

Kazakh Mortgage-Backed Securities 2007-1 B.V.

(incorporated in The Netherlands with limited liability under registered no 34.25.79.96)

US\$ 123,000,000 Class A Mortgage Backed Floating Rate Notes due 2029

US\$ 11,300,000 Class B Mortgage Backed Floating Rate Notes due 2029

US\$ 7,100,000 Mortgage Backed Floating Rate Notes due 2029

The US\$ 123,000,000 Class A Mortgage Backed Floating Rate Notes due 2029 (the "**Class A Notes**"), the US\$ 11,300,000 Class B Mortgage Backed Floating Rate Notes due 2029 (the "**Class B Notes**") and the US\$7,100,000 Class C Mortgage Backed Floating Rate Notes due 2029 (the "**Class C Notes**") of Kazakh Mortgage Backed Securities 2007-1 B.V. (the "**Issuer**") are together referred to hereafter as the "**Offered Notes**". The Offered Notes will be issued on or about 29 March 2007 (the "**Closing Date**"). The issue price of each class of the Offered Notes is 100 per cent. of their principal amount.

Interest on the Offered Notes will accrue from the Closing Date and will be payable on the 15th May 2007 and thereafter monthly in arrear on the 15th day of each month (or, if such day is not a Business Day, the next succeeding Business Day) (the "**Payment Date**"). Interest on the Offered Notes is payable in respect of each period from, and including, the immediately preceding Payment Date (or in the case of the first Payment Date, the Closing Date) to, but excluding, the next Payment Date (each such period being an "**Interest Period**"). The rate of interest payable from time to time in respect of each Class of Offered Notes will be the amount of Loan Notes Interest (as defined below) received by the Issuer on each class of Loan Notes. Loan Notes Interest will be payable at an annual rate equal to the sum of the London Interbank Offered Rate for one month US\$ deposits ("**US\$ LIBOR**") plus a margin of 1.25 per cent. per annum in relation to the Class A Notes, 2.00 per cent. per annum in relation to the Class B Notes and 3.75 per cent. per annum in relation to the Class C Notes. In addition, in respect of each Interest Period ending after March 2015 (the "**Call Date**") the Offered Notes will bear subordinated interest at a margin of 1.25 per cent. per annum in relation to the Class A Notes a margin of 2.0 per cent. per annum in relation to the Class B Notes and a margin of 3.75 per cent. per annum in relation to the Class C Notes.

Payments on the Offered Notes will be made in US\$ free and clear of any withholding or deduction for or on account of any present or future taxes, duties or charges of whatever kind, unless otherwise required under applicable laws. Where the Issuer is required to make any withholding or deduction on payments under the Offered Notes, payments on the Offered Notes will be made after deduction for or on account of such withholding or deduction (including in respect of income or withholding taxes or other taxes). The Offered Notes will not provide for additional payments by way of gross-up in the event that interest payable under the Offered Notes is or becomes subject to such withholding or deduction (including in respect of income or withholding taxes or other taxes) (see "**Terms and Conditions of The Offered Notes – Taxation**").

The Offered Notes will be redeemed at their Principal Amount Outstanding on the Payment Date falling in February 2029 (the "**Final Legal Maturity Date**") to the extent not previously redeemed. In accordance with the Conditions of the Offered Notes, the Offered Notes will be subject to mandatory redemption in whole or in part on each Payment Date on which the relevant class of Loan Notes (as defined below) are redeemed (see "**Principal Features of the Offered Notes**").

After the delivery of an Enforcement Notice, payments of principal on the Offered Notes on such Payment Date will be made sequentially by redeeming all principal due on the Class A Notes and thereafter by redeeming all principal due on the Class B Notes and thereafter by redeeming all principal due on the Class C Notes in accordance with the Post-Enforcement Offered Notes Payments Priorities. If on any Payment Date the Pro-Rata Conditions of the Loan Notes have not been satisfied payments of principal on the Offered Notes on such Payment Date will be made sequentially by redeeming all principal due on the Class A Notes and thereafter by redeeming all principal due on the Class B Notes and thereafter by redeeming all principal due on the Class C Notes in accordance with the Pre-Enforcement Offered Notes Payments Priorities. If the Pro-Rata Conditions of the Loan Notes have been satisfied on any Payment Date, payments of principal of each class of the Offered Notes on such Payment Date will be made *pro rata* and *pari passu* without preference or priority between each Class of Offered Notes in accordance with the Pre-Enforcement Offered Notes Principal Payments Priorities (see "**Principal Features of the Offered Notes**").

Using the proceeds of the Offered Notes, the Issuer will on the Closing Date acquire the US\$ 123,000,000 Class A Mortgage Backed Floating Rate Loan Notes due 2029 (the "**Class A Loan Notes**"), the US\$ 11,300,000 Class B Mortgage Backed Floating Rate Loan Notes due 2029 (the "**Class B Loan Notes**") and the US\$7,100,000 Class C Mortgage Backed Floating Rate Loan Notes due 2029 (the "**Class C Loan Notes**") and, together with the Class A Loan Notes and the Class B Loan Notes, the "**Loan Notes**") of First Kazakh Securitisation Company B.V. (the "**Loan Notes Issuer**"), which shall form part of the Loan Notes Security (as defined herein). Performance of the Loan Notes is linked to the receipt by the Loan Notes Issuer of payments from Mortgage Certificates representing the rights to the Mortgage Loans.

There is no certainty that holders of the Offered Notes will receive their full principal outstanding and all the interest accrued thereon and the amount payable in respect of the Offered Notes could be reduced as a result of losses incurred in respect of failure by the Loan Notes Issuer to receive payments due under the Mortgage Certificates. If the Offered Notes cannot be redeemed in full by the Issuer on the Final Legal Maturity Date as a result of the Issuer having insufficient funds available to it in accordance with the Conditions for application towards such redemption the Issuer will have no other funds available to it to apply to payments to the holders of Offered Notes as the Issuer has no other assets than those described in this Prospectus.

This document (the "**Prospectus**") comprises a prospectus for the purpose of Article 5.3 of Directive 2003/71/EC (the "**Prospectus Directive**") and the Luxembourg law on prospectuses for securities of 10 July 2005 implementing the Prospectus Directive in Luxembourg.

Application has been made to the Commission de Surveillance du Secteur Financier (the "**CSSF**") for approval of this Prospectus for the purposes of the Prospectus Directive and relevant implementing measures in Luxembourg as a prospectus issued in compliance with the Prospectus Directive and the relevant implementing measures in Luxembourg for the purposes of giving information with respect to the issue of the Offered Notes. Application has been made to admit the Offered Notes to trading on the regulated market of the Luxembourg Stock Exchange, and to list the Offered Notes on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange is a regulated market for the purposes of Investment Services Directive 2004/39/EC.

It is anticipated that the Offered Notes will be admitted to trading on or about the date hereof, however, there can be no assurance that listing will be granted.

No application will be made to list the Offered Notes on any other stock exchange.

Particulars of the dates of, parties to and general nature of documents to which the Issuer is a party are set out in various sections of this Prospectus.

The Offered Notes are expected to be rated by Fitch Ratings Limited ("**Fitch**") and Moody's Investors Service Ltd. ("**Moody's**"). The ratings to the Offered Notes provided by Fitch and Moody's only address the payment by the Issuer to holders of Offered Notes of the payment of US\$ LIBOR, the Relevant Senior Margin and the principal on the Offered Notes, which the Issuer will receive on the Loan Notes. For the avoidance of doubt, the ratings do not address the Issuer's receipt and subsequent payment of the Subordinated Step-up Margin. It is a condition to the issuance of the Offered Notes that the Offered Notes receive the ratings set out below:

	Fitch	Moody's
Class A Notes	A-	A3
Class B Notes	BBB	Baa2
Class C Notes	BB	Ba2

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any one or all of the Rating Agencies.

Each Class of the Offered Notes will initially be represented by a temporary global note in bearer form (each a "**Temporary Global Note**"), without interest coupons, which will be deposited with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream, Banking, société anonyme ("**Clearstream, Luxembourg**") on or about the Closing Date. The Temporary Global Note of each Class of Offered Notes will be exchangeable in whole or in part, for interests in a permanent global note in bearer form in respect of that class (each a "**Permanent Global Note**"), and together with a Temporary Global Note, the "**Global Notes**"), without coupons not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. A Permanent Global Note will be exchangeable in certain limited circumstances in whole but not in part, for Offered Notes in bearer definitive form with interest coupons, principal receipts and talons attached (the "**Definitive Notes**").

Particular attention is drawn to the section herein entitled "Risk Factors".

Arranger, Lead Manager and Bookrunner



The date of this Prospectus is 27 March 2007.

Responsibility Statements

The Issuer accepts responsibility for the information contained in this document other than in respect of the Loan Notes Issuer Information, the BTA Information, the BTAI Information, the Custodian Information and the ABN AMRO Bank Information (each as defined below). To the best of the knowledge and belief of the Issuer, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. This statement does not prejudice any liability which may arise under Luxembourg law. The Issuer further confirms that this Prospectus contains all information which is material in the context of the issue of the Offered Notes, that such information contained in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in it are honestly held by it and that there are no other facts the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect and all proper enquiries have been made to ascertain and to verify the foregoing. The Issuer accepts responsibility accordingly (except where another party mentioned below accepts responsibility for certain information) and the Issuer has confirmed to ABN AMRO Bank N.V., London Branch (the "**Lead Manager**") that the Issuer accepts such responsibility.

First Kazakh Securitisation Company B.V., in its capacity as Loan Notes Issuer, accepts responsibility for the information contained in this Prospectus relating to itself in this regard, the Loan Notes and ancillary matters and the agreements to which it is expressed to be a party (the "**Loan Notes Issuer Information**") and such Loan Notes Issuer Information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Loan Notes Issuer does not accept any responsibility for any other information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Loan Notes Issuer Information as to the accuracy or completeness of any information contained in this Prospectus (other than the Loan Notes Issuer Information) or any other information supplied in connection with the Offered Notes or their distribution.

JSC "Bank TuranAlem", in its capacity as Parent, accepts responsibility for the information in this document relating to itself in this regard, the description of its rights and obligations in respect of, and all information relating to the Servicing Agreement (together the "**BTA Information**") and such BTA Information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Parent does not accept any responsibility for any other information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Parent as to the accuracy or completeness of any information contained in this Prospectus (other than the BTA Information) or any other information supplied in connection with the Offered Notes or their distribution.

JSC Hypothecary Organisation "BTA Ipoteka", in its capacity as Originator and Servicer, accepts responsibility for the information in this document relating to itself in this regard, the description of its rights and obligations in respect of, and all information relating to the Mortgage Certificates, the Related Security and Ancillary Rights to be sold by itself, the Mortgage Sale Agreement, the Servicing Agreement, the Back-up Servicing Agreement and the Collection Accounts Security Deed and all information relating to the Mortgage Loans in any Monthly Report (together the "**BTAI Information**"), and such BTAI Information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Originator does not accept any responsibility for any other information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Originator as to the accuracy or completeness of any information contained in this Prospectus (other than the BTAI Information) or any other information supplied in connection with the Offered Notes or their distribution.

JSC Bank CenterCredit, in its capacity as the Custodian, accepts responsibility for the information in this document relating to itself in this regard (the "**Custodian Information**"), and such Custodian Information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Custodian as to the accuracy or completeness of any information contained in this Prospectus (other than the Custodian Information) or any other information supplied in connection with the Offered Notes or their distribution.

ABN AMRO Bank accepts responsibility for the information in this document relating to itself with regard to the section headed "**Description of ABN AMRO Bank**" (the "**ABN AMRO Bank Information**"), and such ABN AMRO Bank Information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by ABN AMRO Bank as to the accuracy or completeness of any information contained in this Prospectus (other than

the ABN AMRO Bank Information) or any other information supplied in connection with the Offered Notes or their distribution.

The Offered Notes will be obligations solely of the Issuer and will not be obligations of, and will not be guaranteed by, and will not be the responsibility of, any other entity. In particular, the Offered Notes will not be the obligations of, and will not be guaranteed by, the Lead Manager, the Issuer Agents, the Issuer Account Bank, the Transaction Manager, the Common Depository, the Trustee, the Originator, the Parent, the Loan Notes Issuer, the Loan Notes Trustee, the Servicer, the Back-up Servicer, the Collections Accounts Bank, the Loan Notes Agent, the Registrar, the Custodian, the Loan Notes Transaction Manager, the Interest Rate Swap Counterparty, the Registrar, the Loan Notes Account Bank, the Kazakhstani Account Bank, the Liquidity Facility Provider, the Mezzanine Notes Purchaser, the Subordinated Notes Purchaser, the Political Risk Payor or the Corporate Services Provider.

Financial Condition of the Issuer, the Loan Notes Issuer or the Originator

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Offered Note shall in any circumstances create any implication that there has been no change, or any event reasonably likely to involve any change, in the condition (financial or otherwise) of the Issuer, the Loan Notes Issuer or the Originator since the date of this Prospectus nor that the information contained herein is correct as of any time subsequent to the date of this Prospectus.

Selling Restrictions Summary

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Loan Notes Issuer, the Loan Notes Trustee, the Originator, the Parent, the Servicer, the Back-up Servicer, the Collections Accounts Bank, the Lead Manager, the Issuer Agents, the Issuer Account Bank, the Transaction Manager, the Common Depository, the Trustee, the Custodian, the Loan Notes Transaction Manager, the Interest Rate Swap Counterparty, the Loan Notes Account Bank, the Kazakhstani Account Bank, the Loan Notes Agent, the Registrar, the Liquidity Facility Provider, the Mezzanine Notes Purchaser, the Subordinated Notes Purchaser, the Political Risk Payor or the Corporate Services Provider to subscribe for or purchase any of the Offered Notes and this document may not be used for or in connection with an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

The distribution of this Prospectus and the offering, sale and delivery of the Offered Notes in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Offered Notes and on distribution of this Prospectus and other offering material relating to the Offered Notes, see "**Subscription and Sale**" herein.

The Offered Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any other state securities laws of the U.S. and may be subject to U.S. tax laws. Subject to certain exceptions, the Offered Notes may not be offered, sold or delivered, directly or indirectly, within the U.S. or for the benefit of U.S. Persons, as defined in Regulation S under the Securities Act ("**Regulation S**") (see "**Subscription and Sale**").

Representations about the Offered Notes

No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the issue and sale of the Offered Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the directors of the Issuer, the Loan Notes Issuer, the directors of the Loan Notes Issuer, the Custodian, the Transaction Manager, the Loan Notes Transaction Manager, the Trustee, the Loan Notes Trustee, the Originator or the Lead Manager.

No action has been taken by the Issuer or the Lead Manager, other than as set out in this Prospectus, that would permit a public offer of the Offered Notes in any country or jurisdiction where action for that purpose is required. Accordingly, no Offered Notes may be offered or sold, directly or indirectly, and neither this Prospectus (nor any part hereof) nor any prospectus, form of application, advertisement or other offering materials may be issued, distributed or published in any country or jurisdiction except in circumstances that will result in compliance with applicable laws, orders, rules and regulations, and the Issuer and the Lead Manager have represented that all offers and sales by them have been made on such terms.

Each person receiving this Prospectus shall be deemed to acknowledge that such person has not relied on the Lead Manager or any person affiliated with the Lead Manager in connection with its

investment decision, and no person has been authorised to give any information or to make any representation concerning the Offered Notes offered hereby except as contained in this Prospectus, and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer or the Lead Manager.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

It should be remembered that the price of securities and the income from them can go down as well as up.

Currency

In this Prospectus, unless otherwise specified, references to:

"€", "EURO" or "euro" are to the lawful currency of the member states of the European Union participating in Economic and Monetary Union as contemplated by the Treaty;

"\$" or "US\$" are to the lawful currency of the United States of America; and

"KZT" or "Tenge" are to the lawful currency of the Republic of Kazakhstan.

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

Stabilisation

In connection with the issue of the Offered Notes, ABN AMRO Bank N.V., London Branch (the "Stabilising Manager") (or any person acting for the Stabilising Manager) may for a limited period over-allot Offered Notes (provided that the aggregate principal amount of Offered Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Offered Notes) or effect transactions with a view to supporting the market price of the Offered Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Offered Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Offered Notes and 60 days after the date of the allotment of the Offered Notes.

Interpretation

Capitalised terms used in this Prospectus, unless otherwise indicated, have the meanings set out in this Prospectus and, in particular in the Conditions. An index of defined terms used in this Prospectus appears on pages 203 to 207. A reference to a "Condition" or the "Conditions" is a reference to a numbered Condition or Conditions set out in the "Terms and Conditions of the Offered Notes" below and a reference to a "Loan Notes Condition" or the "Loan Notes Conditions" is a reference to a numbered Loan Notes Condition or Loan Notes Conditions set out in the "Terms and Conditions of the Loan Notes".

