Diversified Payment Rights ("DPR") securitization program. The transaction was a true-sale securitization of the Bank's dollar and Euro denominated present and future diversified payment rights (SWIFT MT 100 and MT 202) to Alliance DPR company (special purpose vehicle incorporated in the Cayman Islands). The issuance consisted of a USD 100 million Series 2006A tranche and a USD 100 million Series 2006B tranche with coupon rate 3 month Libor + 2.00 %. Series 2006A was guaranteed by Asian Development Bank, the rate of which amounted to 3-month LIBOR plus 0.15%.

The next securitization transaction dated 27 June 2007 consisted of a USD 75 million Series 2007A Floating Rate Notes due on 27 June 2015. The interest rate on the securitization was 3 month LIBOR plus 2.30%.

26. CUSTOMER ACCOUNTS

	31 December 2008	31 December 2007
Recorded at amortized cost:		
Time deposits	158,269	165,907
Repayable on demand	25,366	34,515
Guarantee deposits	9,869	41,395
Total customer accounts	193,504	241,817

As at 31 December 2008 and 2007, ten customers amounted to 21.4% and 21.5% of total customer accounts, respectively, which represents significant concentration.

As at 31 December 2008 and 2007, customer accounts amounting to KZT 2,283 million and KZT 11,375 million, respectively, were held as security against letters of credit issued and other transaction related contingent obligations. As at 31 December 2008 and 2007 customer accounts amounting to KZT 1,392 million and KZT 574 million, respectively, were held as security against guarantees issued.

As at 31 December 2008 and 2007, accrued interest income included in customer accounts amounted to KZT 873 million and KZT 1,287 million, respectively.

	31 December 2008	31 December 2007
Analysis by sector:		
Individuals	91,004	97,652
Trade	28,420	33,446
Services provided by small and medium entities	22,045	13,812
Finance services	17,883	65,191
Construction	11,049	9,303
State administration	9,603	8,905
Production of crude oil and natural gas	3,290	690
Energy	2,898	1,932
Education	1,225	775
Paper industry	1,217	740
Transport and communication	874	1,930
Health care and social services	652	232
Agriculture	292	2,047
Real estate	289	269
Metallurgy	237	776
Arts	184	179
Other fields of mineral resource industry	137	246
Food production	130	426
Hotel business	119	105
Consumer production	111	65
Machinery	63	170
Chemical industry	18	26
Production of coal, lignite and peat	1	148
Other services	1,763	2,752
Total customer accounts	193,504	241,817

27. REPURCHASE AGREEMENTS

The carrying value of loans and fair value of collateral under repurchase agreements as at 31 December 2008 and 2007:

	31 December 2008		31 December 2007	
Collateral	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Recorded at amortized cost				
Bonds of ALB Finance B.V.	25,018	10,080	—	—
Bonds of Kazakhstani banks	12,420	13,136	1,328	1,310
Eurobonds of Kazakhstani banks	2,295	1,682	—	—
Bonds of Kazakhstani companies	1,649	1,632	2,221	2,181
Bonds of the Ministry of finance of the Republic of Kazakhstan	563	590	210	203
US treasury bills	—	—	2,598	2,721
Total repurchase agreement	41,945	27,120	6,357	6,415

As at 31 December 2008 and 2007, included in loans under repurchase agreements was accrued interest amounting to KZT 73 million and KZT 44 million, respectively.

As at 31 December 2008, the Group entered into repurchase agreement with the NBRK. Under this agreement the Group pledged its own repurchased bonds at fair value of KZT 10,080 million.

All repurchase agreements are short term in nature (see Note 39).

28. DEBT SECURITIES ISSUED

	Issue date dd/mm/yy	Maturity date dd/mm/yy	Annual coupon rate	31 December 2008	31 December 2007
			%		
Recorded at amortized cost:					
Issued Eurobonds					
Issuance of ALB Finance B.V. Eurobonds*, denominated in EUR	02/02/2007	02/02/2012	7.93	136,819	142,039
Repurchase of ALB Finance B.V. Eurobonds, denominated in EUR				(7,819)	(6,520)
ALB Finance B.V. Eurobonds*, denominated in EUR, semi-annual payment of interest				129,000	135,519
Issuance of ALB Finance B.V. Eurobonds*, denominated in GBP	13/02/2007	14/02/2011	10.90	47,635	65,430
Repurchase of ALB Finance B.V. Eurobonds, denominated in GBP				(8,347)	(11,699)
ALB Finance B.V. Eurobonds*, denominated in GBP, semi-annual payment of interest				39,288	53,731
Issuance of ALB Finance B.V. Eurobonds*, denominated in USD	26/09/2006	26/09/2013	9.30	42,806	42,539
Repurchase of ALB Finance B.V. Eurobonds, denominated in USD				(5,081)	(2,135)
ALB Finance B.V. Eurobonds*, denominated in USD, semi-annual payment of interest				37,725	40,404
Issuance of ALB Finance B.V. Eurobonds*, denominated in USD	20/04/2006	20/04/2011	8.80	30,483	30,269
Repurchase of ALB Finance B.V. Eurobonds, denominated in USD				(3,950)	(3,614)
ALB Finance B.V. Eurobonds*, denominated in USD, semi-annual payment of interest				26,533	26,655
Issuance of ALB Finance B.V. Eurobonds*, denominated in USD	22/11/2005	22/11/2010	9.04	24,489	24,305
Repurchased of ALB Finance B.V. Eurobonds, denominated in USD				(3,064)	(3,343)
ALB Finance B.V. Eurobonds*, denominated in USD, semi-annual payment of interest				21,425	20,962
Alliance Bank Eurobonds Issuance, denominated in USD, semi-annual payment of interest	27/06/2005	27/06/2008	9.42	—	17,838
				253,971	295,109
Russian rouble-denominated bonds					
Issuance of LLP Alliance Finance*, semi-annual payment of interest				11,057	14,662
Repurchase of LLP Alliance Finance*, semi-annual payment of interest				(204)	—
LLP Alliance Finance*, semi-annual payment of interest	27/06/2007	19/06/2012	9.72	10,853	14,662
Tenge-denominated bonds					
Bonds of 9 issuance, semi-annual payment of interest*	23/02/2007	23/02/2010	8.0	8,292	1,036
Bonds of 6 issuance, semi-annual payment of interest*	10/04/2006	10/04/2009	8.5	7,126	7,104
Bonds of 4 issuance, semi-annual payment of interest*	23/04/2005	24/04/2008	7.0	—	5,023
Issued bonds of 8 issuance*	26/12/2006	26/12/2011	8.5	4,888	5,029
Repurchased bonds of 8 issuance*				(885)	(715)
Bonds of 8 issuance, semi-annual payment of interest*				4,003	4,314
Bonds of 14 issuance, semi-annual payment of interest*	20/09/2008	20/09/2018	11.0	2,205	—
Bonds of 12 issuance, semi-annual payment of interest*	20/09/2008	20/09/2015	11.0	132	—
Bonds of 13 issuance, semi-annual payment of interest*	20/09/2008	20/09/2010	11.0	2	—
Bonds of 5 issuance, semi-annual payment of interest*	01/09/2005	01/09/2008	7.0	—	1,017
				21,760	18,494
Total debt securities issued				286,584	328,265

(*) Covenants breached as at 31 December 2009 (see Note 40)

The payment and maturity terms above do not consider the effects of the covenants breached.

As at 31 December 2008 and 2007, accrued interest expense included in debt securities issued amounted to KZT 15,230 million and KZT 16,667 million, respectively.

29. OTHER LIABILITIES

	31 December 2008	31 December 2007
Other provisions	4,731	89
Taxes payable, other than income tax	1,175	1,824
Other transit accounts	404	598
Creditors for capital lease	153	185
Other	499	611
Total other liabilities	6,962	3,307

Movements in provision for guarantees and other commitments for the years ended 31 December 2008 and 2007 are disclosed in Note 5.

30. SPECIAL PROVISION FOR GUARANTEES

A special provision for guarantees has been established to cover probable losses under guarantee contracts entered into from 2006 to 2008 with two brokerage companies, which acted as custodians of treasury bills issued by the US Government (the "treasury bills"). The Bank pledged the treasury bills as guarantee for loans made by the two brokerage companies to companies registered in British Virgin Islands and Samoa (the "offshore companies"). As at 31 December 2008 the Group held treasury bills in the amount of KZT 136,972 million (2007: KZT 128,328 million) in custody accounts with the two brokerage companies.

In February and May 2009, the Group was informed that the offshore companies had defaulted on the payment of these loans and the custodians had consequently taken possession of the collateral in the form of the treasury bills.

The guarantees issued were not identified at the time of issuance of the financial statements for the year ended 31 December 2007. The Bank is performing an assessment in order to identify whether there are other potential off-balance sheet guarantees and pledges not recorded in the financial statements for the years ended 31 December 2007 and 2008. As of the date of the issuance of these financial statements, the assessment has not been concluded and therefore other transactions may also exist but not be recorded in the Bank's books.

The Bank and its legal advisors, together with various regulatory arms of the Kazakhstan Government, are taking actions considered necessary to assess legal matters of the guarantee contracts above and reduce the potential losses. However, due to the high level of uncertainty, the Bank has recorded a provision in the amount of KZT 136,972 million as at 31 December 2008 for estimated losses related to the identified guarantee transactions. The provision represents the total amount of the treasury bills given as guarantees. In addition, the Bank does not have any indication that the offshore companies did not meet the obligation in their loan obligations in 2007. As a consequence, the Bank did not record the special provision for guarantees as of 31 December 2007.

31. SUBORDINATED DEBT

	Issue Date	Maturity date	Interest rate	31 December 2008	31 December 2007
			%		
International Perpetual Subordinated bonds of ALB Finance B.V*., issuance in USD, semi-annual payment of interest	19/04/2006	—	9.42	17,978	17,846
Subordinated bonds of 10 issuance in KZT, semi-annual payment of interest	08/11/2007	08/11/2014	9.75	6,719	—
Subordinated bonds of 7 issuance in KZT, semi-annual payment of interest	24/07/2006	24/07/2013	8.5	5,017	4,980
Subordinated bonds of 3 issuance in KZT, semi-annual payment of interest	29/10/2004	28/10/2011	10.8	2,968	2,932
Subordinated debt to DEG-Deutsche Investitions und Entwicklungesellschaft MBH* in USD, semi-annual payment of interest	14/06/2007	01/06/2014	9.59	2,723	2,708
Subordinated bonds of 1 issuance in KZT indexed to USD , semi-annual payment of interest	23/12/2002	23/12/2009	9.0	2,319	2,296
Preference shares, Emission in KZT (see Note 32)		—	—	4,036	4,036
Total subordinated debt				41,760	34,798

(*) Covenants breached as at 31 December 2008 (see Note 40)

The payment and maturity terms above do not consider the effects of the covenants breached.

As at 31 December 2008 and 2007, accrued interest expense included in subordinated debt amounted to KZT 757 million and KZT 666 million, respectively.

As at 31 December 2008 and 2007, accrued dividends attributed to preference shares amounted to KZT 400 million.

In the event of bankruptcy or liquidation of the Group, repayment of this debt is subordinate to the repayments of the Group's liabilities to all other creditors.

These liabilities are measured at amortized cost.

32. SHARE CAPITAL

As at 31 December 2008 and 2007, authorized share capital consisted of 11,537,500 ordinary shares with voting rights and with a par value of KZT 10,000 each and 400,000 preference shares with a par value of KZT 10,000 each. As at 31 December 2008 and 2007, ordinary shares issued and outstanding consisted of 9,637,563 and 9,637,500, respectively. As at 31 December 2008 and 2007, preference shares issued and outstanding consisted of 400,000; 50,000 preference shares were issued at a price of KZT 10,000 per share and 350,000 preference shares were issued at a price of KZT 12,450 per share. The preference shares do not carry voting rights unless dividends are not paid over a period of 3 months. The preference shares are not mandatorily redeemable but they carry a mandatory annual dividend payment of KZT 1,000 per share when the Bank has profit, calculated in accordance with Kazakhi legislation. According to Kazakhstan legislation on Joint Stock Companies, additional dividend payments on the preference shares cannot be less than the dividends paid on common shares.

The preference shares are considered financial liabilities and presented as Subordinated debt in the balance sheet (see Note 31). The dividends on preference shares are presented as interest expense and recorded in interest expenses in the income statement.

As at 31 December 2008, the Group's share capital comprised of the following number of shares:

	Share capital authorized	Share capital authorized and not issued	Share capital issued
Ordinary shares	11,537,500	1,899,937	9,637,563
Preference shares	400,000	—	400,000

As at 31 December 2007, the Group's share capital comprised of the following number of shares:

	Share capital authorized	Share capital authorized and not issued	Share capital issued
Ordinary shares	11,537,500	1,900,000	9,637,500
Preference shares	400,000	—	400,000

The below table provides a reconciliation of the number of shares outstanding as at 31 December 2008 and 2007:

	Ordinary shares	Shares capital
	Shares'000	in million KZT
31 December 2006	6,001	60,013
Issue of ordinary shares	3,637	36,367
31 December 2007	9,638	96,380
Issue of ordinary shares	—	—
31 December 2008	9,638	96,380

On transition to IAS 32 "Financial Instruments: Presentation" all preference shares were reclassified and disclosed within Subordinated Debt on the balance sheet (see Note 31).

In 2008, the Bank recognized interest expenses related to preference shares in the amount of KZT 400 million which were calculated based on the results from January to December of the financial statements prepared in accordance with Kazakhstani legislation. The referred amount was paid on 19 January 2009.

33. COMMITMENTS AND CONTINGENCIES

In the normal course of business the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the balance sheet.

The Group's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance sheet operations. The usual procedure for issue of credit guarantee or letter of credit includes the following steps:

- the credit officer from the front-office collects all necessary documentation including application of the potential client, registration forms and financial documentation, documents on available collateral;
- the package of documentation forwarded to the Credit Committee which decides to issue the guarantee (letter of credit);
- all package of documentation including the Credit Committee's decision transferred to the middle-office which drafts the guarantee (letter of credit) agreement and pass it for management's approval;
- finally, all signed documentation, which above a certain limit are approved by the Board of Directors, goes to the accounting department to record guarantees in the books.

As previously disclosed in Note 30, the Bank is performing an assessment in order to identify potential off-balance sheet guarantees and pledges not recorded in prior years financial statements. As of the date of the issuance of these financial statements, the investigation has not been concluded and therefore it is possible that relevant non-disclosed transactions exist.

Provision for losses on contingent liabilities excluding special provision on guarantees amounted to KZT 4,731 million and KZT 89 million as at 31 December 2008 and 2007, respectively.

As at 31 December 2008 and 2007, the nominal or contract amounts of contingent liabilities were:

	31 December 2008	31 December 2007
	Nominal Amount	Nominal Amount
Contingent liabilities:		
Pledge of the treasury bills (Note 30)	136,972	128,328
Commitments on loans and unused credit lines	126,491	135,630
Letters of credit and other transaction related contingent obligations	20,622	41,915
Guarantees issued and similar commitments	12,927	13,749
Total contingent liabilities	297,012	319,622

Extension of loans to customers within credit line limits is approved by the Group on a case-by-case basis and depends on borrowers' financial performance, debt service and other conditions. As at 31 December 2008 and 2007, such unused credit lines come to KZT 126,491 million and KZT 135,630 million, respectively.

As at 31 December 2008 and 2007, certain guarantees and similar commitments issued been secured by cash deposited in customer accounts in amount of KZT 1,392 million and KZT 574 million, respectively.

As at 31 December 2008 and 2007, standby letters of credit been secured by cash deposited in customer accounts in amount of KZT 2,283 million and KZT 11,375 million, respectively.

The maturity of the guarantees ranges from one month to five years.

Operating lease commitments

Where the Group is the lessee, the future minimum lease payments under non cancelable operating leases are as follows:

	31 December 2008	31 December 2007
Not later than 1 year	939	515
Later than 1 year and not later than 5 years	1,559	1,657
Later than 5 years	277	1,417
Total operating lease commitments	2,775	3,589

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material losses will be incurred, with the exception of those disclosed in Note 1 and Note 30, and accordingly no provision has been made in these consolidated financial statements for any other claims.

Fiduciary activities

In the normal course of its business the Group enters into agreements with limited right on decision making with clients for asset management in accordance with specific criteria established by clients. The Group may be liable for losses or actions aimed at appropriation of the clients' funds until such funds or securities are not returned to the client due to gross negligence or wilful misconduct by the Group only. The maximum potential financial risk of the Group at any given moment is equal to the volume of the clients' funds plus/minus any unrealized income/loss on the client's position.

The Group provides its clients with nominal holding, custody and broker/dealer services. The Group enters into custody agreements with clients for accounting and custody of assets of the clients and assets of investment funds according to certain criteria established by the client and legislation. The Group may be responsible for

losses or defalcation until such funds or securities are returned to the client. The maximum potential financial risk of the Group at any time equals the amount of funds of the clients plus/minus any unrealized profit/loss on the client's position.

As at 31 December 2008, the Group had securities of clients in off-balance sheet nominal holder accounts in the following amounts:

- in custody—3,515,528 shares, amounted to KZT 175 million;
- of these shares related to investment funds—72,855 shares, amounted to KZT 8 million;
- other assets related to investment funds amounted to KZT 4,881 million.

As at 31 December 2007, the Group had securities of clients in off-balance sheet nominal holder accounts in the following amounts:

- in custody—3,704,034 shares, amounted to KZT 604 million;
- of these shares related to investment funds—203,470 shares, amounted to KZT 143 million;
- other assets related to investment funds amounted to KZT 1,986 million and banks' deposits amounted to KZT 2 million.

Taxation

Commercial legislation of the Republic of Kazakhstan where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the consolidated financial statements.

As at 31 December 2008, the Group faces significant tax risks related to the uncertainties in tax treatment of significant losses incurred in 2008 as well as a possible change of ownership and an ongoing restructuring process (See Notes 1, 40). In order to clarify and proceed to resolution regarding those risks, the Group has initiated discussion with the Tax Committee of the Republic of Kazakhstan. The following questions are raised:

- Treatment of income from restructuring of liabilities
- Treatment of losses related to the special provision for guarantees
- Treatment of losses related to provisions for losses on loans to related parties
- Treatment of other off-balance sheet unusual guarantees and pledges

The outcome of theses uncertainties could result in the Tax Authorities assessing additional taxes.