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THE TRANSACTION PARTIES

- Issuer:** Kazakh Mortgage-Backed Securities 2007-1 B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam and its registered office at Fred Roeskestraat 123, 1076 EE Amsterdam, The Netherlands in its capacity as issuer of the Offered Notes (the "**Issuer**"). The Issuer has been established for the purpose of the entering into of documentation in relation to the purchase of the Loan Notes and issuing the Offered Notes.
- Lead Manager:** ABN AMRO Bank N.V., London Branch, acting through its office at 250 Bishopsgate, London EC2M 4AA, United Kingdom ("**ABN AMRO London**" or, the "**Lead Manager**").
- Co-Manager:** Banco Finantia S.A. in its capacity as the co-manager through its office at Rua General Firmino Miguel No 6, 1600-100 Lisboa, Portugal (the "**Co-Manager**").
- Trustee:** Stichting Trustee Kazakh Mortgage-Backed Securities 2007-1 (the "**Trustee**"), established as a foundation under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam and its registered office at Fred Roeskestraat 123, 1076 EE, Amsterdam, The Netherlands, managed by Amsterdamsch Trustee's Kantoor B.V.; in its capacity as the trustee for the holders of the Offered Notes and other Secured Creditors in accordance with the terms of the Trust Deed, the Deed of Charge and the Pledge of Account Agreement.
- Principal Paying Agent:** ABN AMRO Bank N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam and acting through its office at Kemelstede 2, 4817 ST Breda, The Netherlands ("**ABN AMRO**") its capacity as the principal paying agent (the "**Principal Paying Agent**") and in its other agency capacities in respect of the Offered Notes.
- Luxembourg Paying Agent:** So long as the Offered Notes are listed on the Luxembourg Stock Exchange, Dexia Banque Internationale à Luxembourg, in its capacity as Luxembourg paying agent (the "**Luxembourg Paying Agent**").
- The Principal Paying Agent, the Luxembourg Paying Agent and any other agent appointed under the terms of the Paying Agency Agreement are together referred to as the "**Issuer Agents**".
- Issuer Account Bank:** ABN AMRO, in its capacity as the bank at which the Issuer Account and the Euro Corporate Account are held in connection with the issue of the Offered Notes (the "**Issuer Account Bank**").
- Transaction Manager:** ATC Financial Services B.V. in its capacity as the transaction manager (the "**Transaction Manager**") in accordance with the terms of the Transaction Management Agreement.
- Listing Agent:** Dexia Banque Internationale à Luxembourg, in its capacity as listing agent through its office at 69 Route d'Esch, L-2953, Luxembourg (the "**Listing Agent**").
- Common Depositary:** Societe Generale Bank & Trust, in its capacity as common depositary for Euroclear and Clearstream, Luxembourg through its office at 11 Avenue Emilie Reuter, L-2420, Luxembourg (the "**Common Depositary**").

- Secured Creditors:** All of the holders of Offered Notes, the Issuer Agents, the Issuer Account Bank, the Transaction Manager and the Corporate Services Provider.
- Corporate Services Provider:** ATC Management B.V., a private limited liability company incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam and its registered office at Fred Roeskestraat 123, 1076 EE Amsterdam, The Netherlands, in its capacity as corporate services provider (the "**Corporate Services Provider**") to the Issuer and the Loan Notes Issuer in accordance with the terms of the Corporate Services Agreement and the Issuer Corporate Services Agreement.
- Rating Agencies:** Fitch Ratings Limited ("**Fitch**") and Moody's Investors Service Ltd. ("**Moody's**").

THE LOAN NOTES TRANSACTION PARTIES

Loan Notes Issuer:	<p>First Kazakh Securitisation Company B.V., a private limited liability company (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), incorporated under the laws of The Netherlands, having its corporate seat (<i>statutaire zetel</i>) in Amsterdam and its registered office at Fred Roeskestraat 123, 1076 EE Amsterdam, The Netherlands (the "Loan Notes Issuer").</p> <p>The Loan Notes Issuer has been established for the purposes of:</p> <ul style="list-style-type: none">(a) entering into the Loan Notes Transaction Documents to which it is a party;(b) the acquisition of the Mortgage Certificates, the Related Security and the Ancillary Rights; and(c) the issuance of the Loan Notes, which are to be backed principally by the cash-flow generated under the Mortgage Loans or, on an enforcement of the Loan Notes Security, the collateral constituted by the Mortgage Loans and the Loan Note Issuer's assets.
Originator:	<p>JSC Hypothecary Organisation "BTA Ipoteka" ("BTAI" or, the "Originator"), a joint stock company incorporated under the laws of the Republic of Kazakhstan, having its legal address at 16, Micro-District Samal-2, Almaty 050051, the Republic of Kazakhstan, as originator of the Mortgage Loans.</p>
Parent:	<p>JSC "Bank TuranAlem" ("Bank TuranAlem" or, the "Parent"), a bank incorporated in the form of a joint stock company under the laws of the Republic of Kazakhstan, having its legal address at 97 Zholdasbekov Street, Micro-District Samal-2, Almaty 050051, the Republic of Kazakhstan.</p>
Servicer:	<p>BTAI in its capacity as servicer (the "Servicer") has been servicing, and will continue to service the Mortgage Loans in accordance with the terms of the Servicing Agreement (as amended and restated on the Closing Date). The Servicer may in the future (but subject to the Loan Note Issuer's prior written approval) subcontract its servicing obligations to any of its subsidiaries or the Parent or any other entity, although if it does so it will remain liable for the due performance of those obligations. The performance of the Services under the Servicing Agreement by the Servicer is guaranteed by the Parent.</p>
Back-up Servicer:	<p>JSC "HALYK BANK", a bank incorporated in the form of a joint stock company under the laws of the Republic of Kazakhstan, having its legal address at 97 Rozybakiew str., Almaty, 050046, the Republic of Kazakhstan, in its capacity as back-up servicer (the "Back-up Servicer") under the terms of the Back-up Servicing Agreement.</p>
Collection Accounts Bank:	<p>Bank TuranAlem, in its capacity as collection accounts bank (the "Collection Accounts Bank") in relation to the Collections from the Mortgage Loans.</p>
Custodian:	<p>JSC "Bank CenterCredit", a bank incorporated in the form of a joint stock company under the laws of the Republic of Kazakhstan, having its legal address at 100 Shevchenko str., 050022, Almaty, the Republic of Kazakhstan, in its capacity as custodian (the "Custodian") under the terms of the Custodian Agreement.</p>
Loan Notes Transaction Manager:	<p>ATC Financial Services B.V., in its capacity as the loan notes transaction manager (the "Loan Notes Transaction Manager") in accordance with the terms of the Loan Notes Transaction Management Agreement.</p>

Loan Notes Trustee:	Stichting Trustee First Kazakh Securitisation Company, established as a foundation under the laws of The Netherlands, having its corporate seat (<i>statutaire zetel</i>) in Amsterdam and its registered office at Fred Roeskestraat 123, 1076 EE, Amsterdam, The Netherlands, managed by Amsterdamsch Trustee's Kantoor B.V., in its capacity as the loan notes trustee in connection with the Loan Notes, the Mezzanine Notes, the Subordinated Notes and all security created for the benefit of the Loan Notes Secured Creditors under the Loan Notes Deed of Charge and the Pledge of Loan Notes Accounts Agreement (the " Loan Notes Trustee ").
Loan Notes Secured Creditors:	The Issuer, in its capacity as holder of the Loan Notes, and any other holders of the Loan Notes from time to time, the holders of Mezzanine Notes, the holders of Subordinated Notes, any receiver, the Originator, the Parent, the Collection Accounts Bank, the Loan Notes Agent, the Registrar, the Interest Rate Swap Counterparty, the Servicer, the Back-up Servicer, the Loan Notes Transaction Manager, the Corporate Services Provider, the Liquidity Facility Provider, the Loan Notes Account Bank, the Kazakhstani Account Bank, the Custodian and the Political Risk Payor.
Loan Notes Agent:	ABN AMRO Bank in its capacity as the loan notes principal paying agent and the loan notes agent bank (together, the " Loan Notes Agent ") in respect of the Loan Notes.
Registrar:	ATC Financial Services B.V., in its capacity as the registrar (the " Registrar ") in accordance with the terms of the Loan Notes Agent Agreement.
Interest Rate Swap Counterparty:	ABN AMRO London, in its capacity as interest rate swap counterparty (the " Interest Rate Swap Counterparty "), in accordance with the terms of the Interest Rate Swap Agreement.
Mezzanine Notes Purchaser:	The purchaser of the Mezzanine Notes issued by the Loan Notes Issuer pursuant to the terms of the Mezzanine Notes Purchase Agreement (the " Mezzanine Notes Purchaser ").
Subordinated Notes Purchaser:	The purchaser of the Subordinated Notes issued by the Loan Notes Issuer pursuant to the terms of the Subordinated Notes Purchase Agreement (the " Subordinated Notes Purchaser ").
Liquidity Facility Provider:	ABN AMRO Bank, in its capacity as liquidity facility provider (the " Liquidity Facility Provider "), in accordance with the terms of the Liquidity Facility Agreement.
Loan Notes Account Bank:	ABN AMRO Bank, in its capacity as the bank at which the Loan Notes Issuer Accounts, the Cash Reserve Account and the Loan Notes Euro Corporate Account are held in accordance with the terms of the Loan Notes Accounts Agreement (the " Loan Notes Account Bank ").
Kazakhstani Account Bank:	"SJSB "ABN AMRO Bank Kazakhstan" JSC, a bank with its registered office at Khadzi-Mukana 45, 050059, Almaty, the Republic of Kazakhstan, in its capacity as the bank at which the Operating Accounts are held in accordance with the terms of the Loan Notes Accounts Agreement (the " Kazakhstani Account Bank ").
Political Risk Payor:	The Multilateral Investment Guarantee Agency (the " Political Risk Payor "), acting through its office at 1818 H Street, N.W., Washington D.C., 20433, the United States of America, in accordance with the Political Risk Interest Payment Contract.

Corporate Services Provider: ATC Management B.V., a private limited liability company incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam and its registered office at Fred Roeskestraat 123, 1076 EE Amsterdam, The Netherlands, in its capacity as corporate services provider (the "**Corporate Services Provider**") to the Issuer and the Loan Notes Issuer in accordance with the terms of the Corporate Services Agreement and the Issuer Corporate Services Agreement.

PRINCIPAL FEATURES OF THE OFFERED NOTES

- Offered Notes:** The Offered Notes will be issued by the Issuer on the Closing Date in the following classes (each, a "**Class**"): US\$ 123,000,000 Class A Mortgage Backed Floating Rate Notes due 2029
US\$ 11,300,000 Class B Mortgage Backed Floating Rate Notes due 2029
US\$ 7,100,000 Class C Mortgage Backed Floating Rate Notes due 2029
in accordance with the terms of the Trust Deed and the Conditions.
- Issue Price:** The issue price of each Class of the Offered Notes will be 100 per cent.
- Form and Denomination:** The Offered Notes will be in bearer form and in the denomination of US\$ 100,000 each and integral multiples of US\$ 10,000 in excess thereof. The Offered Notes of each Class will initially be in the form of a temporary global note in bearer form (each a "**Temporary Global Note**") of each Class without interest coupons, which will be deposited on the Closing Date with a common depository (the "**Common Depository**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**").
The Temporary Global Note of each Class of Offered Notes will be exchangeable, in whole or in part, for interests in a permanent global note in bearer form, (each a "**Permanent Global Note**" and together with the Temporary Global Notes, the "**Global Notes**") of that Class of Offered Notes, without interest coupons or talons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership.
In certain limited circumstances, Global Notes will be exchangeable for Offered Notes in bearer definitive form with interest coupons, principal receipts and talons attached (the "**Definitive Notes**").
- Status of the Offered Notes:** The Offered Notes will be issued simultaneously and will constitute direct, secured, limited recourse obligations of the Issuer. Each Class of Offered Notes will rank *pari passu* without preference or priority amongst themselves and will be secured by the same security.
The Offered Notes represent the right to receive interest and principal payments from the Issuer in accordance with the Conditions and the Trust Deed.
All payments of interest due on the Class A Notes will rank in priority to payments of interest due on the Class B Notes and the Class C Notes. All payments of interest on the Class B Notes will rank in priority to payments of interest on the Class C Notes.
All payments of principal due on the Class A Notes will rank in priority to payments of principal due on the Class B Notes and the Class C Notes. All payments of principal on the Class B Notes will rank in priority to payments of principal on the Class C Notes.
- Limited Recourse of the Offered Notes:** The ability of the Issuer to meet its obligations under the Offered Notes will depend upon the receipt by it of amounts due and payable to it from time to time under the Offered Notes.
Other than the foregoing, the Issuer is not expected to have any funds available to it to meet its obligations under any Class of Offered Notes or its obligations in respect of any payments ranking

in priority to or *pari passu* with such Class of Offered Notes under the Pre-Enforcement Offered Notes Interest Payment Priorities and the Pre-Enforcement Offered Notes Principal Payments Priorities.

The Offered Notes are limited recourse obligations of the Issuer only. If the net proceeds of the Loan Notes Security after it has been enforced and all assets of the Loan Notes Issuer which have been liquidated and applied in accordance with the Post-Enforcement Loan Notes Payment Priorities are not sufficient to cover all payments due in respect of the Offered Notes after payment of all other claims ranking in priority to the Offered Notes, no other assets of the Issuer will be available for payment of any shortfall.

The Trustee may not take any further steps against the Issuer to recover any sum still unpaid and any such liability shall be extinguished. In particular, the Trustee shall not be entitled to petition or take any other step for the winding-up of the Issuer.

Use of Proceeds:

The Issuer will apply the proceeds of the issue of the Offered Notes towards the acquisition on 29 March 2007 (the "**Closing Date**") of all of the Class A Loan Notes, the Class B Loan Notes and the Class C Loan Notes issued by the Loan Notes Issuer in accordance with the Loan Notes Subscription Agreement. For a further description of the Loan Notes, see "**Principal Features of the Loan Notes**" below.

Security for the Offered Notes:

As security for payment of all amounts payable under the Offered Notes and otherwise under the Trust Deed, the Issuer will grant on the Closing Date the following security (the "**Security**") under the terms of the Deed of Charge, in favour of the Trustee.

- (a) a first fixed charge over all monies held from time to time in the Issuer Account and all monies standing to the credit of any bank or other account in which the Issuer has or may at any time have or acquire any right, title, interest or benefit, which may take effect as a floating charge;
- (b) an assignment with full title guarantee and by way of first fixed charge of all its right, title, interest and all other benefits in, to and to the Loan Notes and all sums derived from the Loan Notes including without limitation any right to delivery of the Loan Notes and the Loan Notes Security;
- (c) an assignment with full title guarantee and by way of first fixed charge of all its right, title, interest and benefit in, to and under the Transaction Documents to which it is a party and all sums derived therefrom; and
- (d) a charge by way of a first floating charge of the whole of the Issuer's undertaking and all of its property, assets and rights whatsoever and wheresoever present and future including, without limitation, the Issuer's uncalled capital, except to the extent otherwise charged or secured under the Deed of Charge.

(For a description of the Security and Secured Creditors see "**Overview of the Transaction Documents - Deed of Charge and the Trust Deed**").

The terms on which the Security will be held will provide that upon enforcement, certain fees, expenses, costs, charges and liabilities due to be paid by the Issuer will rank in priority to amounts due to be paid by the Issuer under the Offered Notes (see "**Overview of Certain Transaction Documents – Post-Enforcement Offered Notes Payments Priorities**").

Final Legal Maturity Date: The Payment Date falling in February 2029.

Redemption of the Offered Notes: Each Class of Offered Notes is required to be redeemed in full, to the extent not previously redeemed, in accordance with the Conditions, on the Final Legal Maturity Date. The Conditions provide that, *inter alia*, the Offered Notes will be subject to full or partial redemption following redemption of the Loan Notes, as more particularly described in the sections "**Mandatory Redemption**" and "**Optional Redemption in Whole**" in the section entitled "**Principal Features of the Loan Notes**" below.

Withholding Taxes: Payments due under the Offered Notes may be subject to withholding or deductions required by law, including income taxes, applicable withholding taxes (if any), and other taxes (if any) and neither the Issuer nor any other person will be obliged to pay additional amounts in relation thereto.

Ratings: The Offered Notes are expected on issue to be assigned the following ratings by the Rating Agencies:

	<i>Fitch</i>	<i>Moody's</i>
Class A Notes	A-	A3
Class B Notes	BBB	Baa2
Class C Notes	BB	Ba2

The ratings to the Offered Notes provided by the Rating Agencies only address the payment by the Issuer to holders of Offered Notes of amounts of US\$ LIBOR, the Relevant Senior Margin and the principal on the Offered Notes, which the Issuer will receive on the Loan Notes. The ratings do not address the Issuer's receipt and subsequent payment of the Subordinated Step-up Margin.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any of the Rating Agencies (see "**Risk Factors - Ratings are Not Recommendations**")

Transfers of Offered Notes: Transfers of Offered Notes will require appropriate entries in securities accounts. Transfers of Offered Notes between Euroclear participants, between Clearstream, Luxembourg participants and between Euroclear participants on the one hand and Clearstream, Luxembourg participants on the other hand, will be effected in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg respectively.

Issuer Agents: The Issuer will, pursuant to the Paying Agency Agreement, appoint the Principal Paying Agent with respect to payments due under the Offered Notes and, for so long as the Offered Notes are listed on the Luxembourg Stock Exchange, will appoint the Luxembourg Paying Agent. The Issuer will procure that, for so long as any Offered Notes are outstanding, there will always be a Principal Paying Agent to perform the functions assigned to it. The Issuer may at any time, by giving not less than 30 days notice, replace any Issuer Agent by one or more banks or other financial institutions which will assume such functions, although while the Offered Notes are listed on the Luxembourg Stock Exchange there will always be a paying agent based in Luxembourg. As consideration for the performance of the issuer agency services, the Issuer will pay the Issuer Agents a fee.

Pre-Enforcement Offered Notes Interest Payment Priorities: Prior to the delivery of an Enforcement Notice, all payments received by the Issuer under the Loan Notes (other than payments of principal) and the Loan Notes Subscription Agreement, which will consist of all:

- (a) payments of transactional fees and expenses, including

any corporate tax, audit and legal fees, secretarial fees, corporate administration and agent's fees (including in each case any VAT payable) due to be paid by the Issuer pursuant to the Transaction Documents or otherwise, the Minimum Required Issuer Payment Amount and any payments to be made by the Issuer pursuant to the Transaction Documents (other than any payments due to be made under the Offered Notes) (the "**Issuer Expenses**") received from the Loan Notes Issuer in accordance with the terms of the Loan Notes Subscription Agreement; and

- (b) the amount received by the Issuer as holder of the Loan Notes as being the Interest paid on the Loan Notes for the relevant Interest Period (the "**Loan Notes Interest**"),

will be applied by the Transaction Manager on such Payment Date in making the following payments or provisions (the "**Pre-Enforcement Offered Notes Revenue Payments Priorities**"), but only to the extent that all payments or provisions of a higher priority that fall due to be paid or provided for on such Payment Date have been made in full:

- (a) *first*, from receipt of Issuer Expenses to pay *pari passu* and *pro rata* when due any fees, costs liabilities and expenses (plus VAT if any) payable by the Issuer to the Trustee (and its appointees) at such time;
- (b) *second*, from receipt of the Issuer Expenses to pay *pari passu* and *pro rata* when due any fees, costs, liabilities and expenses (plus VAT, if any) payable at such time by the Issuer without breach by the Issuer of the Trust Deed;
- (c) *third*, from receipt of Loan Notes Interest on the Class A Loan Notes, to pay *pro rata* interest due on the Class A Notes;
- (d) *fourth*, from receipt of Loan Notes Interest on the Class B Loan Notes, to pay *pro rata* interest due on the Class B Notes; and
- (e) *fifth*, from receipt of Loan Notes Interest on the Class C Loan Notes, to pay *pro rata* interest due on the Class C Notes.

"**Minimum Required Issuer Payment Amount**" shall mean the amount agreed to be paid into the Euro Corporate Account by the Issuer, for the purposes of paying the Issuer's ongoing operational costs and expenses and its Netherlands tax liabilities, including the costs of preserving the corporate existence of the Issuer which on the first Payment Date in May 2007 shall be EUR 25,000 and on each first Payment Date for each calendar year thereafter shall be EUR 15,000.

**Pre-Enforcement Offered
Notes Principal Payments
Priorities:**

Prior to the delivery of an Enforcement Notice, all payments of principal received by the Issuer under the Loan Notes will be applied by the Transaction Manager on such Payment Date in making the following payments or provisions (the "**Pre-Enforcement Offered Notes Principal Payments Priorities**"), but only to the extent that all payments or provisions of a higher priority that are due to be paid or provided for on such Payment Date have been made in full:

- (a) *first*, from receipt of principal on the Class A Loan Notes, to pay *pari passu* and *pro rata* principal due on the Class A Notes;
- (b) *second*, from receipt of principal on the Class B Loan

Notes, to pay *pari passu* and *pro rata* principal due on the Class B Notes; and

- (c) *third*, from receipt of principal on the Class C Loan Notes, to pay *pari passu* and *pro rata* all principal due on the Class C Notes.

Post-Enforcement Offered Notes Payments Priorities:

Following the delivery of an Enforcement Notice, all amounts received or recovered by the Issuer and/or the Trustee will be applied by the Transaction Manager or the Trustee in making the following payments in the following order of priority (the "**Post-Enforcement Offered Notes Payments Priorities**"), but in each case only to the extent that all payments of a higher priority have been made in full:

- (a) *first*, to pay *pari passu* and *pro rata* any remuneration due to any insolvency professional and the remuneration of, and any costs and expenses incurred by, the Trustee and/or any Receiver appointed including any VAT;
- (b) *second*, to pay *pari passu* and *pro rata*, and to the extent secured, any other fees, costs, liabilities and expenses (plus VAT, if any) payable or expected to become due and payable after such enforcement;
- (c) *third*, to pay *pari passu* and *pro rata* all interest and all principal due and outstanding on the Class A Notes;
- (d) *fourth*, to pay *pari passu* and *pro rata* all interest and all principal due and outstanding on the Class B Notes;
- (e) *fifth*, to pay *pari passu* and *pro rata* all interest and all principal, due and outstanding on the Class C Notes; and
- (f) *sixth*, any surplus to the Loan Notes Issuer.

Events of Default:

The following shall be Events of Default in respect of the Offered Notes, as set forth in Condition 12 (*Events of Default*): non-payment of certain amounts, breach of other obligations, the Issuer's insolvency, unlawfulness and the occurrence of a Loan Notes Event of Default.

Non Petition:

Neither the Trustee nor any Secured Creditor will be entitled to, until the expiry of two (2) years and one (1) day after the payment of all sums outstanding and owing in respect of the latest maturing Offered Note:

- (a) take any corporate action or other steps or legal proceedings for the winding-up, dissolution or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of the Issuer or of any or all of the Issuer's revenues and assets; or
- (b) have any right to take any steps for the purpose of obtaining payment of any amounts payable to them under the Transaction Documents by the Issuer and shall not until such time take any steps to recover any debts whatsoever owing to them by the Issuer.

Notwithstanding the above, the Trustee shall be entitled to execute any right, power or remedy under the Deed of Charge, the Trust Deed, the Pledge of Account Agreement or any other agreement entered into in connection with the Offered Notes or the other Transaction Documents to which it is a party with respect to the Security and the Trustee and shall apply the proceeds of realisation of the Security in accordance with the Post-Enforcement Offered Notes Payments Priorities.

Listing and Admission to Trading:

Application has been made to the Luxembourg Stock Exchange for the Offered Notes to be admitted to listing and trading on its regulated market and to the CSSF as competent authority under the Prospectus Directive for the Prospectus to be approved.

Governing Law:

The Offered Notes and the Transaction Documents to which the Issuer is a party (save for the Pledge of Account Agreement and the Corporate Services Agreement) will be governed by English law. The Corporate Services Agreement and the Pledge of Account Agreement are governed by Dutch law.

PRINCIPAL FEATURES OF THE LOAN NOTES

- The Loan Notes:** The "**Loan Notes**" will be issued by the Loan Notes Issuer on the Closing Date in the following classes:
- US\$ 123,000,000 Class A Mortgage Backed Floating Rate Loan Notes due 2029;
- US\$ 11,300,000 Class B Mortgage Backed Floating Rate Loan Notes due 2029; and
- US\$ 7,100,000 Class C Mortgage Backed Floating Rate Loan Notes due 2029,
- in accordance with the terms of the Loan Notes Trust Deed and the Loan Notes Conditions.
- Mezzanine Notes:** The Loan Notes Issuer will issue the US\$ [●●●●] mezzanine notes due 2029 (the "**Mezzanine Notes**") on the Closing Date to the Mezzanine Notes Purchaser by way of private placement pursuant to a Mezzanine Notes Purchase Agreement.
- Interest will accrue and be payable on the Mezzanine Notes at a fixed rate of interest (the "**Mezzanine Note Interest**").
- Subordinated Notes:** The Loan Notes Issuer will issue the US\$ 3,600,000 subordinated notes due 2029 (the "**Subordinated Notes**") on the Closing Date to the Subordinated Notes Purchaser pursuant by way of private placement to a Subordinated Notes Purchase Agreement.
- Interest will accrue and be payable on the Subordinated Notes at
- (a) a fixed rate of interest (the "**Subordinated Note Interest**") and
 - (b) the Subordinated Note Variable Margin.
- Issue Price:** The issue price of each class of the Loan Notes will be 100 per cent.
- Form and Denomination:** The Loan Notes will be in registered form in the denomination of US\$ 100,000 each and integral multiples of US\$ 10,000 in excess thereof. Loan note certificates (each, a "**Loan Note Certificate**") will be issued to the Issuer in respect of its registered holding of Loan Notes. Each Loan Notes Certificate will be numbered serially with an identifying number, which will be recorded on the relevant Loan Notes Certificate and in the register of holders of Loan Notes. The Loan Notes Issuer will procure the register to be kept by the Registrar.
- Status of the Loan Notes:** The Loan Notes will constitute direct, secured and unconditional obligations of the Loan Notes Issuer only. The Loan Notes will not be obligations or responsibilities of, or guaranteed by, any person or entity other than the Loan Notes Issuer. The Loan Notes within each class will rank *pari passu* without priority amongst themselves. All Loan Notes, the Mezzanine Notes and the Subordinated Notes will be secured by the Loan Notes Security, subject to the following priority.
- The Class A Loan Notes will rank in priority to the Class B Loan Notes, the Class C Loan Notes, the Mezzanine Notes and the Subordinated Notes. The Class B Loan Notes will rank in priority to the Class C Loan Notes, the Mezzanine Notes and the Subordinated Notes. The Class C Loan Notes will rank in priority to the Mezzanine Notes and the Subordinated Notes. The Mezzanine Notes will rank in priority to the Subordinated Notes.
- The Loan Notes represent the right to receive Interest and principal payments from the Loan Notes Issuer in accordance with the Loan Notes Conditions and the Loan Notes Trust Deed.

All payments of US\$ LIBOR and the Class A Loan Note Margin due on the Class A Loan Notes will rank in priority to payments of US\$ LIBOR and the Class B Loan Note Margin due on the Class B Loan Notes and all payments of US\$ LIBOR and the Class B Loan Note Margin due on the Class B Loan Notes will rank in priority to payment of US\$ LIBOR and the Class C Loan Note Margin due on the Class C Loan Notes.

All payments of the Subordinated Step-up Margin on each class of the Loan Notes will be subordinated to payment of US\$ LIBOR and the Relevant Senior Margin on the Loan Notes. All payments of the Subordinated Step-up Margin on Class A Loan Notes will rank in priority to payments of the Subordinated Step-up Margin on the Class B Loan Notes and all payments of the Subordinated Step-up Margin on the Class B Loan Notes will rank in priority to payments of the Subordinated Step-up Margin on the Class C Loan Notes.

After the delivery by the Loan Notes Trustee to the Loan Notes Issuer of a notice in accordance with Loan Notes Condition 12 (*Loan Notes Events of Default*) (a "**Loan Notes Enforcement Notice**"), which declares the Loan Notes to be immediately due and payable, payments of principal on the Loan Notes on such Payment Date will be made sequentially by redeeming all principal due on the Class A Loan Notes and thereafter by redeeming all principal due on the Class B Loan Notes and thereafter by redeeming all principal due on the Class C Loan Notes, always in accordance with the Loan Notes Payments Priorities.

If on any Payment Date the Pro-Rata Conditions have been satisfied, payments of principal of each class of the Loan Notes on such Payment Date will be made *pro rata* and *pari passu* without preference or priority between each class of Loan Notes, always in accordance with the Pre-Enforcement Loan Notes Payments Priorities.

The Loan Notes will rank in priority to the Mezzanine Notes and the Subordinated Notes.

The Loan Notes Trust Deed contains provisions requiring the Loan Notes Trustee to have regard to the interests of the holders of Loan Notes, the holders of Mezzanine Notes and the holders of Subordinated Notes, respectively, as regards all powers, duties and discretions of the Loan Notes Trustee. If, in the Loan Notes Trustee's opinion, a conflict arises between the respective interests held under the Loan Notes, the Mezzanine Notes and the Subordinated Notes, then the Loan Notes Trustee shall have regard to those interests (including upon the enforcement of any Loan Notes Security) in the following order: Class A Loan Notes, Class B Loan Notes, Class C Loan Notes, Mezzanine Notes and the Subordinated Notes.

Limited Recourse of the Loan Notes:

The ability of the Loan Notes Issuer to meet its obligations under the Loan Notes will depend upon the receipt by it of amounts due and payable from time to time on the Mortgage Loans, interest accruing on amounts standing to the credit of the Loan Notes Accounts (other than amounts standing to the credit of the Loan Notes Euro Corporate Account), any amounts received under the Interest Rate Swap Agreement, the Liquidity Facility Agreement, the Political Risk Interest Payment Contract and the amount standing to the credit of the Cash Reserve Account.

Other than the foregoing, the Loan Notes Issuer is not expected to have any funds available to it to meet its obligations under any class of Loan Notes or its obligations in respect of any payments ranking in priority to or *pari passu* with such class of Loan Notes

under the Pre-Enforcement Loan Notes Interest Payment Priorities and the Pre-Enforcement Loan Notes Principal Payment Priorities.

The Loan Notes are limited recourse obligations of the Loan Notes Issuer only. If the net proceeds of the Loan Notes Security after it has been enforced and all assets of the Loan Notes Issuer which have been liquidated and applied in accordance with the Post-Enforcement Loan Notes Payment Priorities are not sufficient to cover all payments due in respect of the Loan Notes after payment of all other claims ranking in priority to the Loan Notes, no other assets of the Loan Notes Issuer will be available for payment of any shortfall.

The Loan Notes Trustee, holders of Loan Notes, holders of Mezzanine Notes, holders of Subordinated Notes and any of the other Loan Notes Secured Creditors may not take any further steps against the Loan Notes Issuer to recover any sum still unpaid and any such liability shall be extinguished. In particular, the Loan Notes Trustee, the Issuer and each of the other Loan Notes Secured Creditors shall not be entitled to petition or to take any other step for the winding-up of the Loan Notes Issuer.

Use of Proceeds:

The Loan Notes Issuer will apply the proceeds of the issue of the Loan Notes and the Mezzanine Notes towards the refinancing of the Loan Notes Issuer's existing financing arrangements with the Originator and the Loan Notes Issuer's warehousing arrangements with Tulip Asset Purchase Company B.V.

The Loan Notes Issuer will apply the proceeds of the issue of the Subordinated Notes towards the Cash Reserve Account Required Balance and certain costs of the Loan Notes Issuer.

Security for the Loan Notes:

On the Closing Date, the Loan Notes Issuer will terminate an existing deed of charge and will enter into a new deed of charge (the "**Loan Notes Deed of Charge**") pursuant to which, *inter alia*, the Loan Notes Issuer's rights under and in respect of the Mortgage Certificates, the Related Security, the Ancillary Rights, the Loan Notes Accounts (other than the Loan Notes Euro Corporate Account), and all of its rights arising under the Loan Notes Transaction Documents (other than the Loan Notes Trust Documents) are assigned or charged (the "**Loan Notes Security**") to the Loan Notes Trustee, as trustee for the Loan Notes Secured Creditors. (For a description of the Loan Notes Security and Loan Notes Secured Creditors see "**Overview of the Loan Notes Transaction Documents - Loan Notes Deed of Charge and the Loan Notes Trust Deed**").

The terms on which the Loan Notes Security will be held will provide that upon enforcement, certain fees, expenses, costs, charges and liabilities due to be paid by the Loan Notes Issuer will rank in priority to amounts due to be paid by the Loan Notes Issuer under the Loan Notes (see "**Principal Features of the Loan Notes – Post-Enforcement Loan Notes Payments Priorities**").