Pensions and retirement plans

Employees receive pension benefits in accordance with the laws and regulations of the Republic of Kazakhstan. As at 31 December 2008 and 2007, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment

The Group's principal activities are within the Republic of Kazakhstan. Laws and regulations affecting businesses operating in the Republic of Kazakhstan are subject to frequent changes and the Group's assets and operations could be at a risk due to adverse developments in the political and business environment.

Specific volatility in global and Kazakhstan's financial markets

In recent months a number of major economies around the world have experienced volatile capital and credit markets. A number of major global financial institutions have either been placed into bankruptcy, taken over by other financial institutions and/or supported by government funding. As a consequence of the recent market turmoil in capital and credit markets both globally and in the Republic of Kazakhstan, notwithstanding any potential economic stabilization measures that may be put into place by the Government of the Republic of Kazakhstan, there exists economic uncertainties surrounding the continual availability, and cost, of credit both for the Group and its counterparties, the potential for economic uncertainties to continue in the foreseeable future and, as a consequence, the potential that assets, financial and other, may not be recovered at their carrying amount in the regular course of business, and a corresponding impact on the Group's profitability.

As at 31 December 2008, the Group has financial assets amounting to KZT 705,494 million (as at 31 December 2007: KZT 1,108,745 million). The recoverability of these financial assets depends to a large extent on the efficiency of the fiscal measures and other measures and other actions, beyond the Group's control, undertaken within various countries to achieve economic stability and recovery. The recoverability of the Group's financial assets is determined based on conditions prevailing and information available as at balance sheet date.

34. TRANSACTIONS WITH RELATED PARTIES

The Bank has identified significant transactions with its related parties which represents approximately 5.5% of interest income for the year ended 31 December 2008.

The majority of the assets are represented by other assets and loans issued to entities owned by or in which the Group's shareholders have an interest in. As at 31 December 2008, the Bank has recorded an allowance for impairment losses for related party assets of KZT 154,094 million which represent 76% of the assets receivable from related parties.

The Bank and its legal advisors are pursuing the collection of the amounts in an effort to reduce the Bank's exposure and losses. However, the results of those actions are unknown due to a lack of documentation on certain loans and the uncertainty of the financial capacity of the borrowers, due to their current financial situation or because they are inactive. However, Management believes the allowance for impairment losses were sufficient for the probable losses identified and estimated as at 31 December 2008 and 2007.

Furthermore, while Management believes that they made all best practicable efforts in identifying the completeness of related parties for the years ended 31 December 2008 and 2007, Management has not been able to conclude the analysis and therefore there is a possibility that the current disclosure does not present all transactions with related parties. The preliminary result of the analysis has identified additional related parties in 2008 which were not disclosed in 2007. Management is unable to compile the information necessary to present the related party transactions for the year 2007 on a corresponding basis to 2008. As a consequence, the information related to 2007 has been omitted. This is a breach of disclosure as required under IAS 24 "Related Party Transactions." Additionally, due to the fact that the analysis for 2008 regarding related party transactions has not been concluded, the associated tax effects, if any, have neither been recorded nor presented in the tax footnote disclosure.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Transaction between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

	31 December 2008	
	Related party balances	Total category as per financial statements caption
Investments available-for-sale	37	2,741
—other related parties	37	
Due from banks	873	45,956
—other related parties	873	
Loans to customers before allowances for impairment losses	181,075	703,265
—the parent	1	
—other shareholders	131,266	
—key management personnel of the entity or its parent	49,245	
—other related parties	563	
Allowance for impairment losses	131,776	269,790
—the parent	1	
—other shareholders	106,610	
—key management personnel of the entity or its parent	24,831	
—other related parties	334	
Other assets	22,545	28,582
—key management personnel of the entity or its parent	21,258	
—other related parties	1,287	
Allowance for impairment of other assets	22,338	22,642
—key management personnel of the entity or its parent	21,064	
—other related parties	1,274	
Due to banks	54	137,377
—other related parties	54	
Customer accounts	16,576	193,504
—the parent	3,909	
—other related parties	11,367	
—key management personnel of the entity or its parent	1,300	
Other liabilities	4,216	6,962
—other related parties	—	
—key management personnel of the entity or its parent	4,216	
Contingent liabilities	35,786	273,977
—the parent	1	
—key management personnel of the entity or its parent	13,313	
—other shareholders	15,890	
—other related parties	6,582	

Secured and unsecured loans are made to key Management personnel of the entity and shareholders in the ordinary course of business. These loans are made on substantially the same terms, including interest rates, as for comparable transactions with persons of a similar standing or, where applicable, with other employees.

Amounts deposited by parent and other related parties earn interest at the same rates as those offered to the market or on the same terms and conditions applicable to other employees within the Group.

Included in the income statement for the year ended 31 December 2008 are the following amounts, which arose due to transactions with related parties:

	31 December 2008	
	Related party balances	**Total category as per financial statements caption**
Interest income	9,087	163,488
—the parent	—	
—other shareholders	6,646	
—other related parties	282	
—key management personnel of the entity or its parent	2,159	
Interest expense	1,565	100,677
—the parent	1,439	
—other shareholders	122	
—other related parties	4	
Provision for impairment on interest bearing assets	131,776	242,273
—the parent	1	
—key management personnel of the entity or its parent	24,831	
—other shareholders	106,610	
—other related parties	334	
Operating expenses	962	21,889
—the parent	92	
—other related parties	462	
—key management personnel of the entity or its parent	408	
Fee and commission income	8,808	12,817
—the parent	15	
—other shareholders	6,482	
—key management personnel of the entity or its parent	2,018	
—other related parties	293	
Fee and commission expense	23,883	24,584
—key management personnel of the entity or its parent	2,151	
—other shareholders	10	
—other related parties	21,722	
Net gain on foreign exchange operations	1,504	15,564
—the parent	648	
—other shareholders	856	
Other income	80	4,316
—other related parties	80	
Provision/(recovery of provision) for impairment losses on other transactions	22,319	27,175
—other related parties	22,319	
Key management personnel compensation	409	9,414
Short-term employee benefits, including pension fund payments	409	

35. CAPITAL RISK MANAGEMENT

The capital structure of the Group consists of debt, which includes subordinated debt disclosed in Note 31 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

The Management Board reviewed the capital structure on a regular basis. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

As is apparent from the disclosure in Note 1 the Group has not effectively managed this risk with rapid growth funded by substantial amounts of foreign debt being one of the causes for the Group's current financial difficulties.

36. SEGMENT REPORTING

The Group's primary format for reporting segment information is business segments and the secondary format is geographical segments.

Business segments

The Group is organized on the basis of three main business segments:

Retail banking—representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

Corporate banking—representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.

Investment banking—representing financial instruments trading, structured financing, corporate leasing, and merger and acquisitions advice.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balances sheet, but excluding taxation. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Segment information about these businesses is presented below.

	Retail banking	Corporate banking	Investment banking	Unallocated	Eliminations	Year ended 31 December 2008
External operating expense	11,575	(151,525)	(59,872)	(698)	—	(200,520)
Income from other segments	—	—	48,591	—	(48,591)	—
Expenses from other segments	(27,601)	(20,990)	—	—	48,591	—
Total operating loss	(16,026)	(172,515)	(11,281)	(698)	—	(200,520)
Operating expenses	(13,713)	(6,805)	(1,371)	—	—	(21,889)
Special provision for guarantees	—	—	(136,972)	—	—	(136,972)
Provision for impairment losses on other transactions	(599)	(26,576)	—	—	—	(27,175)
Loss before tax	(30,338)	(205,896)	(149,624)	(698)	—	(386,556)
Income tax benefit	—	—	—	346	—	346
Net loss	(30,338)	(205,896)	(149,624)	(352)	—	(386,210)
Other segment items						
Depreciation expense	(2,024)	(875)	(134)	—	—	(3,033)
External interest income	77,139	62,571	23,778	—	—	163,488
Internal interest income	—	—	48,591	—	(48,591)	—
External interest expense	(10,508)	(21,407)	(68,762)	—	—	(100,677)
Internal interest expense	(27,601)	(20,990)	—	—	48,591	—
Provision for impairment losses on interest bearing assets	(43,188)	(199,085)	—	—	—	(242,273)
Fee and commission income	7,101	5,698	18	—	—	12,817
Fee and commission expense	(24,097)	(12)	(28)	(447)	—	(24,584)
Capital expenditure	2,144	1,946	2,532	318	—	6,940

	Retail banking	Corporate banking	Investment banking	Unallocated	Eliminations	31 December 2008
Segment assets	230,316	209,099	272,019	316,372	(282,175)	745,631
Segment liabilities	91,080	246,358	638,050	369,162	(369,162)	975,488
Loans to customers	229,792	203,683	—	—	—	433,475
Property, equipment and intangible assets	10,563	9,590	12,476	1,568	—	34,197
Customer accounts	91,006	102,498	—	—	—	193,504