Rate of Interest:

The Loan Notes of each class will represent entitlements to payment of Interest in respect of each successive Interest Period from the Closing Date at an annual rate in respect of each class equal to US\$ LIBOR for the relevant Interest Period plus the following applicable margins (each a "**Relevant Senior Margin**"):

Class A Loan Notes	1.25 per cent. (the " Class A Loan Note Margin ")
Class B Loan Notes	2.0 per cent. (the " Class B Loan Note Margin ")

Class C Loan Notes 3.75 per cent. (the "**Class C Loan Note Margin**")

In addition to payment of US\$ LIBOR and the Relevant Senior Margin, in respect of each Interest Period ending after the Call Date, the Loan Notes of each class will represent entitlements to payment of subordinated interest at the following applicable margins (each a "**Subordinated Step-up Margin**"):

Class A Loan Notes 1.25 per cent. (the "**Subordinated Step-up Margin on Class A Loan Notes**")

Class B Loan Notes 2.0 per cent. (the "**Subordinated Step-up on Class B Loan Notes**")

Class C Loan Notes 3.75 per cent. (the "**Subordinated Step-up on Class C Loan Notes**")

The Interest Amount and, if applicable, the Subordinated Step-up Margin together comprise the "**Interest**" payable on each class of Loan Notes.

Interest Period: Interest on the Loan Notes will be paid by the Loan Notes Issuer monthly in arrear. Interest will accrue from, and including the immediately preceding Payment Date (or, in the case of the first Payment Date, the Closing Date) to but excluding the next Payment Date (each such period being an "**Interest Period**"). The Subordinated Step-up Margin will not accrue until after the Call Date.

Payment Date: A "**Payment Date**" means the 15th calendar day of the month or if such date is not a Business Day, the next following Business Day. The first payment of interest under the Loan Notes will be due and payable on the Payment Date falling in May 2007.

Call Date: Means the Payment Date falling in March 2014.

Business Day: A TARGET day (other than a Saturday or a Sunday) on which banks are open for business in Almaty, the Republic of Kazakhstan, New York, the United States of America, London, the United Kingdom and Amsterdam, The Netherlands.

Final Redemption: Unless the Loan Notes have previously been redeemed in full as described in Loan Notes Condition 8 (*Final Redemption, Mandatory Redemption in Part and Optional Redemption*), the Loan Notes will be redeemed by the Loan Notes Issuer on the Final Legal Maturity Date at their Principal Amount Outstanding.

Final Legal Maturity Date: The Payment Date falling in February 2029.

Pro-Rata Conditions: The "**Pro-Rata Conditions**" means the following conditions:

- (a) the Trigger Ratio is satisfied;
- (b) the balance of the Principal Deficiency Ledger is zero;
- (c) the balance of the Cash Reserve Account is at the Cash Reserve Account Required Balance;
- (d) no amount (other than any amount standing to the credit of the Liquidity Ledger) is outstanding under the Liquidity Facility Agreement;
- (e) the aggregate of the Principal Outstanding Amount of the Mortgage Loans that are 90 days or more in arrears on the relevant Reporting Date as a percentage of the aggregate of the Principal Outstanding Amount of all of the Mortgage Loans does not exceed 5 per cent. (or such greater percentage as is agreed between the Loan Notes Issuer and the Rating Agencies);
- (f) the aggregate Principal Amount Outstanding under the

Loan Notes is greater than 10 per cent. of the aggregate initial Principal Amount Outstanding under the Loan Notes;

- (g) twenty four (24) months have passed following the Closing Date; and
- (h) a Loan Notes Enforcement Notice has not been delivered by the Loan Notes Trustee to the Loan Notes Issuer.

Trigger Ratio:

The "**Trigger Ratio**" means a ratio which shall be satisfied if X/Y (expressed as a percentage) is less than P/Q (expressed as a percentage),

where

X = the Principal Amount Outstanding of the Class A Loan Notes on the Calculation Date on which the Trigger Ratio is to be calculated;

Y = the aggregate of the Principal Amount Outstanding of the Class B Loan Notes and the Class C Loan Notes on the Calculation Date on which the Trigger Ratio is to be calculated;

P = the Principal Amount Outstanding of the Class A Loan Notes on the Closing Date; and

Q = the aggregate of the Principal Amount Outstanding of the Class B Loan Notes and the Class C Loan Notes on the Closing Date.

"Principal Amount Outstanding" means, on any day:

(a) in respect of Offered Notes:

(i) in relation to an Offered Note, the principal amount of that Offered Note upon issue less the aggregate amount of any principal payments in respect of that Offered Note which have been paid; or

(ii) in relation to a Class of Offered Notes, the aggregate of the amount in (a) in respect of all Offered Notes outstanding in such Class;

(iii) in relation to the Offered Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Offered Notes outstanding, regardless of Class; and

(b) in respect of Loan Notes:

(i) in relation to a Loan Note, the principal amount of that Loan Note upon issue less the aggregate amount of any principal payments in respect of that Loan Note which have been paid;

(ii) in relation to a class of Loan Notes, the aggregate of the amount in (b) in respect of all Loan Notes outstanding in such class;

(iii) in relation to the Loan Notes outstanding at any time, the aggregate of the amount in (b) in respect of all Loan Notes outstanding, regardless of class;

Calculation Date:

Means the date falling two (2) Business Days before a Payment Date (the "**Calculation Date**").

Available Interest Distribution Amount:

"Available Interest Distribution Amount" means, in respect of any Payment Date, the amount calculated by the Loan Notes Transaction Manager on the Calculation Date immediately preceding such Payment Date equal to the sum of:

- (a) the Collections (other than any Principal Receipts) received during the Collection Period immediately preceding such Payment Date;
- (b) payment (if any) to be received from the Interest Rate Swap Counterparty on such Payment Date under the Interest Rate Swap Agreement (other than payment of collateral);
- (c) the amount of any Liquidity Drawing made or to be made on such Payment Date;
- (d) the amount of any Cash Reserve Drawing made or to be made on such Payment Date or any amount released from the Cash Reserve Account as a result of the Cash Reserve Account Required Balance being reduced on such Payment Date;
- (e) interest accrued and credited to the Loan Notes Issuer Accounts during the relevant Collection Period;
- (f) all amounts received or recovered in respect of any Realised Losses;
- (g) any amounts received from the Political Risk Payor under the Political Risk Interest Payment Contract;
- (h) all Collections and other amounts received or recovered under any Mortgage Loan after a Deemed Principal Loss is recorded with respect to such Mortgage Loan; and
- (i) any portion of the Available Principal Distribution Amount remaining after the redemption in full of the Class A Loan Notes, the Class B Loan Notes and the Class C Loan Notes.

The Available Interest Distribution Amount will be applied by the Loan Notes Issuer on each Payment Date in accordance with the Pre-Enforcement Loan Notes Interest Payments Priorities.

**Pre-Enforcement Loan Notes
Interest Payments Priorities:**

Prior to the delivery of a Loan Notes Enforcement Notice, the Available Interest Distribution Amount determined in respect of the Collection Period ending immediately preceding the relevant Payment Date will be applied by the Loan Notes Transaction Manager on such Payment Date in making the following payments or provisions in the following order of priority (the "**Pre-Enforcement Loan Notes Interest Payments Priorities**"), but in each case only to the extent that all payments or provisions of a higher priority that fall due to be paid or provided for on such Payment Date have been made in full:

- (a) *first*, in or towards the Loan Notes Minimum Required Issuer Payment Amount (if payable on such date);
- (b) *second*, in or towards payment *pari passu* on a *pro rata* basis of the Senior Expenses and fees due to the Loan Notes Trustee and the Rating Agencies;
- (c) *third*, to pay to the Issuer when due any Issuer Expenses payable by the Issuer (or which are expected to become due and payable after that Payment Date and prior to the following Payment Date) the amount of which is to be paid by the Loan Notes Issuer to the Issuer under the Loan Notes Subscription Agreement;
- (d) *fourth*, in or towards payment of the Back-up Servicer's Start-up Fee related to taking over the servicing duties under the Back-up Servicing Agreement;
- (e) *fifth*, in or towards payment *pari passu* on a *pro rata* basis

fees due and payable to the Servicer, the Back-up Servicer, the Custodian, the Loan Notes Transaction Manager, the Loan Notes Account Bank, the Kazakhstani Account Bank and the Loan Notes Agent;

- (f) *sixth*, in or towards payment of amounts due to the Political Risk Payor under the Political Risk Interest Payment Contract;
- (g) *seventh*, in or towards payment of amounts due under the Liquidity Facility Agreement;
- (h) *eighth*, in or towards payment *pari passu* on a *pro rata* basis of any amounts due to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement other than any termination amount due to the Interest Rate Swap Counterparty where the Interest Rate Swap Counterparty has defaulted in its obligations under the Interest Rate Swap Agreement);
- (i) *ninth*, in or towards payment of any Interest Amount due to the Class A Loan Notes;
- (j) *tenth*, in or towards reduction of the debit balance on the Class A Principal Deficiency Ledger to zero;
- (k) *eleventh*, in or towards payment of any Interest Amount due to the Class B Loan Notes but so that interest that has accrued in the immediately preceding Interest Period will be paid prior to any Deferred Interest Amount Arrears, and any Deferred Interest Amount Arrears will be paid prior to any default interest (if applicable) on any such Deferred Interest Amount Arrears in accordance with Loan Notes Conditions 7.4 (*Interest Payments*) and 7.14 (*Priority of Payment of Interest and Deferred Interest*);
- (l) *twelfth*, in or towards reduction of the debit balance on the Class B Principal Deficiency Ledger to zero;
- (m) *thirteenth*, in or towards payment of any Interest Amount due to the Class C Loan Notes that has accrued in the immediately preceding Interest Period will be paid prior to any Deferred Interest Amount Arrears, and any Deferred Interest Amount Arrears will be paid prior to any default interest on any such Deferred Interest Amount Arrears in accordance with Loan Notes Conditions 7.4 (*Interest Payments*) and 7.14 (*Priority of Payment of Interest and Deferred Interest*);
- (n) *fourteenth*, in or towards reduction of the debit balance on the Class C Principal Deficiency Ledger to zero;
- (o) *fifteenth*, in or towards payment of amounts necessary to achieve the Cash Reserve Account Required Balance;
- (p) *sixteenth*, in or towards payment of Subordinated Step-up Margin on Class A Loan Notes;
- (q) *seventeenth*, in or towards payment of Subordinated Step-up Margin on Class B Loan Notes;
- (r) *eighteenth*, in or towards payment of Subordinated Step-up Margin on Class C Loan Notes;
- (s) *nineteenth*, in or towards payment of amounts due to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement where the Interest Rate Swap Counterparty has defaulted on its obligations under the Interest Rate Swap Agreement;

- (t) *twentieth*, in or towards payment of the Mezzanine Note Interest due on the Mezzanine Notes;
- (u) *twenty-first*, in or towards payment of the Subordinated Note Interest due on the Subordinated Notes;
- (v) *twenty-second*, in or towards repayment of principal due on the Mezzanine Notes;
- (w) *twenty-third*, in or towards repayment of principal due on the Subordinated Notes until the Principal Amount Outstanding of the Subordinated Notes is equal to the Subordinated Notes Mandatory Outstanding Amount; and
- (x) *twenty-fourth*, all other remaining amounts in payment of the Subordinated Note Variable Margin due under the Subordinated Notes.

"Loan Notes Minimum Required Issuer Payment Amount" shall mean the amount agreed to be paid by the Loan Notes Issuer into the Loan Notes Euro Corporate Account, for the purposes of paying the Loan Notes Issuer's ongoing operational costs and expenses and its Netherlands tax liabilities, including the costs of preserving the corporate existence of the Loan Notes Issuer which on the first Payment Date in May 2007 shall be EUR 25,000 and on each first Payment Date for each calendar year thereafter shall be EUR 15,000.

Available Principal Distribution Amount:

"Available Principal Distribution Amount" means, in respect of any Payment Date, the amount calculated by the Loan Notes Transaction Manager as at the Calculation Date immediately preceding such Payment Date as being equal to:

- (a) the Principal Receipts as received during the Collection Period immediately preceding such Payment Date; and
- (b) such amount of the Available Interest Distribution Amount as is credited to the Loan Notes Issuer Principal Amount and which is applied by the Loan Notes Transaction Manager on such Payment Date in reducing the debit balance on the Principal Deficiency Ledger.

Pre-Enforcement Loan Notes Principal Payments Priorities:

Prior to the delivery of a Loan Notes Enforcement Notice, the Available Principal Distribution Amount determined by the Loan Notes Transaction Manager in respect of the Collection Period ending immediately preceding each Payment Date will be applied by the Loan Notes Transaction Manager on such Payment Date in making the following payments in the following order of priority (the **"Pre-Enforcement Loan Notes Principal Payments Priorities"**) but in each case only to the extent that all payments of a higher priority that fall due to be paid on such Payment Date have been made in full:

- (a) *first*,
 - (i) if the Pro-Rata Conditions are not satisfied on such Payment Date:
 - (A) *first*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class A Loan Notes until the Class A Loan Notes have been redeemed in full;
 - (B) *second*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class B Loan Notes until the Class B Loan Notes have been redeemed in full;

- (C) *third*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class C Loan Notes until the Class C Loan Notes have been redeemed in full; or
- (ii) if the Pro-Rata Conditions are satisfied on such Payment Date, in or towards on a *pari passu* and *pro rata* basis payment of the Principal Amount Outstanding of the Class A Loan Notes, the Principal Amount Outstanding of the Class B Loan Notes and the Principal Amount Outstanding of the Class C Loan Notes until the Class A Loan Notes, the Class B Loan Notes and the Class C Loan Notes have been redeemed in full; and
- (b) *second*, to be transferred to the Loan Notes Issuer Interest Account and to form part of the Available Interest Distribution Amount.

Post-Enforcement Loan Notes Payments Priorities:

Following the delivery of a Loan Notes Enforcement Notice, all amounts received or recovered by the Loan Notes Issuer and/or the Loan Notes Trustee will be applied by the Loan Notes Transaction Manager or the Loan Notes Trustee in making the following payments in the following order of priority (the "**Post-Enforcement Loan Notes Payments Priorities**"), but in each case only to the extent that all payments of a higher priority have been made in full:

- (a) *first*, in or towards payment *pari passu* on a *pro rata* basis of (i) any remuneration then due and payable to any receiver of the Loan Notes Issuer and all costs, expenses and charges incurred by such receiver; (ii) the Loan Notes Trustee's Fees; (iii) the Senior Expenses and (iv) any amount due in respect of Issuer Expenses;
- (b) *second*, in or towards payment, only when due and *pari passu* with each other on a *pro rata* basis, of any fees, liabilities, costs or expenses payable by the Loan Notes Issuer to the Corporate Services Provider, the Rating Agencies, the Loan Notes Agent, the Custodian, the Luxembourg Paying Agent, the Loan Notes Transaction Manager, the Kazakhstani Account Bank, the Loan Notes Accounts Bank, the Issuer Account Bank, the Issuer Agents, the Custodian, the Servicer and the Back-up Servicer;
- (c) *third*, in or towards payment, only when due and *pari passu* with each other, on a *pro rata* basis of any amounts due and payable by the Loan Notes Issuer to third parties (not being a Loan Notes Transaction Party) including any liabilities payable in connection with:
 - (i) any advertising, publication, communication and printing expenses including postage telephone and telex charges; and
 - (ii) any other amounts then due and payable to third parties and incurred without breach by the Loan Notes Issuer of the provisions of the Loan Notes Transaction Documents;
- (d) *fourth*, in or towards payment of amounts due to the Political Risk Payor under the Political Risk Interest Payment Contract;
- (e) *fifth*, in or towards payment of any amounts due and

- payable to the Liquidity Facility Provider;
- (f) *sixth*, in or towards payment of any amounts due to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement other than any termination amount due to the Interest Rate Swap Counterparty where the termination is due to the Interest Rate Swap Counterparty defaulting on its obligations under the Interest Rate Swap Agreement;
 - (g) *seventh*, in or towards payment *pari passu* on a *pro rata* basis of any Interest Amount due on the Class A Loan Notes;
 - (h) *eighth*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class A Loan Notes until all Class A Loan Notes have been redeemed in full;
 - (i) *ninth*, in or towards payment of any Interest Amount due on the Class B Loan Notes *pari passu* on a *pro rata* basis, but so that interest that has accrued in the immediately preceding Interest Period will be paid prior to any Deferred Interest Amount Arrears, and any Deferred Interest Amount Arrears will be paid prior to any default interest (if applicable) on any such Deferred Interest Amount Arrears in accordance with Loan Notes Condition 7.14 (*Priority of Payment of Interest and Deferred Interest*);
 - (j) *tenth*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class B Loan Notes until all Class B Loan Notes have been redeemed in full;
 - (k) *eleventh*, in or towards payment of any Interest Amount due on the Class C Loan Notes *pari passu* on a *pro rata* basis, but so that interest that has accrued in the immediately preceding Interest Period will be paid prior to any Deferred Interest Amount Arrears, and any Deferred Interest Amount Arrears will be paid prior to any default interest (if applicable) on any such Deferred Interest Amount Arrears in accordance with Loan Notes Condition 7.14 (*Priority of Payment of Interest and Deferred Interest*);
 - (l) *twelfth*, in or towards payment of *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class C Loan Notes until all Class C Loan Notes have been redeemed in full;
 - (m) *thirteenth*, in or towards payment of the Subordinated Step-up Margin on Class A Loan Notes;
 - (n) *fourteenth*, in or towards payment of the Subordinated Step-up Margin on Class B Loan Notes;
 - (o) *fifteenth*, in or towards payment of the Subordinated Step-up Margin on Class C Loan Notes;
 - (p) *sixteenth*, in or towards payment of amounts due to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement where the Interest Rate Swap Counterparty has defaulted on its obligations under the Interest Rate Swap Agreement;
 - (q) *seventeenth*, in or towards payment of the Mezzanine Note Interest;
 - (r) *eighteenth*, in or towards payment of Subordinated Note

Interest due on the Subordinated Notes;

- (s) *nineteenth*, in or towards payment of principal due on the Mezzanine Notes until the Mezzanine Notes have been redeemed in full;
- (t) *twentieth*, in or towards payment of principal due on the Subordinated Notes until the Principal Amount Outstanding of the Subordinated Notes is equal to the Subordinated Notes Principal Amount; and
- (u) *twenty-first*, all other remaining amounts in payment of the Subordinated Note Variable Margin due under the Subordinated Notes.