	Retail banking	Corporate banking	Investment banking	Unallocated	Eliminations	Year ended 31 December 2007
External operating revenue	79,978	50,959	(52,104)	78	—	78,911
Income from other segments	—	—	61,743	—	(61,743)	—
Expenses from other segments	(30,421)	(31,322)	—	—	61,743	—
Total operating income	49,557	19,637	9,639	78	—	78,911
Operating expenses	(14,930)	(6,468)	(1,003)	—	—	(22,401)
Recovery of provision for impairment losses on other transactions	—	79	—	—	—	79
Operating profit before tax	34,627	13,248	8,636	78	—	56,589
Income tax expense	—	—	—	(13,906)	—	(13,906)
Net profit	34,627	13,248	8,636	(13,828)	—	42,683
Other segment items						
Depreciation expense	(1,450)	(697)	(91)	—	—	(2,238)
External interest income	109,064	57,722	14,982	—	—	181,768
Internal interest income	—	—	61,743	—	(61,743)	—
External interest expense	(10,037)	(7,012)	(75,840)	—	—	(92,889)
Internal interest expense	(30,421)	(31,322)	—	—	61,743	—
Provision for impairment losses on interest bearing assets	(16,101)	(9,470)	—	—	—	(25,571)
Fee and commission income	5,745	6,850	34	—	—	12,629
Fee and commission expense	(10,009)	(308)	(191)	—	—	(10,508)
Capital expenditure	7,215	7,698	5,159	552	—	20,624

	Retail banking	Corporate banking	Investment banking	Unallocated	Eliminations	31 December 2007
Segment assets	406,154	433,350	290,378	534,708	(503,659)	1,160,93
Segment liabilities	97,934	147,189	753,419	433,208	(433,208)	998,542
Loans to customers	405,064	414,130	—	—	—	819,194
Property, equipment and intangible assets	14,124	16,841	84	—	—	31,049
Customer accounts	97,661	144,156	—	—	—	241,817

Geographical segments

Segment information for the main geographical segments of the Group is set out below as at 31 December 2008 and 2007 for respective years then ended.

	Kazakhstan	Other non-OECD countries	OECD countries	As at and for the year ended 31 December 2008 Total
External operating revenue	(139,819)	(1,093)	(59,608)	(200,520)
External net loss	(269,298)	(2,105)	(114,807)	(386,210)
Capital expenditure	6,940	—	—	6,940
Assets	519,916	4,065	221,650	745,631
Liabilities	301,910	187,994	485,584	975,488

	Kazakhstan	Other non-OECD countries	OECD countries	As at and for the year ended 31 December 2007 Total
External operating revenue	63,538	2,526	12,847	78,911
External net profit	34,368	1,366	6,949	42,683
Capital expenditure	20,624	—	—	20,624
Assets	934,770	37,160	189,001	1,160,931
Liabilities	325,104	60,831	612,607	998,542

External operating income, assets, capital expenditure have generally been allocated based on domicile of the counterparty. Tangible assets (cash on hand, precious metals, premises and equipment) have been allocated based on the country in which they are physically held.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

The following methods and assumptions are used by the Group to estimate fair value of financial instruments not carried at fair value.

Loans to Customers, Due to banks, Customer Accounts, Due to other financial institutions and Other financing—For assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For assets and liabilities with maturity greater than one month, fair value is estimated as the present value of estimated future cash flows discounted at the appropriate year-end market rates.

Reverse repurchase agreements, repurchase agreements, debt securities issued and subordinated debt—The securities are traded on active markets and quoted market prices have been used to determine the fair value.

The fair value of financial assets and liabilities compared with the corresponding carrying amount in the consolidated balance sheet of the Group is presented below:

	31 December 2008		31 December 2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans to customers	433,475	383,443	819,194	879,199
Due to banks	137,377	120,988	292,565	289,723
Due to other financial institutions	35,741	30,923	48,533	45,419
Customer accounts	193,504	202,251	241,817	236,086
Debt securities issued	286,584	147,324	328,265	258,830
Subordinated debt	41,760	26,387	34,798	31,459
Other financing	29,449	26,258	31,051	30,223

Financial assets and liabilities at fair value through profit or loss and available-for-sale investment securities are carried at fair value in the consolidated balance sheet. The carrying amount of cash and balances with the National Bank of the Republic of Kazakhstan, Repurchase and Reverse repurchase agreements, Due from banks and the Special provision for guarantees approximate the fair value due to the short-term nature of such financial assets and liabilities.

In case of disposal of such instruments the Group intends to apply selling prices to be determined between contractual parties.

38. REGULATORY MATTERS

	2008	2007
Movement in tier 1 capital:		
At 1 January	174,945	91,418
Issue of ordinary shares	—	36,367
(Loss)/profit	(386,210)	42,683
Depreciation of property revaluation reserve	137	146
Perpetual financial instruments	73	4,331
At 31 December	(211,055)	174,945

	2008	2007
Composition of regulatory capital		
Tier 1 capital:		
Share capital	97,602	97,602
Disclosed reserves	(324,782)	61,373
Less: Revaluation reserve	(1,994)	(2,076)
Perpetual financial instruments	18,119	18,046
Total qualifying tier 1 capital (deficiency)	(211,055)	174,945
Revaluation reserve	1,994	2,076
Hybrid capital instruments	3,636	3,636
Subordinated debt	15,663	11,752
Total regulatory capital (deficiency)	(189,762)	192,409
Capital Ratios:		
Tier 1 capital	(A)	17%
Total Capital	(A)	19%

(A) By the end of year 2008 the Group had negative equity and did not comply with set capital requirements.

Quantitative measures established by regulation to ensure capital adequacy require the Group to maintain minimum amounts and ratios of total (8%) and tier 1 capital (4%) to risk weighted assets.

The ratio was calculated according to the principles employed by the Basle Committee.

As at 31 December 2008 and 2007, the Group included in the computation of Total capital for Capital adequacy purposes the subordinated debt received, limited to 50% of Tier 1 capital.

As discussed in Note 1, both the Financial Supervision Agency of the Republic of Kazakhstan and Samruk-Kazyna are aware of the Bank's current situation with regard to the Bank's equity position.

39. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the banking business and is an essential element of the Group's operations. The main risks inherent to the Group operations are those related to credit exposures, liquidity risk and market risk.

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose aims to protect the Group from risks and to achieve its performance objectives.

In response to recent events Management of the Group have attempted to strengthen the risk-management procedures, particularly in relation to all steps of loan issuance: deal structuring, its approval, registration and further monitoring.

Through the risk management framework, the Group aims to manage the following risks:

Credit risk

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Assets and Liabilities Management Committee sets limits on size and structure of risk assets. The Credit Committee approves each new loan and lease, and any changes and amendments to such agreements. The Credit Department performs current of compliance with such limits.

Risk management and monitoring is performed within set limits of authority. These procedures are performed by the Credit Committees and the Group's Management Board. Before any application is made to the Credit Committee, all recommendations on credit processes (borrower's limits approved, or amendments made to loan agreements, etc.) are reviewed and approved by the branch risk-manager or the Risk Management Department.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, to industry and geographical segments. Limits on the level of credit risk by borrower, product, industry sector and region are approved by the Credit Committee. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures, which are set by the Credit Committee. Actual exposures against limits are monitored daily.

Where appropriate, and in the case of most loans, the Group obtains collateral and corporate and personal guaranties. However a significant portion of loans relate to personal lending which are unsecured. Unsecured loans, collateral valuation, and financial performance of creditors/guarantors are monitored on a continuous basis and subject to annual or more frequent reviews.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk on off-balance sheet financial instruments is defined as a probability of losses due to inability of the counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the balance sheet financial instruments, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and ongoing monitoring. The Group manages the setting of the term to maturity of credit commitments as longer term commitments generally have a greater degree of credit risk than shorter-term commitments.

As discussed in Note 30 to these financial statements, Management of the Bank has identified previously unrecorded guarantees issued to third parties. The non-recording of these guarantees has prompted Management to review the current internal risk management systems and policies.

As at 31 December 2008, the key aspects of the current credit risk system and policies are described in detail below.

Specialist credit committees review all loan applications from prospective borrowers:

- Corporate business —Credit Committee of the Head Office
- SME —SME Credit Committee up to USD 5 million
- Bad Loans —Bad Loans Committee (authority for restructuring and legal claims)
- Retail banking —Retail banking Credit Committee
- Loans distributed by Branches —Credit Committee of the Branch up to KZT 15 million

All credit committees include personnel from the Risk Management department and each loan application should be approved by the following sub-divisions: Credit Department—Collateral department—Legal Department—Economic Security Department—Risk department—Credit Committee in order for a loan to be issued. With regard to retail banking all decisions are made on an individual basis.

As a result of the review of the risk management policies described above. Management have developed a comprehensive improvement plan for the risk management system. The plan considers the operations of the Bank by market segment.

Maximum Exposure

The Group's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

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

The following table presents the maximum exposure to credit risk of balance sheet and off balance sheet financial assets, based on the current information known at the date of the issuance of these financial statements. For financial assets in the balance sheet, the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral. For financial guarantees and other off balance sheet assets, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the guarantee was called or in the case of commitments, if the loan amount was called. The maximum exposure to letters of credit, guarantees granted and other commitments is disclosed in Note 33. The maximum exposure and collaterals pledged in reverse repurchase agreements are disclosed in Note 17. The collateral pledged was determined based on its fair value and limited to the outstanding balance of each loan.