Mandatory Redemption:

Final Redemption: Unless previously redeemed as provided in Loan Notes Condition 8 (*Final Redemption, Mandatory Redemption in Part and Optional Redemption*), the Loan Notes Issuer shall redeem the Loan Notes in each class at their Principal Amount Outstanding on the Final Legal Maturity Date.

Pro-Rata Mandatory Redemption in part of the Loan Notes: On each Payment Date the Pro-Rata Conditions are satisfied, the Loan Notes Issuer will cause any Available Principal Distribution Amount on such Payment Date to be applied in accordance with the Pre-Enforcement Loan Notes Payments Priorities in or towards payment on a *pari passu* and *pro rata* basis of the Principal Amount Outstanding of the Loan Notes in an amount rounded down to the nearest US\$ and as determined on the related Calculation Date.

Sequential Mandatory Redemption in part of the Loan Notes: On each Payment Date the Pro-Rata Conditions are not satisfied the Loan Notes Issuer will cause any Available Principal Distribution Amount on such Payment Date to be applied in accordance with the Pre-Enforcement Loan Notes Payments Priorities in the redemption in part of the Principal Amount Outstanding of each class of the Loan Notes determined as at the related Calculation Date in the following amounts and in the following sequential order of priority, in each case the relevant amount being applied to each class divided by the number of Loan Notes outstanding in such class:

- (a) in the case of each Class A Loan Note, in an amount equal to the lesser of the Available Principal Distribution Amount and the Principal Amount Outstanding of the Class A Loan Notes;
- (b) in the case of each Class B Loan Note, in an amount equal to the lesser of the Available Principal Distribution Amount (minus the amount to be applied in redemption of any Class A Loan Notes (if any) on such Payment Date) and the Principal Amount Outstanding of the Class B Loan Notes; and
- (c) in the case of each Class C Loan Note, in an amount equal to the lesser of the Available Principal Distribution Amount (minus the amount to be applied in redemption of the Class A Loan Notes and the Class B Loan Notes (if any) on such Payment Date) and the Principal Amount Outstanding of the Class C Loan Notes;

in each case in an amount rounded down to the nearest US\$ of the relevant class of Loan Notes.

Post-Enforcement Sequential Mandatory Redemption of the Offered Notes: After the delivery of a Loan Notes Enforcement Notice, the Loan Notes Issuer will cause all amounts received or

recovered by the Loan Notes Issuer and/or the Loan Notes Trustee and not already applied towards payment of items appearing earlier in the Post-Enforcement Loan Notes Payments Priorities to be applied in the redemption in full of each class of Loan Notes in the following sequential order of priority, in each case the relevant amount being applied to each class divided by the number of Loan Notes outstanding in such class:

- (a) in the case of each Class A Note, in an amount equal to the Principal Amount Outstanding of the Class A Loan Notes;
- (b) in the case of each Class B Loan Note, in an amount equal to the Principal Amount Outstanding of the Class B Loan Notes; and
- (c) in the case of each Class C Loan Note in an amount equal to the Principal Amount Outstanding of the Class C Loan Notes, in each case in an amount rounded down to the nearest US\$ of the relevant class of Loan Notes.

Optional Redemption in Whole:

The Loan Notes Issuer may, subject to Loan Notes Conditions 8.8 (*Optional Redemption in whole*) and 8.9 (*Optional Redemption in whole for taxation reasons*), redeem all (but not some only) of the Loan Notes, in each class at their Principal Amount Outstanding together with accrued interest, on any Payment Date:

- (a) falling on or after the Calculation Date on which the Aggregate Minimum Principal Outstanding Amount of the Mortgage Loans is equal to or less than 10 per cent. of the Aggregate Principal Outstanding Amount of the Mortgage Loans as at the Closing Date; or
- (b) after the date on which, by virtue of a change in Tax law of any applicable jurisdiction (or the application or official interpretation of such Tax law), the Loan Notes Issuer would be required to make any deduction or withholding on account of Tax (a "**Tax Deduction**") from any payment in respect of the Loan Notes; or
- (c) after the date on which, by virtue of a change in Tax law of any applicable jurisdiction (or the application or official interpretation of such Tax law), either the Loan Notes Issuer or the Interest Rate Swap Counterparty would be required to make a Tax Deduction from any payment to be made by it in respect of any Interest Rate Swap Agreement as applicable; or
- (d) after the date on which, by virtue of a change in the Tax law of any applicable jurisdiction (or the application or official interpretation of such tax law), the Loan Notes Issuer would not be entitled to relief for the purposes of such Tax law for any material amount which it is obliged to pay, or the Loan Notes Issuer would be treated as receiving for the purposes of such Tax law any material amount which it is not entitled to receive, in each case under the Loan Notes Transaction Documents; or
- (e) after the date on which, by virtue of a change in Tax law of any applicable jurisdiction (or the application or official interpretation of such Tax law), the Servicer would be required to make a Tax Deduction from any payment it needs to make pursuant to the Servicing Agreement; or
- (f) if the total amount payable in respect of any Mortgage Loan ceases to be receivable by the Issuer, including as a result of the Servicer or any of the Debtors being obliged to make a Tax Deduction in respect of any payment in

relation to any Mortgage Loan; or

(g) falling on or after the Call Date.

Loan Notes Events of Default: The following shall be Loan Notes Events of Default in respect of the Loan Notes, as set forth in Loan Notes Condition 12 (*Loan Notes Events of Default*): non-payment of certain amounts (excluding any Subordinated Step-Up Margin), breach of other obligations, the Loan Notes Issuer's insolvency and unlawfulness.

Non Petition: Neither the Loan Notes Trustee nor any Loan Notes Secured Creditor will be entitled to, until the expiry of two (2) years and one (1) day after the payment of all sums outstanding and owing in respect of the latest maturing Offered Note:

- (a) take any corporate action or other steps or legal proceedings for the winding-up, dissolution or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of the Loan Notes Issuer or of any or all of the Loan Notes Issuer's revenues and assets; or
- (b) have any right to take any steps for the purpose of obtaining payment of any amounts payable to them under the Loan Notes or the Loan Notes Transaction Documents by the Loan Notes Issuer and shall not until such time take any steps to recover any debts whatsoever owing to them by the Loan Notes Issuer.

Notwithstanding the above, the Loan Notes Trustee shall be entitled to execute any right, power or remedy under the Loan Notes Deed of Charge, the Loan Notes Trust Deed, the Pledge of Loan Notes Accounts Agreement, the Collection Accounts Security Deed, or any other agreement entered into in connection with the Loan Notes or the other Loan Notes Transaction Documents to which it is a party with respect to the Loan Notes Security and the Loan Notes Trustee and shall apply the proceeds of realisation of the Loan Notes Security in accordance with the Post-Enforcement Loan Notes Payments Priorities.

Governing Law: The Loan Notes and the Loan Notes Transaction Documents to which the Loan Notes Issuer is a party (save for the Mortgage Sale Agreement, the Pledge of Loan Notes Accounts Agreement, the Loan Notes Corporate Services Agreement and the Political Risk Interest Payment Contract) will be governed by English law. The Loan Notes Corporate Services Agreement and the Pledge of Loan Notes Accounts Agreement are governed by Dutch law. The Mortgage Sale Agreement is governed by Kazakhstani law. The Political Risk Interest Payment Contract is governed by the Political Risk Interest Payment Contract and the Convention Establishing the Multilateral Investment Guarantee Agency dated 11 October 1985 (the "**MIGA Convention**") and general principles of law (to the extent that issues in dispute are not covered by the Political Risk Interest Payment Contract or the MIGA Convention).

OVERVIEW OF THE TRANSACTION

Sale and Purchase of Mortgage Certificates:

Under the terms of the Mortgage Sale Agreement which was entered into on 20 January 2006, and which will be amended and restated on or about the Closing Date (the "**Mortgage Sale Agreement**") the Originator sold to the Loan Notes Issuer and the Loan Notes Issuer purchased from the Originator prior to the Closing Date certain Mortgage Certificates together with the purchase and assignment of the Related Security and the Ancillary Rights.

"Mortgage Certificates" means order securities, issued in accordance with the Law on Mortgage of Immovable Property, representing the rights to payments under a Mortgage Loan and which confirm the Originator's right to the Mortgage Loans under the Loan Agreement and the right to enforce the mortgage (security interest) over the Property under the Mortgage Agreement.

"Related Security" means the primary underlying Mortgage relating to each Mortgage Certificate and any corresponding Guarantee that is transferred to the Loan Notes Issuer (such transfer taking place by operation of law) together with the relevant Mortgage Certificate.

"Ancillary Rights" means, with respect to any Mortgage Loan and to the extent such is assignable:

- (a) all Adverse Claims of the Originator on any property from time to time, if any, purporting to secure payment of such Mortgage Loan, whether pursuant to the Underlying Origination Agreement related to such Mortgage Loan or otherwise, together with all financing statements signed by a Debtor describing any collateral security securing such Mortgage Loans;
- (b) all other agreements or arrangements of whatever character from time to time supporting or securing payment of such Mortgage Loan, whether pursuant to the Underlying Origination Agreement related to such Mortgage Loan or otherwise;
- (c) all Records related to such Mortgage Loan; and
- (d) all proceeds at any time, arising in any way, out of the resale, redemption or other disposal of (net of collection costs), or dealing with, or judgments relating to, any of the foregoing, any debts represented thereby, and all rights of action against any person in connection therewith.

Consideration for Purchase of the Mortgage Certificates:

In consideration for the purchase by the Loan Notes Issuer of the Mortgage Certificates and the purchase and the assignment of the Related Security and the Ancillary Rights (to the extent the Ancillary Rights are assignable as a matter of Kazakhstani law) pursuant to the Mortgage Sale Agreement, the Loan Notes Issuer paid to the Originator an amount equal to the Aggregate Principal Outstanding Amount of each Mortgage Loan represented by a Mortgage Certificate purchased by the Loan Notes Issuer (the "**Purchase Price**").

Eligibility Criteria and Lending Criteria	The Originator has confirmed that, as at the Closing Date, the Mortgage Loans comply with certain eligibility criteria and lending criteria (respectively the " Eligibility Criteria " and the " Lending Criteria "). See " Overview of Loan Notes Transaction Documents - Mortgage Sale Agreement - Representations and Warranties as to the Mortgage Loans ".
Repurchase Event:	A " Repurchase Event " means any Reporting Date when a Mortgage Loan is determined to have not been compliant with the Eligibility Criteria (other than items (xxi), (xxiv) and (xxx) of the Eligibility Criteria) (a " Non-Eligible Mortgage Loan ").
Servicing of the Mortgage Loans:	<p>Pursuant to the terms of the Servicing Agreement, the Servicer has agreed to administer and service on behalf of the Loan Notes Issuer the Mortgage Loans sold by the Originator to the Loan Notes Issuer and, in particular, to:</p> <ul style="list-style-type: none"> (a) administer the Mortgage Loans, the Related Security, the Ancillary Rights and all other related matters in accordance with the Servicing Agreement; (b) endeavour to recover amounts due from the Debtors in accordance with the Credit and Collection Policies and in particular (but without prejudice to the generality of the foregoing) exercise all enforcement measures concerning amounts due from the Debtors; (c) exercise such discretion in administering the Mortgage Loans as it would if it owned the Mortgage Loans, the Related Security and the Ancillary Rights beneficially; (d) ensure and observe that the Debtors make all payments in respect of the Mortgage Loans directly into the Collection Accounts; and (e) transfer on a daily basis all Collections, including any payment of Insurance Proceeds received by the Originator, from the Collection Accounts to the Operating Accounts of the Loan Notes Issuer.
Collection Period:	Means the period from and including the first day of the calendar month to, but excluding, the first day of the immediately following calendar month or in the case of the first Collection Period, the period from and including the date of the Closing Date to, but excluding, the first day of the calendar monthly following such date (the " Collection Period ").
Servicer Reporting:	BTAI, in its capacity as the Servicer, is required pursuant to the Servicing Agreement to deliver to the Loan Notes Issuer, the Loan Notes Transaction Manager, the Issuer, the Rating Agencies and the Interest Rate Swap Counterparty a report (the " Monthly Report ") and a pool report (the " Pool Report ", and together with the Monthly Report, the " Servicer Reports ") no later than 5 Business Days before the Payment Date to which the Collection Period detailed in the Servicer Reports relates (the " Reporting Date ").

**Loan Notes Transaction
Manager Reporting:**

The Servicer Reports will form part of an investor report to be in a form agreed between the Loan Notes Issuer and the Loan Notes Trustee (the "**Investor Report**") to be delivered by the Loan Notes Transaction Manager to, *inter alia*, the Loan Notes Trustee, the Political Risk Payor, the Issuer Agents, the Loan Notes Agent, the Rating Agencies, the Issuer, the Interest Rate Swap Counterparty and the Liquidity Facility Provider not less than two (2) Business Days prior to each Payment Date.

Loan Notes Accounts:

The Loan Notes Issuer has established a loan note euro corporate account (the "**Loan Notes Euro Corporate Account**") with the Loan Notes Account Bank for the purposes of depositing share capital and the Loan Notes Minimum Required Issuer Payment Amount.

The Kazakhstani Account Bank, on behalf of the Loan Notes Issuer, has established a US\$ denominated interest account and a US\$ denominated principal account (together, the "**US\$ Operating Accounts**"), a KZT denominated interest account and a KZT denominated principal account in Kazakhstan in the name of the Loan Notes Issuer (the "**KZT Operating Accounts**" and, together with the US\$ Operating Accounts, the "**Operating Accounts**").

The Loan Notes Account Bank on behalf of the Loan Notes Issuer has established in the Loan Notes Issuer's name the Loan Notes Euro Corporate Account, an interest account (the "**Loan Notes Issuer Interest Account**") and a principal account (the "**Loan Notes Issuer Principal Account**" and, together with the Loan Notes Issuer Interest Account, the "**Loan Notes Issuer Accounts**"), a cash reserve account (the "**Cash Reserve Account**" and, together with the Loan Notes Issuer Accounts, the Loan Notes Euro Corporate Account and the Operating Accounts, the "**Loan Notes Accounts**").

The Loan Notes Accounts will be operated by the Loan Notes Transaction Manager in accordance with the terms of the Loan Notes Transaction Management Agreement.

The Servicer will on each Business Day, transfer to the Operating Accounts all amounts credited to the Collection Accounts (including any payment of insurance proceeds) on the previous Business Day as such amounts relate to the Mortgage Loans.

Collection Accounts:

All Collections received by the Servicer from a Debtor pursuant to a Mortgage Loan will be credited by the Servicer to the Collection Accounts. The Collection Accounts will be operated by the Servicer in accordance with the terms of the Servicing Agreement.