As at 31 December 2008:

	Maximum exposure	Offset	Net exposure after offset	Collateral Pledged	Net exposure after offset and collateral
Financial assets at fair value through profit or loss	201,973	—	201,973	—	201,973
Due from banks	45,956	—	45,956	—	45,956
Loans to customers	703,265	—	703,265	335,025	368,240
Reverse repurchase agreements	132	—	132	119	13
Investments available-for-sale	2,741	—	2,741	—	2,741

As at 31 December 2007:

	Maximum exposure	Offset	Net exposure after offset	Collateral Pledged	Net exposure after offset and collateral
Financial assets at fair value through profit or loss	179,620	—	179,620	—	179,620
Due from banks	37,079	—	37,079	—	37,079
Loans to customers	862,721	—	862,721	614,696	248,025
Investments available-for-sale	3,057	—	3,057	—	3,057

Included in financial assets at fair value through profit and losses are the treasury bills given as guarantees and for which the Bank has recorded a special provision for guarantees (see Note 30).

Financial assets are graded according to the current credit rating they have been issued by an internationally regarded agency such as Standard and Poors, except for loans to customers that are graded internally using the Bank's internal model. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets that have ratings lower than BBB are classed as speculative grade.

The following table details the credit ratings of financial assets held by the Group:

As at 31 December 2008:

	AAA	AA	A	BBB	<BBB	Not Rated	Total at 31 December 2008
Financial assets at fair value through profit or loss	136,972	10,705	25,829	—	25,158	3,309	201,973
Due from banks	—	31,631	7,924	14	5,488	899	45,956
Reverse repurchase agreements	—	—	—	—	—	132	132
Investments available-for-sale	—	—	—	—	2,075	666	2,741

As at 31 December 2007:

	AAA	AA	A	BBB	<BBB	Not rated	Total at 31 December 2007
Financial assets at fair value through profit or loss	128,328	17,711	—	—	29,147	4,434	179,620
Due from banks	—	3,474	230	25	30,058	3,292	37,079
Investments available-for-sale	—	—	—	—	2,035	1,022	3,057

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

Each of the criteria of financing is assessed and then assigned a risk weight grade from 1 to 5 (grade increases as the risk is higher). Based on this assessment and client's repayment schedule, the risk weight grades for all criteria are then combined, resulting in classification of the Group's portfolio as follows:

Total Grades	Timeliness of Repayment	Internal Bank Classification
Less than 1	Current	Standard
1-2	Current	Substandard 1st category
	Overdue	Substandard 2nd category
2-3	Current	Substandard 3rd category
	Overdue	Substandard 4th category
3-4	Both current and overdue	Substandard 5th category
4 and more	Both current and overdue	Loss

The following tables detail the credit ratings of loans to customers held by the Group as at 31 December 2008 and 2007:

	Standard	Sub-standard of 1 level	Sub-standard of 2 level	Sub-standard of 3 level	Sub-standard of 4 level	Sub-standard of 5 level	Loss	Total at 31 December 2008
Loans to customers	206,202	23,311	16,192	137,906	24,071	36,750	228,406	672,838

	Standard	Sub-standard of 1 level	Sub-standard of 2 level	Sub-standard of 3 level	Sub-standard of 4 level	Sub-standard of 5 level	Loss	Total at 31 December 2007
Loans to customers	419,877	111,853	289,097	1,021	9,580	9,238	11,806	852,472

The tables above do not include interest or discount on loans to customers in the amount of KZT 30,427 million and KZT 10,249 million as at 31 December 2008 and 2007, respectively.

The banking industry is generally exposed to credit risk through its loans to customers and inter bank deposits. The loans to customers are concentrated to borrowers domiciled in the Republic of Kazakhstan. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Group's risk management policy are not breached.

The scoring methodologies adopted by the Group are based on the principal amount of the loans. It is not meaningful to include the allocation of the not rated portion between the scoring categories, as this would not reconcile to the disclosed balances in the financial statements.

The following table details the carrying value of assets that are impaired and the ageing of those that are past due but not impaired: As at 31 December 2008:

		Financial assets past due but not impaired					
	Neither past due nor impaired	0-3 months	3-6 months	6 months to 1 year	Greater than one year	Financial assets that have been impaired	Total at 31 December 2008
Financial assets at fair value through profit or loss	201,973	—	—	—	—	—	201,973
Due from banks	45,956	—	—	—	—	—	45,956
Loans to customers	197,581	17,236	—	—	—	218,658	433,475
Reverse repurchase agreements	132	—	—	—	—	—	132
Investments available-for-sale	2,741	—	—	—	—	—	2,741

As at 31 December 2007:

		Financial assets past due but not impaired					
	Neither past due nor impaired	0-3 months	3-6 months	6 months to 1 year	Greater than one year	Financial assets that have been impaired	Total at 31 December 2007
Financial assets at fair value through profit or loss	179,620	—	—	—	—	—	179,620
Due from banks	37,079	—	—	—	—	—	37,079
Loans to customers	376,047	10,907	—	—	—	432,240	819,194
Investments available-for-sale	3,057	—	—	—	—	—	3,057

Geographical concentration

The Assets and Liabilities Management Committee ("ALMC") exercises control over the risk in the legislation and regulatory arena and assesses its influence on the Group's activity. This approach allows the Group to minimize potential losses from the investment climate fluctuations in the Republic of Kazakhstan.

The geographical concentration of assets and liabilities is set out below:

	Kazakhstan	OECD countries	Non-OECD countries	31 December 2008 Total
FINANCIAL ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	21,217	—	—	21,217
Financial assets at fair value through profit or loss	25,478	176,059	436	201,973
Due from banks	5,196	39,638	1,122	45,956
Loans to customers	426,137	4,951	2,387	433,475
Reverse repurchase agreements	132	—	—	132
Investments available-for-sale	2,741	—	—	2,741
TOTAL FINANCIAL ASSETS	480,901	220,648	3,945	705,494
FINANCIAL LIABILITIES				
Due to National Bank of the Republic of Kazakhstan	15,026	—	—	15,026
Financial liabilities at fair value through profit or loss	548	48,456	1,164	50,168
Due to banks	6,874	126,417	4,086	137,377
Due to other financial institutions	—	35,741	—	35,741
Other financing	—	—	29,449	29,449
Customer accounts	187,834	212	5,458	193,504
Repurchase agreements	41,945	—	—	41,945
Debt securities issued	21,760	253,971	10,853	286,584
Subordinated debt	21,059	20,701	—	41,760
Special provision for guarantees	—	—	136,972	136,972
TOTAL FINANCIAL LIABILITIES	295,046	485,498	187,982	968,526
NET POSITION	185,855	(264,850)	(184,037)	

	Kazakhstan	OECD countries	Non-OECD countries	31 December 2007 Total
FINANCIAL ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	69,795	—	—	69,795
Financial assets at fair value through profit or loss	21,115	157,169	1,336	179,620
Due from banks	29,810	3,712	3,557	37,079
Loans to customers	758,810	28,117	32,267	819,194
Investments available-for-sale	3,057	—	—	3,057
TOTAL FINANCIAL ASSETS	882,587	188,998	37,160	1,108,745
FINANCIAL LIABILITIES				
Due to National Bank of the Republic of Kazakhstan	5,569			5,569
Financial liabilities at fair value through profit or loss	463	3,510	2,307	6,280
Due to banks	22,584	261,225	8,756	292,565
Due to other financial institutions	—	48,533	—	48,533
Other financing	—	—	31,051	31,051
Customer accounts	237,230	532	4,055	241,817
Repurchase agreements	3,759	2,598	—	6,357
Debt securities issued	36,332	277,271	14,662	328,265
Subordinated debt	16,437	18,361	—	34,798
TOTAL FINANCIAL LIABILITIES	322,374	612,030	60,831	995,235
NET BALANCE SHEET POSITION	560,213	(423,032)	(23,671)	

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Treasury Department performs management of these risks through analysis of asset and liability maturity and performance of money market transactions for current liquidity support and cash flow optimization. The Risk Management Department performs determination of the optimal structure of balance, limits on liquidity ratios and gap-positions approved by the Assets and Liabilities Management Committee. Risk Analysis and Management Department performs monitoring of liquidity ratios.

An analysis of the liquidity and interest rate risks is presented in the following table. The presentation below is based upon the information provided internally to key management personnel of the entity.