**Issuer Account and Euro
Corporate Account:**

The Issuer Account Bank, on behalf of the Issuer, has established in the Issuer's name an issuer account (the "**Issuer Account**") and a euro corporate account (the "**Euro Corporate Account**").

The Issuer Account and the Euro Corporate Account will be operated by the Transaction Manager in accordance with the terms of the Transaction Management Agreement.

**Payments from Operating
Accounts:**

The Loan Notes Issuer shall instruct the Kazakhstani Account Bank to (i) convert all funds standing to the credit of the KZT Operating Accounts to US\$ and credit such amounts to the US\$ Operating Accounts on each day that such a conversion is operationally possible (or, where it is not possible on any day, to make such a conversion as soon as it is possible to do so); and (ii)

following the conversion under (i) on the same day to transfer all funds standing to the credit of the US\$ Operating Accounts to the Loan Notes Issuer Accounts held with the Loan Notes Account Bank (or, where is not operationally possible to make such a transfer on the same day, on the next day it is possible to do so).

Use of Loan Notes Issuer's funds to reduce or eliminate a Payment Shortfall:

If, in respect of a Payment Date, the Loan Notes Transaction Manager determines as at the Calculation Date immediately preceding such Payment Date that, prior to the making of a Cash Reserve Drawing or a Liquidity Drawing, there will be a shortfall in the Available Interest Distribution Amount which is available to be applied in making payment or provision in full for items (a) to (n) in the Pre-Enforcement Loan Notes Interest Payments Priorities on such Payment Date (the "**Payment Shortfall**"):

- (a) *first*, to the extent that there is a credit balance on the Cash Reserve Account, make a drawing therefrom (a "**Cash Reserve Drawing**") in an amount equal to the lesser of such Payment Shortfall and the credit balance on the Cash Reserve Account and add such amount to the Loan Notes Issuer Interest Account on or prior to the related Payment Date to form part of the Available Interest Distribution Amount on such Payment Date to reduce or, as applicable, eliminate such Payment Shortfall; and
- (b) *second*, if after the making of a Cash Reserve Drawing subject to item (ii) there remains a Payment Shortfall, procure that a drawing is made under the Liquidity Facility Agreement (a "**Liquidity Drawing**") of an amount equal to the lesser of the remaining Payment Shortfall and the amount available to be drawn under the Liquidity Facility Agreement in accordance with the Liquidity Facility Agreement which provides *inter alia* that Liquidity Drawings cannot be made in respect of payments due under items (j), (l) and (n) of the Pre-Enforcement Loan Notes Interest Payments Priorities and add such amount to the Loan Notes Issuer Interest Account on or prior to the related Payment Date to form part of the Available Interest Distribution Amount on such Payment Date to reduce, or as applicable, eliminate such Payment Shortfall.

Cash Reserve Account:

The Loan Notes Account Bank on behalf of the Loan Notes Issuer has established in the Loan Notes Issuer's name the Cash Reserve Account, into which an amount equal to US\$[●●●] from the net proceeds of the Subordinated Notes issued by the Loan Notes Issuer will be transferred.

Funds will be debited and credited to the Cash Reserve Account in accordance with the payment instructions of the Loan Notes Transaction Manager, on behalf of the Loan Notes Issuer, in accordance with the terms of the Loan Notes Transaction Management Agreement.

Replenishment of Cash Reserve Account:

On each Payment Date, to the extent that monies are available for such purpose, amounts (if required) will be credited to the Cash Reserve Account in accordance with the Pre-Enforcement Loan Notes Interest Payments Priorities until the amount standing to the credit thereof equals the Cash Reserve Account Required Balance.

Cash Reserve Account

"Cash Reserve Account Required Balance" means (a) on the Closing Date, [2.5] per cent of the aggregate Principal Amount

Required Balance

Outstanding of the Class A Loan Notes, the Class B Loan Notes and the Class C Loan Notes on the Closing Date (b) following the date which is twenty-four (24) calendar months after the Closing Date, an amount corresponding to the lower of (i) the amount calculated in accordance with (a) above and (ii) the higher of (A) [5]% of the Aggregate Minimum Principal Outstanding Amount of the Mortgage Loans as determined by the Loan Notes Transaction Manager and (B) [US\$ 1,000,000] provided that the Cash Reserve Account Required Balance shall not be reduced on any Payment Date if:

- (a) the Aggregate Minimum Principal Outstanding Amount of Mortgage Loans which are more than 90 days in arrears on the relevant Calculation Date exceeds 3% of the Aggregate Minimum Principal Amount Outstanding of the Mortgage Loans;
- (b) the Trigger Ratio is not satisfied;
- (c) a drawing has been made on the Cash Reserve Account;
or
- (d) a Potential Servicer Termination Event has occurred and is continuing.

Drawings from Cash Reserve Account:

The Loan Notes Issuer may make a drawing from the Cash Reserve Account on any Payment Date, subject to the availability of funds therein, prior to the redemption in full of the Principal Amount Outstanding of the Class A Loan Notes, Class B Loan Notes and Class C Loan Notes, in order to reduce or eliminate a shortfall in respect of payments due under items (a) to (n) of the Pre-Enforcement Loan Notes Interest Payment Priorities on such Payment Date.

Distributions from the Loan Notes Issuer Interest Account:

The Loan Notes Transaction Manager, on behalf of the Loan Notes Issuer, will make distributions from the Loan Notes Issuer Interest Account on each Payment Date and on each such date when the Senior Expenses become due.

"Senior Expenses" means the expenses of the Loan Notes Issuer incurred in the normal course of its business insofar as such business comprises the ownership of the Mortgage Certificates and is consistent with the activity of a special purpose vehicle in a structured debt transaction of the nature contemplated by the Loan Notes Transaction Documents, including, without limitation:

- (a) any taxation due from the Loan Notes Issuer to any taxation authority (other than any Netherlands corporate income tax, which shall be paid from the Loan Notes Euro Corporate Account);
- (b) any fees payable together with VAT thereon to the Corporate Services Provider;
- (c) any fees together with VAT thereon due from the Loan Notes Issuer to the auditors of the Loan Notes Issuer;
- (d) any fees payable together with VAT thereon to the Loan Notes Account Bank or the Kazakhstani Account Bank;
- (e) any fees associated with the filing or registration of any Loan Notes Transaction Documents;

- (f) any amounts payable to any law or any regulatory direction with whose directions the Loan Notes Issuer is accustomed to comply;
- (g) any fees together with VAT thereon due from the Loan Notes Issuer to the professional advisors of the Loan Notes Issuer (other than any Transaction Party); and
- (h) all out of pocket costs and expenses associated with maintaining the licences and registrations necessary for the purposes of the Loan Notes Issuer's business, which are not paid by the Corporate Services Provider from the Loan Notes Euro Corporate Account,

but excluding those other costs and expenses otherwise specified in the Loan Notes Payments Priorities.

Principal Deficiency Ledger:

The Loan Notes Issuer will establish in its books a principal deficiency ledger comprising three sub-ledgers (the "**Class A Principal Deficiency Ledger**", the "**Class B Principal Deficiency Ledger**" and the "**Class C Principal Deficiency Ledger**" and together the "**Principal Deficiency Ledgers**") and, on each Payment Date, the Loan Notes Transaction Manager shall record any Deemed Principal Losses and any Realised Losses in relation to the Mortgage Loans that have occurred in the related Collection Period (the "**Principal Deficiency**") by debiting the Principal Deficiency Ledger.

Any Principal Deficiency will be debited to the Class C Principal Deficiency Ledger so long as the debit balance on the Class C Principal Deficiency Ledger is not greater than the Principal Amount Outstanding of the Class C Loan Notes and, thereafter, any Principal Deficiency will be debited to the Class B Principal Deficiency Ledger so long as the debit balance on the Class B Principal Deficiency Ledger is not greater than the Principal Amount Outstanding of the Class B Loan Notes and, thereafter, will be debited to the Class A Principal Deficiency Ledger.

Liquidity Ledger:

The Loan Notes Issuer will establish in its books a liquidity ledger ("**Liquidity Ledger**") used to record amounts added to such ledger upon the making of a Liquidity Drawing.

Interest Rate Swap Agreement:

The Loan Notes Issuer will enter into a hedging arrangement with the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement. The Interest Rate Swap Agreement will be documented in the form of the International Swaps and Derivatives Association's 1992 Master Agreement, together with the schedule and confirmation thereto. Under the Interest Rate Swap Agreement the Loan Notes Issuer will agree to pay on each Payment Date amounts calculated by reference to a fixed rate of interest (provided that in the event that on such Payment Date, there is insufficient Available Interest Distribution Amounts to make full payment of all amounts due on such date to the Interest Rate Swap Counterparty, all payments made by the Interest Rate Swap Counterparty to the Loan Notes Issuer shall be reduced by the same percentage as any payments by the Loan Notes Issuer to the Interest Rate Swap Counterparty may be reduced) and the Interest Rate Swap Counterparty will agree to pay to the Loan Notes Issuer on each Payment Date, amounts calculated by reference to the US\$ LIBOR used in determining the rate of interest applicable to the relevant Class of Loan Notes, on a notional amount equal at any time to the Principal Amount Outstanding (as defined in Loan Notes Condition 5(b)) of the Loan

Notes from time to time (see "**Overview of Loan Notes Transaction Documents – Interest Rate Swap Agreement**").

Liquidity Facility Agreement: On or before the Closing Date, the Loan Notes Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider for an initial amount of 5 per cent. of the aggregate Principal Amount Outstanding of the Class A Loan Notes, the Class B Loan Notes and the Class C Loan Notes on the Closing Date.

The Liquidity Facility will be a 364 day revolving facility which will enable the Issuer to make Liquidity Drawings thereunder in order to reduce or eliminate any Payment Shortfall (other than items (j) and (l) and (n) of the Pre-Enforcement Loan Notes Interest Payment Priorities) on a Payment Date (see "**Overview of Loan Notes Transaction Documents – Liquidity Facility Agreement**").

Mezzanine Notes Purchase Agreement: On the Signing Date, the Loan Notes Issuer and the Loan Notes Trustee will enter into the Mezzanine Notes Purchase Agreement with the Mezzanine Notes Purchaser, under which the Mezzanine Notes Purchaser will purchase from the Loan Notes Issuer the Mezzanine Notes on the Closing Date (see "**Overview of Loan Notes Transaction Documents - Mezzanine Notes Purchase Agreement**").

Subordinated Notes Purchase Agreement: On the Signing Date, the Loan Notes Issuer and the Loan Notes Trustee will enter into the Subordinated Notes Purchase Agreement with Subordinated Notes Purchaser under which the Subordinated Notes Purchaser will purchase from the Loan Notes Issuer the Subordinated Notes on the Closing Date (see "**Overview of Loan Notes Transaction Documents - Subordinated Notes Purchase Agreement**").

Political Risk Interest Payment Contract: On the Closing Date, the Loan Notes Trustee (acting pursuant to a power of attorney by the Loan Notes Issuer authorising the Loan Notes Trustee to represent the Loan Notes Issuer and to take legally binding decisions on behalf of the Loan Notes Issuer) and the Political Risk Payor will enter into the Political Risk Interest Payment Contract under which the Political Risk Payor will agree to provide payments in respect of the inability of the Loan Notes Issuer to convert KZT into US\$ in Kazakhstan and the inability of the Loan Notes Issuer to transfer sums in US\$ from Kazakhstan into the Loan Notes Issuer Interest Account in The Netherlands in relation to interest payments received by the Loan Notes Issuer under the Mortgage Certificates, the Related Security and the Ancillary Rights in accordance with the Mortgage Sale Agreement as a result of any action or inaction by the government of Kazakhstan. The Political Risk Payor's obligation to pay under the Political Risk Interest Payment Contract arises only if a Covered Risk has occurred and is continuing, and then only in accordance with the terms and conditions of the Political Risk Interest Payment Contract and subject to the deductions, exclusions, subrogation rights and limits of coverage set forth therein.

RISK FACTORS

The following is a summary of certain aspects of the issue of the Offered Notes about which prospective holders of Offered Notes of any class should be aware. The summary is not intended to be exhaustive and prospective holders of Offered Notes should also read the detailed information set out elsewhere in this Prospectus and make their own independent investigation and seek their own independent advice as to the potential risks involved in purchasing and holding the Offered Notes.

A. CREDIT STRUCTURE

Liabilities under the Offered Notes

The Offered Notes will be obligations solely of the Issuer and the Offered Notes will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Offered Notes will not be obligations of, and will not be guaranteed by the Lead Manager, the Trustee, the Issuer Agents, the Issuer Account Bank, the Transaction Manager, the Common Depositary, the Loan Notes Issuer, the Loan Notes Trustee, the Loan Notes Transaction Manager, the Registrar, the Corporate Services Provider, the Originator, the Parent, the Interest Rate Swap Counterparty, the Servicer, the Back-up Servicer, the Loan Notes Account Bank, the Kazakhstani Account Bank, the Custodian, the Liquidity Facility Provider, the Political Risk Payor, the Subordinated Notes Purchaser, the Mezzanine Notes Purchaser or the Loan Notes Agent.

No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Offered Notes shall be accepted by, and nor shall any holder of an Offered Note be entitled to proceed directly or indirectly against, the Lead Manager, the Trustee, the Issuer Agents, the Issuer Account Bank, the Transaction Manager, the Common Depositary, the Loan Notes Issuer, the Loan Notes Trustee, the Loan Notes Transaction Manager, the Registrar, the Corporate Services Provider, the Originator, the Parent, the Interest Rate Swap Counterparty, the Servicer, the Back-up Servicer, the Loan Notes Account Bank, the Kazakhstani Account Bank, the Custodian, the Liquidity Facility Provider, the Political Risk Payor, the Subordinated Notes Purchaser, the Mezzanine Notes Purchaser or the Loan Notes Agent.

Limited Resources

The ability of the Issuer to meet its obligations under the Offered Notes will be dependent on sums actually received by it under the Loan Notes. Consequently, holders of Offered Notes must rely solely on payments under the Loan Notes for the payment of principal and interest on the Offered Notes.

The Issuer will not have any other funds available to it to meet its obligations under the Offered Notes or any other payments ranking in priority to, or *pari passu* with, the Offered Notes. There is no assurance that there will be sufficient funds to enable the Issuer to pay interest on any Class of Offered Notes or, on the redemption date of any Class of Offered Notes (whether on the Final Legal Maturity Date, upon acceleration following the delivery of an Enforcement Notice or upon mandatory early redemption in part or in whole as permitted under the Conditions) that there will be sufficient funds to enable the Issuer to repay principal in respect of such Class of Offered Notes in whole or in part.

Limited Liquidity

The ability of the Issuer to redeem all of the Offered Notes in full, including following the occurrence of an Event of Default in relation to the Offered Notes while any of the Loan Notes are still outstanding, may depend upon whether the Loan Notes can be realised to obtain an amount sufficient to redeem the Offered Notes. There is not, at present, an active and liquid secondary market for loan notes of this type in Europe. The Issuer, and following a delivery of the Enforcement Notice, the Trustee, may not, therefore, be able to sell the Loan Notes on appropriate terms should it be required to do so.

Limited Secondary Market for the Offered Notes

There is currently no market for the Offered Notes. There can be no assurance that a secondary market for any of the Offered Notes will develop or, if a secondary market does develop, that it will provide the holders of such Offered Notes with liquidity of investment or that it will continue for the life of the Offered Notes. Consequently, any holder of an Offered Note must be prepared to hold such Offered Note until final redemption or an earlier application in full of the proceeds of enforcement of

the Security by the Trustee. The market price of the capital in the Offered Notes could be subject to fluctuation in response to, among other things, variations in value of the Mortgage Loans, the market for similar securities, prevailing interest rates, changes in regulation and general market and economic conditions. Application has been made to list the Offered Notes on the Luxembourg Stock Exchange.