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2008 Total
FINANCIAL ASSETS							
Financial assets at fair value through profit or loss	65,001	136,972	—	—	—	—	201,973
Due from banks	10,449	1,611	604	32,474	—	—	45,138
Loans to customers	64,763	32,789	145,760	79,229	110,934		433,475
Reverse repurchase agreements	132	—	—	—	—	—	132
Investments available-for-sale	72	—	—	1,782	838	—	2,692
Total interest bearing financial assets	140,417	171,372	146,364	113,485	111,772	—	683,410
Cash and balances with the National Bank of the Republic of Kazakhstan	21,217	—	—	—	—	—	21,217
Investments available-for-sale	—	—	—	—	—	49	49
Due from banks	818	—	—	—	—	—	818
TOTAL FINANCIAL ASSETS	162,452	171,372	146,364	113,485	111,772	49	705,494
FINANCIAL LIABILITIES							
Due to National Bank of the Republic of Kazakhstan	15,026	—	—	—	—	—	15,026
Financial liabilities at fair value through profit or loss	50,168	—	—	—	—	—	50,168
Due to banks	137,316	—	—	—	—	—	137,316
Due to other financial institutions	35,741	—	—	—	—	—	35,741
Other financing	29,449	—	—	—	—	—	29,449
Customer accounts	12,565	25,305	10,733	114,021	5,284	—	167,908
Repurchase agreements	39,180	817	1,948	—	—	—	41,945
Debt securities issued	286,584	—	—	—	—	—	286,584
Subordinated debt	21,449	—	2,315	7,740	6,620	3,636	41,760
Total interest bearing financial liabilities	627,478	26,122	14,996	121,761	11,904	3,636	805,897
Due to banks	61	—	—	—	—	—	61
Customer accounts	25,596	—	—	—	—	—	25,596
Special provision for guarantees	—	136,972	—	—	—	—	136,972
TOTAL FINANCIAL LIABILITIES	653,135	163,094	14,996	121,761	11,904	3,636	968,526
Liquidity gap	(490,683)	8,278	131,368	(8,276)	99,868		
Cumulative liquidity gap	(490,683)	(482,405)	(351,037)	(359,313)	(259,445)		
Interest sensitivity gap	(487,061)	145,250	131,368	(8,276)	99,868		
Cumulative interest sensitivity gap	(487,061)	(341,811)	(210,443)	(218,719)	(118,851)		
Cumulative interest sensitivity gap as a percentage of total assets	(69.0)%	(48.4)%	(29.8)%	(31.0)%	(16.8)%		
Commitments on loans and unused credit lines	4,019	6,087	12,930	96,426	7,030	—	126,491

As at 31 December 2008, the above table discloses a liquidity deficit. This deficit has primarily arisen due to the following reasons;

- The special provision for guarantees collateralized by US Treasury Strips in the amount of KZT 136,972 million as discussed in Note 30;
- Loans in the amount of KZT 490,489 million which are presented as up to 1 month due to the covenants breached;
- The outflow of customers' deposits during 2008;
- The significant increase in margin-call deposit payments in relation to various SWAP agreements.

Currently, liquidity management is conducted by the Treasury Department of the Group under daily direct control of the Chief Financial Officer. Lending operations are currently limited to Government sponsored programs. In order to support short term liquidity the Bank enters into repo operations with Samruk-Kazyna senior bonds.

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2007 Total
FINANCIAL ASSETS							
Financial assets at fair value through profit or loss	179,620	—	—	—	—	—	179,620
Due from banks	30,272	963	1,752	1,262	—	—	34,249
Loans to customers	40,552	34,571	153,131	396,572	194,368	—	819,194
Investments available-for-sale	1,368	—	—	1,174	439	—	2,981
Total interest bearing financial assets	251,812	35,534	154,883	399,008	194,807	—	1,036,044
Cash and balances with the National Bank of the Republic of Kazakhstan	69,795	—	—	—	—	—	69,795
Due from banks	2,830	—	—	—	—	—	2,830
Investments available-for-sale	—	—	—	—	—	76	76
TOTAL FINANCIAL ASSETS	324,437	35,534	154,883	399,008	194,807	76	1,108,745
FINANCIAL LIABILITIES							
Due to National Bank of the Republic of Kazakhstan	—	—	5,569	—	—	—	5,569
Financial liabilities at fair value through profit or loss	6,280	—	—	—	—	—	6,280
Due to banks	31,726	26,797	127,652	100,568	5,624	—	292,367
Due to other financial institutions	2,291	2,410	16,123	7,520	20,189	—	48,533
Other financing	316	430	913	21,258	8,134	—	31,051
Customer accounts	36,554	19,754	39,005	105,571	8,856	—	209,740
Repurchase agreements	5,038	1,319	—	—	—	—	6,357
Debt securities issued	—	16,667	5,952	248,593	57,053	—	328,265
Subordinated debt	1,066	—	—	5,166	6,885	21,681	34,798
Total interest bearing financial liabilities	83,271	67,377	195,214	488,676	106,741	21,681	962,960
Due to banks	198	—	—	—	—	—	198
Customer accounts	32,077	—	—	—	—	—	32,077
TOTAL FINANCIAL LIABILITIES	115,546	67,377	195,214	488,676	106,741	21,681	995,235
Liquidity gap	208,891	(31,843)	(40,331)	(89,668)	88,066		
Cumulative liquidity gap	208,891	177,048	136,717	47,049	135,115		
Interest sensitivity gap	168,541	(31,843)	(40,331)	(89,668)	88,066		
Cumulative interest sensitivity gap	168,541	136,698	96,367	6,699	94,765		
Cumulative interest sensitivity gap as a percentage of total assets	15.2%	12.3%	8.7%	0.6%	8.5%		
Commitments on loans and unused credit lines	5,784	3,202	19,871	73,611	33,162	—	135,630

A further analysis of the liquidity and interest rate risks is presented in the following tables in accordance with IFRS 7. The amounts disclosed in these tables do not correspond to the amounts recorded on the balance sheet as the presentation below includes a maturity analysis for financial liabilities that indicates the total remaining contractual payments (including interest payments), which are not recognized in the balance sheet under the effective interest rate method.

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2008 Total
FINANCIAL LIABILITIES								
Due to the National Bank of the Republic of Kazakhstan	10.5	15,026	—	—	—	—	—	15,026
Due to banks	7.6	137,377	—	—	—	—	—	137,377
Due to other financial institutions	6.6	35,741	—	—	—	—	—	35,741
Other financing	6.6	29,449	—	—	—			29,449
Customer accounts	10.3	32,229	33,043	16,868	155,737	886	—	238,763
Repurchase agreements	10.4	39,222	851	2,030	—	—	—	42,103
Debt securities issued	10.0	286,584	—	—	—	—	—	286,584
Subordinated debt	11.1	21,111	—	2,534	10,957	10,997	3,636	49,235
Total interest bearing financial liabilities		596,739	33,894	21,432	166,694	11,883	3,636	834,278
Financial liabilities at fair value through profit or loss		473,439	—	—	—	—	—	473,439
Special provision for guarantees		—	136,972	—	—	—	—	136,972
Total financial liabilities		1,070,178	170,866	21,432	166,694	11,883	3,636	1,444,689
FINANCIAL LIABILITIES								
Due to the National Bank of the Republic of Kazakhstan	—	—	—	5,569	—	—	—	5,569
Due to banks	8.6	33,356	29,661	140,542	109,916	6,259	—	319,734
Due to other financial institutions	8.0	2,388	2,604	16,995	12,169	25,420	—	59,576
Other financing	8.0	490	778	2,480	26,370	8,484	—	38,602
Customer accounts	7.2	70,210	22,422	49,772	127,572	9,088	—	279,064
Repurchase agreements	4.6	5,038	1,319	—	—	—	—	6,357
Debt securities issued	10.4	—	25,817	45,832	364,161	47,463	—	483,273
Subordinated debt	10.6	1,169	206	925	9,158	7,871	21,681	41,010
Total interest bearing financial liabilities		112,651	82,807	262,115	649,346	104,585	21,681	1,233,185
Financial liabilities at fair value through profit or loss		434,597	—	—	—	—	—	434,597
Total financial liabilities		547,248	82,807	262,115	649,346	104,585	21,681	1,667,782

Market Risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Group is exposed. There have been no changes as to the way the Group measures risk or to the risk it is exposed.

The ALMC also manages interest rate and market risks by matching the Group's interest rate position, which provides the Group with a positive interest margin. The Department of Financial Control conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in interest rates and its influence on the Group's profitability.

The Group is exposed to interest rate risks as entities in the Group borrow funds at both fixed and floating rates. However, historically the majority of the Groups lending operations have been at fixed rates. The mismatch between borrowing and lending at floating and fixed rates has led to an increased exposure to interest rate risk. In the current year the effect of this mismatch was significant as a result of the global financial crisis, which led to both an increase in floating rates and an increase in defaults of loans to customers. The impact was that the Bank encountered significant liquidity issues.

In response to the current situation, Management are currently developing a more comprehensive interest rate risk management policy.

Interest rate sensitivity

The Group manage fair value interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Department of Financial Control conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in fair value interest rates and its influence on the Group's profitability.

The following table presents a sensitivity analysis of interest rate risk, which has been determined based on "reasonably possible changes in the risk variable". The level of these changes is determined by management and is contained within the risk reports provided to key management personnel.

Impact on profit before tax based on asset values as at 31 December 2008 and 2007:

	As at 31 December 2008		As at 31 December 2007	
	Interest rate +1%	Interest rate -1%	Interest rate +1%	Interest rate -1%
Net impact on operating profit before tax	(2,411)	2,633	525	(525)

Impact on shareholders equity:

	As at 31 December 2008		As at 31 December 2007	
	Interest rate +1%	Interest rate -1%	Interest rate +1%	Interest rate -1%
Net impact on profit before tax	(2,411)	2,633	525	(525)
Investments available-for-sale	(74)	74	31	(31)
Change in income tax accrual	723	(790)	(167)	167
Net impact on equity, after tax	(1,762)	1,917	389	(389)

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The ALMC controls currency risk by management of the open currency position on the estimated basis of KZT devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rates fluctuations toward its national currency. The Treasury Department performs daily monitoring of the Group's open currency position with the aim to match the requirements of national (central) banks.

The Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD USD 1 = KZT 120.79	EURO EURO 1 = KZT 170.24	Other currencies	31 December 2008 Total
FINANCIAL ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	16,695	3,164	944	414	21,217
Financial assets at fair value through profit or loss	26,025	144,997	17,077	13,874	201,973
Due from banks	542	21,729	18,539	5,146	45,956
Loans to customers	220,579	201,432	10,696	768	433,475
Reverse repurchase agreements	132	—	—	—	132
Investments available-for-sale	2,741	—	—	—	2,741
TOTAL FINANCIAL ASSETS	266,714	371,322	47,256	20,202	705,494
FINANCIAL LIABILITIES					
Due to National Bank of the Republic of Kazakhstan	15,026	—	—	—	15,026
Financial liabilities at fair value through profit or loss	3,665	46,503	—	—	50,168
Due to banks	23,843	85,300	2,635	25,599	137,377
Due to other financial institutions	—	9,484	825	25,432	35,741
Other financing	—	29,449	—	—	29,449
Customer accounts	140,353	47,961	4,844	346	193,504
Repurchase agreements	41,945	—	—	—	41,945
Debt securities issued	21,760	85,582	129,084	50,158	286,584
Other provisions for guarantees	—	136,972	—	—	136,972
Subordinated debt	18,740	23,020	—	—	41,760
TOTAL FINANCIAL LIABILITIES	265,332	464,271	137,388	101,535	968,526
NET POSITION	1,382	(92,949)	(90,132)	(81,333)	

	KZT	USD USD 1 = KZT 120.30	EURO EURO 1 = KZT 177.17	Other currencies	31 December 2007 Total
FINANCIAL ASSETS					
Cash and balances with the National Bank of the Republic of Kazakhstan	26,432	4,804	1,248	37,311	69,795
Financial assets at fair value through profit or loss	19,652	139,038	13,282	7,648	179,620
Due from banks	29,573	5,040	192	2,274	37,079
Loans to customers	401,692	375,691	40,991	820	819,194
Investments available-for-sale	2,705	352	—	—	3,057
TOTAL FINANCIAL ASSETS	480,054	524,925	55,713	48,053	1,108,745
FINANCIAL LIABILITIES					
Due to National Bank of the Republic of Kazakhstan	—	—	—	5,569	5,569
Financial liabilities at fair value through profit or loss	569	5,140	140	431	6,280
Due to banks	62,389	190,542	19,340	20,294	292,565
Due to other financial institutions	—	28,333	—	20,200	48,533
Due to other finance	—	31,051	—	—	31,051
Repurchase agreements	3,759	2,598			6,357
Customer accounts	197,397	37,942	5,918	560	241,817
Debt securities issued	18,494	105,859	135,519	68,393	328,265
Subordinated debt	11,948	22,850	—	—	34,798
TOTAL FINANCIAL LIABILITIES	294,556	424,315	160,917	115,447	995,235
NET POSITION	185,498	100,610	(105,204)	(67,394)	

Currently, the Group faces significant forex exposures caused by inadequate currency risk management. As a result of the rapid growth of the Banks operations in the preceding years the Bank was exposed to excessive currency risks which were not sufficiently hedged.

The continued growth and aggressive lending policy demanded significant international funding in the form of bilateral and syndicated loans as well as bonds issued on internal markets in different currencies (Euros, JPYs, GBPs, etc.). Due to the mismatch between the currency of borrowing and lending the Group had negotiated long-term currency swaps to hedge this risk. However, as a result of recent market volatility this led to an ineffective hedging plan and to an unpredicted higher volume of margin-call deposit payments.

Derivative financial instruments and spot contracts

The Group enters into derivative financial instruments to manage currency and liquidity risks and for trading purposes. These instruments include forwards on foreign currency and securities. Derivative financial instruments entered by the Group are not designated as hedges and do not qualify for hedge accounting.

Transactions are undertaken in derivative financial instruments ("derivatives"), which include interest rate, cross currency, forwards, as well as credit default and total return swaps, equity index contracts and exchange traded interest rate futures and equity index options. Derivatives are contracts or agreements whose value is derived from one or more underlying indices or asset values inherent in the contract or agreement, which require no or little initial net investment and are settled at a future date.

As discussed in Notes 14 and 15, the Bank entered into a cross currency credit default swap linked to the performance of Gazprom on its debts whereby the Bank is selling protection to the counterparty for the full notional of EUR 100 million in case of default by Gazprom. The Bank will receive Gazprom notes and the counterparty will retain the initially exchanged notional amount of KZT 17,024 million in case of default in the notes by Gazprom

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above and the following table presents further analysis of currency risk by types of derivative financial instruments and spot contracts as at 31 December 2008 and 2007. The accounts payable and receivable in the tables below disclose the nominal value of the derivative financial instruments and spot contracts with the gain or loss on the derivative financial instruments and spot contracts being included in the table above.

	KZT	USD USD 1 = KZT 120.79	EURO EURO 1 = KZT 170.24	Other Currencies	31 December 2008 Total
Accounts payable on spot and derivative contracts	64,021	350,466	2,554	6,549	423,590
Accounts receivable on spot and derivative contracts	20,398	204,594	105,364	93,234	423,590
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(43,623)	(145,872)	102,810	86,685	
TOTAL NET POSITION	(42,241)	(238,821)	12,678	5,352	

	KZT	USD USD 1 = KZT 120.30	EURO EURO 1 = KZT 177.17	Other Currencies	31 December 2007 Total
Accounts payable on spot and derivative contracts	77,496	299,283	7,372	53,446	434,597
Accounts receivable on spot and derivative contracts	12,436	205,593	101,581	114,987	434,597
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(65,060)	(93,690)	94,209	61,541	
TOTAL NET POSITION	120,438	6,920	(10,995)	(5,853)	

Currency risk sensitivity

During 2008 and 2007, the National Bank of the Republic of Kazakhstan supported the exchange rate of the Kazakhstan tenge to the US Dollar within a range of 117 KZT to 1 US Dollar to 123 KZT to 1 US Dollar. On 4 February 2009, the National Bank of the Republic of Kazakhstan reduced the support level of the exchange rate to 150 KZT to 1 US Dollar +/- 3%. As of 31 July 2009, the exchange rate was KZT 150.71 to 1 US Dollar.

As disclosed in Note 40, in 2009, the Group was required to terminate the majority of its cross-currency swaps resulting in a foreign currency exchange loss. The termination of the contracts exposes the Group to future foreign currency exchanges fluctuations. However, the termination also eliminates the exposure to certain terms included in the referred contracts which generated the losses. Currently the Group continues to have significant exposure to foreign currency exchange rate fluctuations.

The following table details the Group's Sensitivity to a 25% and 10% increase and decrease in the USD against the KZT as at the end of 2008 and 2007, respectively. The analysis represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 25%/(10%) change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

Impact on net profit and equity based on asset values as at 31 December 2008 and 2007:

	As at 31 December 2008		As at 31 December 2007	
	KZT/USD +25%	KZT/USD -25%	KZT/USD +10%	KZT/USD -10%
Impact on profit or loss	(59,705)	59,705	(1,410)	1,410
Impact on equity	(41,794)	41,794	(987)	987

Management of the Group considers the most significant currency exposure to be in relation to fluctuations in the US Dollar. As discussed in the tables above, although, the Group does have exposure to fluctuations in the Euro and other currencies; this exposure is limited to specific assets and liabilities including debt securities and derivative financial instruments.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group is exposed to price risks of its products, which are subject to general and specific market fluctuations.

The Group manages price risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing and maintaining appropriate stop-loss limits and margin and collateral requirements. With respect to undrawn loan commitments the Group is potentially exposed to a loss of an amount equal to the total amount of such commitments. However, the likely amount of a loss is less than that, since most commitments are contingent upon certain conditions set out in the loan agreements.

The table below represents an analysis of sensitivity to price risk based on the balance sheet position for investments in securities at the reporting date. As at 31 December 2008, management adjusted their assumptions used in the price sensitivity analysis from 1% to 10%, as a result of recent observations of market movements and the current economic environment.

The results of the analysis of the sensitivity of the Groups profit before tax and equity for the year to changes in prices of securities on a simplified scenario of a 10% and a 1% symmetrical increase or decrease in all securities prices as at 31 December 2008 and 2007, respectively, are given in the table below:

	31 December 2008 KZT, million		31 December 2007 KZT, million	
	10% increase in securities price*	10% decrease in securities price*	1% increase in securities price*	1% decrease in securities price*
Impact on profit before tax	2,787	(2,787)	261	(261)
Revaluation of investments available-for-sale	262	(262)	29	(29)
Impact on income tax	(836)	836	(78)	78
Impact on equity	2,213	(2,213)	212	(212)

* The calculation of price risk excludes the effect of US Treasury bills.