Restrictions of Transfer

The Offered Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The offering of the Offered Notes will be made pursuant to exemptions from the registration provisions under Regulation S of the Securities Act and from other state securities laws. No person is obliged to or intends to register the Offered Notes under the Securities Act or any state securities laws. Accordingly, offers and sales of the Offered Notes are subject to the restrictions described under "**Subscription and Sale.**"

Ratings are Not Recommendations

There is no obligation on the part of the Issuer, the Lead Manager, the Trustee, the Issuer Agents, the Issuer Account Bank, the Transaction Manager, the Common Depositary, the Loan Notes Issuer, the Loan Notes Trustee, the Loan Notes Transaction Manager, the Interest Rate Swap Counterparty, the Servicer, the Back-up Servicer, the Loan Notes Account Bank, the Kazakhstani Account Bank, the Custodian, the Parent, the Liquidity Facility Provider, the Political Risk Payor, the Subordinated Notes Purchaser, the Mezzanine Notes Purchaser, the Loan Notes Agent or the Registrar under the Offered Notes to maintain any rating for itself or the Offered Notes. None of the foregoing or any other person has assumed any obligation in case the Issuer fails to make a payment due under any of the Offered Notes. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each securities rating should be evaluated independently of any other securities rating. In the event that the rating initially assigned to the Offered Notes is subsequently lowered, withdrawn or qualified for any reason, no person will be obliged to provide any credit facilities or credit enhancement to the Issuer for the original rating to be restored. Any such lowering, withdrawal or qualification of a rating may have an adverse effect on the liquidity and market price of the Offered Notes.

The rating takes into consideration the projected revenues from the Mortgage Loans which the Issuer will receive through payments under the Loan Notes and the structural legal and tax aspects associated with the Offered Notes. However, the ratings assigned to the Offered Notes do not represent any assessment of the likelihood or rate of principal repayments or payment of the Subordinated Step-up Margin which the Issuer will receive on the Loan Notes. The ratings do not address the possibility that the holders of Offered Notes might suffer a lower than expected yield due to prepayments.

The ratings address the expected loss posed to investors by the Final Legal Maturity Date. The structure of the Transaction allows for timely payment of interest and ultimate payment of principal at par on or before the Final Legal Maturity Date. The Rating Agencies' ratings address only the credit risks associated with the Transaction. Other non-credit risks have not been addressed but may have a significant effect on yield to investors.

Any Rating Agency may lower its ratings or withdraw its rating if, in the sole judgment of that Rating Agency, the credit quality of the Offered Notes has declined or is in question. If any rating assigned to the Offered Notes is lowered or withdrawn, the market value of the Offered Notes may be affected.

The Issuer has not requested a rating of the Offered Notes by any rating agency other than the Rating Agencies; there can be no assurance, however, as to whether any other rating agency will rate the Offered Notes or, if it does, what rating would be assigned by such other rating agency. The rating assigned by such other rating agency to the Offered Notes could be lower than the respective ratings assigned by the Rating Agencies.

Limited Nature of Credit Ratings Assigned to the Offered Notes

Each credit rating assigned to the Offered Notes reflects the relevant Rating Agency's assessment only in relation to the likelihood of a timely payment of interest and the ultimate repayment of principal

on or before the Final Legal Maturity Date and not that such payments will be paid when expected or scheduled.

The ratings do not address the following:

- (a) the possibility of the imposition of withholding tax; or
- (b) the marketability of the Offered Notes, or any market price for the Offered Notes; or
- (c) whether an investment in the Offered Notes is a suitable investment for the holders of the Offered Notes.

Limited Enforcement Rights

The protection and exercise of the holders of Offered Notes rights against the Security under the Offered Notes is one of the duties of the Trustee. The Trust Deed and the Conditions limit the ability of individual holders of Offered Notes to commence proceedings against the Issuer by conferring on a meeting of the holders of Offered Notes the power to pass a resolution on the ability of any holder of Offered Notes to commence any such individual actions.

Projections, Forecasts and Estimates

Estimates of the weighted average lives of the Offered Notes included herein, together with any other projections, forecasts and estimates in this Prospectus, are forward-looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, actual results may vary from the projections, and the variations may be material.

Liquidity and Credit Risk for the Issuer

The Issuer will be subject to the risk of delays in the receipt of interest or principal on the Loan Notes, which may be impacted by the risk of defaults in the making of payments from any Debtors. There can be no assurance that the levels or timeliness of payments of Collections and recoveries received from the Debtors will be adequate to ensure timely payment and consequent fulfilment of the Loan Notes Issuer's obligations in respect of the Loan Notes on each Payment Date or on the Final Legal Maturity Date which may impact the Issuer's ability to make principal and interest payments on the Offered Notes.

Yield and Prepayment Considerations

The yield to maturity of the Offered Notes of each Class will depend on, *inter alia*, the amount and timing of payments of principal under the related classes of Loan Notes, which will in turn depend on the amount and timing of payments of principal (including prepayments, sale proceeds arising on enforcement of a Mortgage Loan and repurchases by the Originator, due to, *inter alia*, breaches of the representations and warranties under the Mortgage Sale Agreement) on the Mortgage Loans and the price paid by the holders of Offered Notes. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

Prepayments may result from refinancings, voluntary sales of the Properties by Debtors or as a result of enforcement proceedings under the relevant Mortgage Loans, as well as the receipt of Insurance Proceeds from the Insurance Contracts. In addition, repurchases of Mortgage Loans required to be made under the Mortgage Sale Agreement will have the same effect as a prepayment of such Mortgage Loans.

The rate of prepayment of Mortgage Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, local and regional economic conditions and homeowner mobility. Therefore, no assurance can be given as to the level of prepayments that the Mortgage Loan Portfolio will experience, nor the consequent prepayment of the Loan Notes and ultimately the Offered Notes.

Limited Liability under the Loan Notes

The Loan Notes will be solely the obligations of the Loan Notes Issuer and will not be the obligations or responsibilities of, or guaranteed by, any other entity. In particular, the Loan Notes will not be the obligations or responsibilities of, and will not be guaranteed by the Loan Notes Trustee, the Lead Manager, the Originator, the Parent, the Servicer, the Back-up Servicer, the Liquidity Facility Provider, the Loan Notes Account Bank, the Kazakhstani Account Bank, the Custodian, the Interest Rate Swap Counterparty, the Loan Notes Transaction Manager, the Loan Notes Agent, the Registrar or the Political Risk Payor. Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Loan Notes Issuer to make any payment of any amount due on the Loan Notes.

Limited Resources of the Loan Notes Issuer

The only means by which the Loan Notes Issuer will be able to make payments under the Loan Notes will be:

- (a) from payments derived under or in connection with the Mortgage Loans;
- (b) the Cash Reserve Fund;
- (c) funds provided from the Interest Rate Swap Counterparty under the terms of the Interest Rate Swap Agreement;
- (d) funds provided by the Liquidity Facility Provider under the terms of the Liquidity Facility Agreement;
- (e) amounts received from the Political Risk Payor under the Political Risk Interest Payment Contract;
- (f) incidental income of the Loan Notes Issuer from cash held in the Loan Notes Issuer Accounts.

Set-Off Risks

The Kazakhstani Civil Code provides that an obligation of a party may be discharged fully or partially by setting off a similar counterclaim of its counterparty. Set-off is generally applicable in respect of debts unconditionally owed by one party to another and which usually arise under different agreements. For counterclaims to be eligible for setting off, they must be homogeneous and (i) be already due and payable, or (ii) have no specific maturity period, or (iii) be repayable on demand.

Following the sale of the Mortgage Certificates, the relevant Debtor will be entitled to set off its claims to the Originator against the debt owed by the Debtor to the Loan Notes Issuer under the transferred Mortgage Loan. To be eligible for setting off, such Debtor's claims to the Originator must (i) arise on grounds existing before the Debtor was notified of the sale of the Mortgage Certificates, and (ii) become due and payable before the Debtor receives notice of the sale of the Mortgage Certificates, or have no specific maturity period, or be repayable on demand.

Accordingly, there is a risk that a Debtor may set off his/her debts owed to the Loan Notes Issuer against claims of such Debtor to the Originator if such claims qualify for being set off as specified in the preceding paragraph, which will impact the receipt by the Issuer of payments of principal and interest on the Loan Notes and the Issuer's payment of such amounts to holders of Offered Notes.

Insolvency of the Originator

The Loan Notes are solely the obligations of the Loan Notes Issuer. However, in the event that the Originator becomes insolvent or pre-insolvency measures are instituted in respect of the Originator or the Originator loses its licence for conducting certain banking operations, it may have an adverse effect on the ability of the Loan Notes Issuer to make payments of principal and interest on the Loan Notes, which will in turn impact the ability of the Issuer to make payments of principal and interest on the Offered Notes.

Insolvency proceedings in respect to the Originator under Kazakhstani law could include any of the following: (a) the Originator seeking the introduction of proceedings for its liquidation or the appointment of a liquidation commission or a similar officer in respect of the Originator, (b) the filing of

a petition in respect of the Originator in any court seeking a declaration that the Originator is bankrupt (but only provided that the court issues its resolution on the acceptance of such petition for consideration), (c) a court entering its decision on declaration of the Originator bankrupt and commencement of bankruptcy liquidation proceedings; or (d) a court entering its decision on commencement of rehabilitation proceedings in respect of the Originator.

Effect on Sale

In the course of bankruptcy/rehabilitation proceedings of the Originator the obligations of the Originator under the Loan Notes Transaction Documents to which the Originator is a party may be challenged on the following specific grounds: preference, undervalue and executory contract. Such specific grounds for challenge would be in addition to the general civil law grounds for invalidating the Transactions (for example, on the basis that a transaction contradicts law, has aims specifically conflicting with fundamental principles of legal order and morality, are fictitious, sham transactions or ultra vires transactions).

Preference: this applies to any transfer of property by the Originator to a third party in discharge of the Originator's obligations if (i) it occurred within 3 years before the initiation of bankruptcy proceedings against the Originator or initiation of an out-of-court liquidation procedure; (ii) the relevant obligation was discharged before it fell due; and (iii) it infringed the rights of other creditors. A preference transaction is voidable rather than void ab initio, i.e., it remains valid and binding unless invalidated by a court.

Undervalue: this applies to a transaction that has been concluded within 3 years prior to the initiation of bankruptcy proceedings against the Originator or the initiation of the out-of-court liquidation procedure provided that the conditions of such transaction are materially less favourable for the Originator than those of analogous transactions concluded in similar circumstances.

Executory contract: this applies in the course of rehabilitation to transactions (i) which are long term (more than 1 year) or under which the Originator would receive benefits in the long term future; or (ii) which will entail losses for the Originator; or (iii) which contain burdensome terms for the Originator when compared to analogous transactions concluded in similar circumstances; or (iv) where there are other grounds for assuming that their execution by the Originator would entail unfavourable consequences for the other creditors. On the grounds of *executory contract* the rehabilitation manager would be permitted to refuse to perform future (yet unperformed) obligations of the Originator, such as the obligations under the Servicing Agreement.

If the Loan Notes Issuer's acquisition of the Mortgage Loans was unwound or invalidated, the Loan Notes Issuer would have to return the Mortgage Certificates together with the benefit of the Related Security and the Ancillary Rights to the Originator in exchange for the respective Purchase Price (whether or not the Originator would have sufficient funds to pay such Purchase Price). Therefore, if a Kazakhstani court decides to take any of these actions, the Loan Notes Issuer may not be able to make payments of principal and interest on the Loan Notes. Under the Loan Notes Transaction Documents, the Loan Notes Trustee shall not be responsible or in any way liable for any consequences associated with the Kazakhstani courts taking such actions.

Effect on Collections

All Collections received by the Originator from the Debtors with respect to any Mortgage Loan will initially be paid to the Collection Accounts of the Originator with the Collection Accounts Bank. In the event of insolvency of the Originator, the Collections standing at the Collection Accounts may become part of the bankruptcy estate of the Originator for further distribution among the creditors of the Originator.

However, the risk of commingling of assets is remote, as under Article 74 of the Law of the Republic of Kazakhstan "On Bankruptcy", all Collections should be recognised by a bankruptcy officer as collected by the Originator on behalf of the Loan Notes Issuer and thus belonging to the Loan Notes Issuer. Therefore, the Collections should not be included into the bankruptcy estate of the Originator.

In addition, pursuant to the Collection Accounts Security Deed, the Originator will grant a security interest in all of the Originator's right, title and interest in the Collection Accounts. Accordingly, in the event of insolvency of the Originator, the Loan Notes Issuer will have a first-ranking security interest in the Collections in the Collection Accounts. Further, the Originator has agreed that any funds standing

to the credit of the Collection Accounts which relate to the Mortgage Loans will be swept daily into the Loan Notes Issuer Accounts in The Netherlands.

Foreign Exchange Risk

The Transaction will face a certain degree of currency risk as the underlying Mortgage Loans are denominated in KZT, with annuity payments indexed to the US\$/KZT exchange rate. Therefore, many Debtors are assuming foreign exchange risk as their annuity payments are linked to the US\$/KZT exchange rate while they may earn salary or other personal income in KZT. Significant depreciation of KZT may cause a significant increase of delinquencies and defaults.

Further, the exchange rate applied by Debtors on their monthly mortgage payments may be different to the exchange rate received by the Issuer when converting such mortgage payments to US\$, given there are two Business Days, (or, in the event of a public holiday, more) between payment by the Debtors and the date on which the Issuer converts to US\$.

Interest Rate Risks

The Mortgage Loans are denominated in KZT but indexed to US\$ and pay a fixed interest rate, while the Loan Notes will pay a floating interest rate based on US\$ LIBOR.

To hedge the Loan Notes Issuer's interest rate exposure (given the mismatch between the fixed rate Mortgage Loans and the floating rate Loan Notes), the Loan Notes Issuer will enter into the Interest Rate Swap Agreement with the Interest Rate Swap Counterparty.

The Interest Rate Swap Counterparty is only obliged to make payments to the Loan Notes Issuer under the Interest Rate Swap Agreement to the extent that the Loan Notes Issuer complies with its payment obligations under the Interest Rate Swap Agreement. If the Interest Rate Swap Counterparty is not obliged to make payments or if it defaults in its obligations to make payments of amounts in US\$ equal to the full amount to be paid to the Loan Notes Issuer on the payment date under the Interest Rate Swap Agreement (which coincide with the Payment Dates for the Loan Notes), the Loan Notes Issuer will be exposed to changes in interest rates. Unless a replacement swap agreement is entered into, the Loan Notes Issuer may have insufficient funds to make payments due under the Loan Notes, which will in turn affect the ability of the Issuer to make payments due under the Offered Notes.

Payment of the Subordinated Step-up Margin will be subordinated to payments of the Interest Amount on the Loan Notes.

Termination Payments on the Interest Rate Swap Agreement

If the Interest Rate Swap Agreement terminates, the Loan Notes Issuer may be obliged to make a termination payment to the Interest Rate Swap Counterparty. The amount of the termination payment will be based on the cost of entering into a replacement swap agreement. There can be no assurance that the Loan Notes Issuer will have sufficient funds available to make any termination payment under the relevant Interest Rate Swap Agreement. Nor can any assurance be given that the Loan Notes Issuer will be able to enter into a replacement swap agreement, or if one is entered into, that the credit rating of the replacement swap counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Offered Notes by the Rating Agencies.

Other than any termination amount due to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement where the Interest Rate Swap Counterparty has defaulted in its obligations under the Interest Rate Swap Agreement, any termination payment due by the Loan Notes Issuer following termination of the relevant Interest Rate Swap Agreement (including any extra costs incurred if the Loan Notes Issuer cannot immediately enter into a replacement interest rate swap agreement), will rank senior to payments on the Loan Notes.

Therefore, if the Loan Notes Issuer is obliged to make a termination payment to the Interest Rate Swap Counterparty or pay any other additional amount as a result of the termination of the Interest Rate Swap Agreement, this could reduce the Loan Notes Issuer's ability to service payments on the Loan Notes which may impact the Issuer's ability to provide payments on the Offered Notes.

In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, investors may be adversely affected.

Withholding Tax under the Loan Notes

All payments of principal and interest in respect of the Loan Notes by or on behalf of the Loan Notes Issuer will be made in full without deduction or withholding of or for any present or future taxes or duties of whatever nature imposed or levied by or on behalf of The Netherlands or any authority thereof or therein having the power to tax, unless such deduction is required by law. In the event of any deduction or withholding of or for tax becoming required by law, the Loan Notes Issuer shall be entitled to redeem all (but not some only) of the Loan Notes, whereupon the Issuer shall be required to redeem all (but not some only) of the Offered Notes.