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the balance sheet. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholder equity.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

40. SUBSEQUENT EVENTS

On 15 January 2009, an extraordinary meeting of the Bank shareholders decided to increase the number of authorized common shares of the Bank by 3,462,500 shares. As a result, the Bank total number of common shares will be equal to 15,000,000 shares.

On 19 January 2009, the Bank paid dividends on preference shares in the amount of KZT 400 million relating to the period of January to December 2008, calculated based on the financial statements prepared in accordance with Kazakhstani Law.

On 1 February 2009, SAFC and Samruk-Kazyna concluded an agreement to pledge 7,324,548 of the Bank's existing ordinary shares to Samruk-Kazyna. The pledged shares amount to 76% of the Bank's issued ordinary share capital.

On 2 February 2009, SAFC has decided to sell 76% of the Bank's ordinary voting shares to Samruk-Kazyna. In accordance with this decision Samruk-Kazyna and the Bank signed a Bank Deposit Agreement for the placement of a KZT 24 billion deposit with the Bank to support its financial stability and further capitalization.

In March 2009, the Bank issued debt securities in the amount of KZT 105 billion, with maturity from 2015-2024 and interest of 9% p.a., in exchange for bonds issued by Samruk-Kazyna, with maturity from 2015-2024 and 5% p.a. The Bank used Samruk-Kazyna's debt securities as collateral for repo transactions with NBRK. As explained in Note 1, as at 14 July 2009, an intention agreement was signed which may result in the conversion of these debt securities into preference shares.

On 4 February 2009, the tenge was effectively devalued. During 2008 and 2007, the National Bank of the Republic of Kazakhstan supported the exchange rate of the Kazakhstan tenge to the US Dollar within a range of 117 KZT to 1 US Dollar to 123 KZT to 1 US Dollar. On 4 February 2009, the National Bank of the Republic of Kazakhstan reduced the support level of the exchange rate to 150 KZT to 1 US Dollar +/- 3%. As at 31 July 2009, the exchange rate was KZT 150.71 to 1 US Dollar.

On 5 February 2009 the Bank's Board of Directors made a decision to appoint Kabashev M.R. to the position of the Chairman of the Management Board. The majority of the senior management of the Bank was subsequently changed.

Since February 2009 the following funds have been allocated by the Government to the Bank:

- KZT 18 billion for the support of small and medium business for 7 years at an interest rate 8% p.a.,
- KZT 14 billion for the refinancing of mortgage loans for 20 years with interest from 5.7% to 8% p.a., and
- KZT 1 billion for the crediting of students for 15 years with interest from 4% to 8% p.a. with possible extension up to 15 billion.

In the first half of 2009, the Bank continued to notice an increase in overdue loans which may result in additional losses and decrease of customer deposits.

In 2006 and 2007, the Bank obtained funds through loans denominated in foreign currencies which were swapped using cross currency interest rate swaps either into Kazakhstani tenge or US dollars. Certain swaps had cap and floor terms relating to underlying interest rates and one had an embedded derivative linked to credit default swaps of Gazprom, which exposed the Bank to volatility in the price of these underlying risks.

During 2009, the Bank has recognized losses in the total amount of KZT 59 billion due to early termination of certain cross currencies swaps. The Bank is in the process of renegotiation with the remaining banks for early termination of the remaining swap agreements.

Currently the Bank has significant exposure to foreign currency exchange rate fluctuations in its foreign currency denominated debt.

As at the date of issuance of these financial statements the Group is concerned about the fair value of BTA Bank ("BTA") bonds held in the Group's trading portfolio (See Note 14) as the most recently published financial statements of BTA present significant losses.

In June 2009, Fitch Ratings has downgraded the Bank Long-term Issuer Default Rating (IDR) to 'RD' and Standard's and Poor's has downgraded the Bank Long term credit ratings to 'D'.

Covenants related to certain obligations of the Group were breached. Consequently, the maturities of these obligations are presented as up to one month on the liquidity table in Note 39. There were no penalties in the loan agreements other than an early repayment requirement. The following table presents the summary of the loans and obligations which had covenants breached, including cross defaults as at 31 December 2008:

Balance sheet	**KZT, million**
Due to banks	118,014
Due to other institutions	35,741
Other financing	29,449
Debt securities issued	286,584
Subordinated debt	20,701
Total	490,489

Currently the Bank is working with a consultant company that is reviewing the Bank's strategy. This review and updated strategy will include a possible restructuring of the Bank's debt facilities. As at 31 December 2008, the amount due to banks and other financial institutions which may be the subject of restructuring is approximately KZT 117,290 million. As at 31 December 2008, the amount of issued eurobonds which may be the subject of restructuring is approximately KZT 262,757 million.

On 8 July 2009 the Bank entered into a Memorandum of Understanding with the Creditors' Steering Committee with respect to the restructuring of Alliance Bank's financial indebtedness (the "Restructuring"). The Creditors' Steering Committee is comprised of Asian Development Bank, Calyon, Commerzbank Aktiengesellschaft, DEG Deutsche Investitions- und Entwicklungsgesellschaft mbH, ING Asia Private Bank Limited, HSBC Bank plc, JPMorgan Chase Bank, N.A., Sumitomo Mitsui Banking Corporation Europe Limited and Wachovia Bank N.A. The Memorandum of Understanding is non-binding on any financial creditor and the restructuring will be subject to approvals.

The summary of restructuring options:

Option 1—Cash-Out Option

- Creditors will be offered the right to be repaid on a discounted basis. There is a limited amount of $500 million available for this. It will be organized on the basis of an open offer.
- There will be a fixed price of $0.225 per $1 of debt.
- Any cash not applied in Option 1 shall be retained within the Bank.
- The Bank considers that the minimum debt for this option should be $1,850,000,000.

Option 2—50% Haircut—7 years + Recovery Notes

- The debt which is not subject to the forgiveness will be repaid over a 3 year period following a 4 year grace period. The interest rate will be 5.8% per annum.
- Creditors will receive Recovery Notes for the amount of debt forgiven under Option 2. Payments under the Recovery Notes will stop after 7 years. At such point there will be a calculation of any residual potential cash recoveries and a final payment will be made. Payments will be distributed to note holders as additional income.
- 50% of cash recoveries over current written down amounts, litigation recoveries and tax assets are distributed to Recovery Note holders and 50% of recoveries are to be retained by the Bank.
- A notional pay in kind interest rate of 4.2% per annum will be applied to the unamortized Recovery Notes. Once Recovery Notes plus accrued pay in kind interest have been repaid, the Recovery Notes will be cancelled.
- Payment will be made quarterly.
- Recoveries for the account of Recovery Note holders will be retained in a segregated account.

Option 3—No Haircut—10 years

- The debt will be repaid over a 3 year period following a 7 year grace period.
- There will be a fixed interest rate in cash for the first 7 years of 2% per annum plus a PIK interest rate of 2.7% per annum for the first 7 years which will be amortized over the remaining 3 years. For the 3 years of the amortization period the interest rate will be increased to 90 day floating LIBOR plus 8.5% per annum. The margin will decrease to 6.5% if and so long as the Bank has an investment grade rating from at least two internationally recognized ratings agencies.

Option 4—Subordinated debt holders and subordinated bond holders

- The debt will remain subordinated to all senior debt and will be documented and treated as Tier 2 capital.
- The debt will be repaid over a 3 year period following a 10 year grace period.
- There will be a fixed interest rate of 2% per annum plus a PIK interest rate of 3% per annum for the 10 year period which will be amortized over the remaining 3 years. For the 3 year amortization period the interest rate will be increased to a fixed interest rate of 10% per annum.

Option 5—Equity Conversion

Preference Shares—33% to be allocated to participating creditors

- Perpetuals will be converted to convertible preferential shares at a 80% haircut and a 4% per annum coupon.

- Other senior debt has the option to be converted to convertible preferential shares at a 75% haircut and a 4% per annum coupon. The conversation rate to Common Shares is yet to be agreed.
- The balance of the convertible preferential shares up to 33% to be allocated to creditors who select options 2, 3 and 4. The basis of apportionment is to be determined.

Common Shares—33% to be allocated to participating creditors

- Common Shares in the Bank will be issued to creditors who select options 2, 3, 4 and 5 in an amount of 33% of Bank shares. The basis of apportionment is to be determined.
- There will be a tag along right if Samruk-Kazyna's shares in the Bank are sold to a third party or if Samruk-Kazyna's shares in the Bank are bought back or redeemed by the Bank. The right will be to receive the same price as Samruk-Kazyna and in the case of preferential shares, to be treated as if the preferential shares had converted to Common Shares. Samruk-Kazyna will also be granted drag along rights in respect of all but not part of the shares of the Financial Creditors in circumstances where Samruk-Kazyna is selling to a third party an arm's length, fair market value terms.
- Consideration will be given to achieving the apportionment by way of warrants rather than day one apportionments.

On 14 July, as discussed in detail in Note 1, an intention agreement was signed between the Bank and Samruk-Kazyna.

On 21 July 2009, the Agency of the Republic of Kazakhstan on Regulation and Supervision of the Financial Market and Financial Organizations approved the Group's indicative restructuring and recapitalization plan.

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