Withholding Tax under the Offered Notes

All payments of principal and interest in respect of the Offered Notes by or on behalf of the Issuer will be made in full without deduction or withholding of or for any present or future taxes or duties of whatever nature imposed or levied by or on behalf of The Netherlands or any authority thereof or therein having the power to tax, unless such deduction is required by law. In the event of any deduction or withholding of or for tax becoming required by law, the Issuer shall be entitled to redeem all (but not some only) of the Offered Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding tax system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

B. MORTGAGE CERTIFICATES

No independent investigation in relation to the Mortgage Certificates

Neither the Issuer, the Trustee, the Loan Notes Issuer, the Loan Notes Trustee nor the Lead Manager have undertaken, nor will they undertake, any investigations, searches or other actions in respect of the Mortgage Certificates, Mortgage Loans, the Related Security and the Ancillary Rights (as defined in "**Overview of Certain Transaction Documents - Mortgage Sale Agreement**"), and each will rely instead on, *inter alia*, the representations and warranties given by the Originator in the Mortgage Sale Agreement. The sole remedy (save as described below) of the Loan Notes Issuer in respect of a breach of representation and warranty shall be the requirement that the Originator repurchases prior to the next Payment Date following the occurrence of the Repurchase Event any Mortgage Certificate which is the subject of any breach, provided that this shall not limit any other remedies available to the Loan Notes Issuer if the Originator fails to repurchase a Mortgage Certificate when obliged to do so. There can be no assurance that the Originator will have the financial resources to honour its obligation to repurchase any Mortgage Certificate in respect of which a breach of representation and warranty arises.

Prepayments on the Mortgage Loans

Under the terms of the Underlying Origination Agreements, a Debtor may prepay its Mortgage Loan in full without the consent of the lender and without penalty, subject to the terms and conditions adopted by the Originator and existing at the time of prepayment. A Debtors' default and certain other events may also result in acceleration of the Mortgage Loans. The rate of prepayment of Mortgage Loans, which is affected by a wide variety of social, economic, and other factors, cannot be accurately predicted. Prepayments may have the effect that any surplus amounts will be lower than would be the case in the absence of prepayments. This may adversely affect the ability of the Loan Notes Issuer to make payments of principal and interest in respect of the Loan Notes and the ability of the Issuer to make payments of principal and interest due under the Offered Notes.

Collectability of proceeds under Insurance Contracts

The relevant Insurance Provider (on behalf of the Originator) has entered into the Insurance Contracts with each Debtor in respect of the Property. Each Insurance Contract names the Originator as a beneficiary under the Insurance Contracts.

Under Kazakhstani law, the Insurance Contracts cannot be validly assigned to a third party and a named beneficiary can only be changed by amending each Insurance Contract with an insurance provider. Therefore, the Originator remains a named beneficiary under the Insurance Contracts. However, under the Mortgage Sale Agreement, the Originator covenants that in the event that the Originator receives any Insurance Proceeds under an Insurance Contract relating to the Mortgage Loans, the Originator is obliged to forward any such Insurance Proceeds to the respective Operating Accounts of the Loan Notes Issuer.

In addition to the above covenant, in the Servicing Agreement and the Mortgage Sale Agreement, the Originator and the Servicer undertake to procure that the Loan Notes Issuer is named as a first loss payee under all Insurance Contracts by no later than the day falling on the first anniversary of the Closing Date or within two months of a Notification Event (whichever is the earlier). As a result, any Insurance Proceeds received by the Loan Notes Issuer in respect of the Mortgage Certificates representing the rights to the Mortgage Loans after the execution of the Loss Payee Appointment Form by the Debtors will be transferred by the Insurance Provider directly to the Loan Notes Issuer's Operating Accounts.

Nevertheless, it is unlikely that the Originator would be able to comply with such an undertaking in the event of its insolvency. Therefore, until the Loan Notes Issuer or the Loan Notes Trustee is named as the first loss payee of the Insurance Contracts, its ability to collect the proceeds under the Insurance Contracts could be impeded.

In addition, Kazakhstani law provides that a beneficiary under a property insurance contract must have an insurable interest in the insured property. Following the sale of the Mortgage Loans and until the date when the Loan Notes Issuer is named as the first loss payee under the relevant Insurance Contracts, the presence of the insurable interest of the Originator in the insured Property will be uncertain. It may be argued that the Originator, in its capacity as the Servicer, retains certain interests in the Property, and, accordingly, may validly continue to be named as a beneficiary under the relevant Insurance Contracts. However, in an event of a dispute with an Insurance Provider, such Insurance Provider may argue that the Originator ceases having any insurable interest in the insured Property following the sale of the Mortgage Loans. Should such a view prevail, the Originator will be considered as not being entitled to Insurance Proceeds and, consequently, would not be able to forward such Insurance Proceeds to the Loan Notes Issuer as provided for in the Mortgage Sale Agreement.

Geographic Concentration of Mortgaged Properties

The Properties are located in all regions of Kazakhstan, including in the following cities; Almaty, Astana, Aktay, Aktobe, Atyrau, Zhanaozen, Karaganda, Kostanai, Usl-Kamenogorsk, Pavlodar, Petropavlovsk, Semey, Uralsk, Shymkent, Taraz, Kokshetay, Ekibastuz and Taloykorgan. Certain areas of Kazakhstan may from time to time experience declines in real estate values. No assurance can be given that values of the Properties have or will remain at their levels on the date of origination of the related Mortgage Loan. If the residential real estate material in Kazakhstan in general, or in any particular region, should experience an overall decline in property values such that the outstanding balances of the Mortgage Loans become equal to or greater than the value of the

Properties, such a decline could, in certain circumstances, result in the value of the interest in the Properties created by the Mortgage Loans being significantly reduced. To that extent, the Issuer as holder of the Loan Notes will bear all risk of loss resulting from such decline in values if there is default by Borrowers of any payments due on the Mortgage Loans (as the Issuer will have to look primarily to the value of the Properties for recovery of the outstanding principal and unpaid interest on the Loan Notes).

Reliance on Performance by Servicer

The Loan Notes Issuer has engaged the Servicer to administer the Mortgage Loans pursuant to the Servicing Agreement. While the Servicer is under contract to perform certain services under the Servicing Agreement, there can be no assurance that it will be willing or able to perform such Services in the future. However, under the Servicing Agreement, the Parent will irrevocably and unconditionally guarantee the Servicer's obligations and shall undertake to pay the Loan Notes Issuer if the Servicer fails to deposit any of the Collections from the Collections Accounts to the Operating Accounts or any of the payments of the Insurance Proceeds to the Operating Accounts. The Parent will also agree to indemnify the Loan Notes Issuer against any cost, loss or liability suffered by the Loan Notes Issuer should any obligation guaranteed by the Parent under the Servicing Agreement be or become unenforceable, invalid or illegal. In addition, although the Back-up Servicer has entered into the Back-up Servicing Agreement to provide equivalent services in the event that the appointment of the Servicer is terminated under the Servicing Agreement, there can be no assurance that the servicing will occur without adverse effect on payments received under the Loan Notes or that an equivalent level of performance on collections and administration of the Mortgage Loans can be maintained by the Back-up Servicer. The ability of the Back-up Servicer to fully perform the required services would depend, *inter alia*, on the information software and records available at the time that it replaces the Servicer in the servicing of the Mortgage Loans. Holders of Offered Notes will also have no control over the Servicer's or the Back-up Servicer's actions and performance of the services.

Reliance on Third Parties

The Loan Notes Issuer has entered, or will on the Closing Date enter into, agreements with a number of third parties to perform services in relation to the Loan Notes. In particular, but without limitation, the Liquidity Facility Provider will agree to provide the Loan Notes Issuer with the Liquidity Facility under the Liquidity Facility Agreement, the Political Risk Payor will provide payments in respect of the inability of the Loan Notes Issuer to convert KZT into US\$ in Kazakhstan and the inability of the Loan Notes Issuer to transfer sums in US\$ from Kazakhstan into other jurisdictions in relation to certain payments received by the Loan Notes Issuer pursuant to the Political Risk Interest Payment Contract, the Loan Notes Transaction Manager will agree to provide services under the Loan Notes Transaction Management Agreement, the Loan Notes Account Bank and the Kazakhstani Account Bank will agree to provide services under the Loan Notes Accounts Agreement, the Interest Rate Swap Counterparty will agree to provide services under the Interest Rate Swap Agreement and the Loan Notes Agent and Registrar will agree to provide services with respect to the Loan Notes. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, the Issuer as holder of the Loan Notes may be adversely affected.

The Issuer has entered, or will on the Closing Date enter into, agreements with a number of third parties to perform services in relation to the Offered Notes. In particular, but without limitation, the Transaction Manager will agree to provide services under the Transaction Management Agreement and the Issuer Account Bank will agree to provide services under the Accounts Agreement. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, the Issuer may be adversely affected.

The Originator may be unable to adequately assess the credit risk of potential Debtors

An accurate assessment of default risk on Mortgage Loans is difficult for the Originator due to the unpredictability of economic conditions in the Republic of Kazakhstan and abroad. Even though the Originator requires regular disclosure of Debtors' financial information, such financial information may not always present a complete and comparable picture of each such Debtor's financial condition. Therefore, in spite of the credit risk determination procedures that the Originator has put in place, it may be unable to correctly evaluate the current economic condition of each prospective Debtor and determine their long-term economic outlook. If the Originator fails to assess correctly the credit risk of potential Debtors, it may have a material adverse effect on the ability of the Loan Notes Issuer to

make payments in respect of the Loan Notes and the ability of the Issuer to make payments in respect of the Offered Notes.

The lack of statistical, corporate and financial information in Kazakhstan may decrease the accuracy of the Originator's assessments of credit risk

Kazakhstan's system for gathering and publishing statistical information relating to Kazakhstan's economy generally, or specific economic sectors and companies within it, and the publication of corporate and financial information relating to companies and other economic enterprises, is not as comprehensive as those of many countries with established market economies. Thus, the statistical, corporate and financial information, including audited financial statements, available to the Originator relating to its corporate borrowers or other clients makes the assessment of credit risk, including the valuation of collateral, more difficult. Although the Originator and the Parent ordinarily makes an estimation of the net realisable value of collateral on the basis of which it determines applicable provisioning and collateralisation requirements, the absence of additional statistical, corporate and financial information may decrease the accuracy of the Originator's assessments of credit risk.

C. RISKS RELATING TO THE REPUBLIC OF KAZAKHSTAN

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

General political and regional risks

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

Since 1992, Kazakhstan has actively pursued a programme of economic reform designed to establish a free market economy through privatisation of state enterprises and deregulation, and is more advanced in this respect than most other countries of the Commonwealth of Independent States ("CIS"). However, as with any transition economy, such reforms and other reforms described elsewhere in this Prospectus may not continue or such reforms may not achieve all or any of their intended aims.

Kazakhstan depends on neighbouring states to access world markets for a number of its major exports, including oil, steel, copper and wheat. Kazakhstan is thus dependent upon good relations with its neighbours to ensure its ability to export. In January 1995, Kazakhstan, Russia, Kyrgyzstan and Belarus, joined by Tajikistan in 1999, signed a customs union agreement, which, amongst other things, provides for the removal of trade tariffs between these nations. Kazakhstan has also taken other steps to promote regional economic integration. Government policy advocates further economic integration within the CIS, one of the aims of which is to assure continued access to export routes. However, should access to these routes be materially impaired, the economy of Kazakhstan may be adversely impacted.

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

affected by any resulting volatility in oil prices and by any sustained fall in them or by the frustration or delay of any infrastructure projects caused by political or economical instability in countries engaged in such projects, such as Turkey, which is a major infrastructure project contributor in the Central Asian region.

The Originator is subject to macroeconomic conditions and exchange rate policies in Kazakhstan and in regional countries

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

The government of Kazakhstan began implementing market-based economic reforms in 1992, including the implementation of a significant privatisation programme, the promotion of high levels of FDI, particularly in the oil and gas sector, and the introduction of an extensive legal framework. Despite uneven progress in this regard, Kazakhstan has experienced extensive economic transformation over the last ten years. Since mid-1994, the government of Kazakhstan has adhered to a macroeconomic stabilisation programme aimed at curtailing inflation, reducing the fiscal deficit and boosting international currency reserves. According to figures compiled by the National Statistical Agency of Kazakhstan (the "NSA"), while gross domestic product, ("GDP"), fell in 1998 by 1.9% in the aftermath of the Asian and Russian financial crises, it began to rebound in 1999 following the floatation of the Tenge in April of that year and increased by 207% in real terms over the course of the full year. According to the NSA, GDP continued to grow in real terms, increasing 9.5% in 2002, 9.2% in 2003 and by 9.4% in 2004. There was a 9.1% increase in real GDP between the end of June 2005 and the end of June 2004.

The Tenge is convertible for current account transactions, although it is not a fully convertible currency outside Kazakhstan. Between 1991, when Kazakhstan began its transition to a market-based economy, and April 1999, the NBK maintained a managed exchange rate policy which, although permitting the general trend in the exchange rate to reflect market conditions, involved official intervention aimed at limiting fluctuations. However, depressed export markets in 1998 and early 1999 caused considerable pressure on Kazakhstan's foreign currency reserves. In response to these pressures, the authorities instituted a number of expenditure cuts and took revenue increasing measures and, in April 1999, the NBK floated the Tenge. The Tenge fell by 64.6% against the US\$ in the year ended 31 December 1998. The Tenge has been generally stable against the US\$ during 2001 and 2002, with an annual depreciation of between 3.3%. In 2003 and 2004, the Tenge strengthened against the US\$ and appreciated by 7% and 10% respectively. According to the NBK, during the first half of 2005, the Tenge depreciated by 4% against the US\$. Other than a short period of volatility in exchange rate fluctuations in 2006, the Tenge has been stable against the US\$, primarily due to the continuing influx of capital into the Kazakhstani economy, particularly from the oil sector.

While the NBK has stated that it has no plans to resume a managed exchange rate policy, the NBK's exchange rate policy may change in the future, and any subsequent decision to support the exchange rate could have an adverse impact on Kazakhstan's public finances and economy.

The need for substantial investment in many enterprises has driven the government of Kazakhstan's privatisation programme. The programme has excluded certain enterprises deemed strategically significant by the government of Kazakhstan, although major privatisation in key sectors has taken place, such as full or partial sales of large oil and gas producers, mining companies and the national telecommunications company. However, there remains a need for substantial investment in many sectors of the Kazakhstan economy and there are areas in which economic performance in the private sector is still constrained by an inadequate business infrastructure. Further, the amount of non-cash transactions in the economy and the size of the black market adversely affect the implementation of reforms and hamper the efficient collection of taxes. The government of Kazakhstan has stated that it intends to address these problems by improving bankruptcy procedures, the business infrastructure and tax administration and by continuing the privatisation process.

Implementation of these measures, however, may not happen in the short term and any positive results of such actions may not materialise until the medium term, if at all.

The convertibility and expropriation risks in the Republic of Kazakhstan

The Kazakhstani Currency Control Law of 13 June 2005 provides that, in case of a threat to the economic security of Kazakhstan and the stability of its financial system, and if the situation cannot be cured by other means, the President of Kazakhstan may impose a so-called "regime of special permission." In such cases the President would, in consultation with the government of the Republic of Kazakhstan and the National Bank of Kazakhstan (the "**NBK**"), determine the term of the "regime of special permission," the terms and conditions for issuing "special permissions" and currency transactions that cannot be carried out without such "special permission." The "regime of special permission" will be introduced for a term sufficient to bring to an end the threat to economic security of Kazakhstan and stability of its financial system.

Both Kazakhstani residents and non-residents would be prohibited from carrying out any currency transaction which is subject to the "special permission" without obtaining such permission. Such restricted currency transactions may include currency exchange and other operations.

The NBK will be authorized to issue "special permissions" only if the transaction is carried out for the purposes of eliminating threats to life and health of people, the security of the state, the implementation by Kazakhstan of its international obligations, and in a situation whereby the transaction in question will result in significant improvement of the situation with Kazakhstan's balance of payments and in the internal currency market.

Thus, in an event of emergency Kazakhstani legislation allows the state authorities to restrict certain types of currency transactions, such as the conversion of KZT to US\$ received in the Operating Accounts of the Loan Notes Issuer held with the Kazakhstani Account Bank.

The Kazakhstani Civil Code generally authorizes state authorities to expropriate private property, but only in the event of natural or technical disasters, epidemics, or other emergencies, and only in the interests of the public. The owner of such expropriated property will be entitled to receive compensation equal to the value of the expropriated property. If the owner disagrees with the amount of the compensation, he/she will have the right to challenge it in court. The owner will also be entitled to receive what remains from the expropriated property after the emergency situation ceases to exist.

Kazakhstani's Investments Law of 8 January 2003, reiterates the provisions of the Civil Code, and stipulates that in the event of nationalization of private property, the owner will be entitled to receive compensation of all damages caused to the owner by such nationalization.

The Loan Notes Issuer has obtained protection in respect of a portion of the above risk related to the transferability, convertibility and expropriation by entering into an arrangement with the Political Risk Payor under the Political Risk Interest Payment Contract (see "**Risk factors related to the Political Risk Interest Payment Contract**" below).

Kazakhstan's legislative, taxation and regulatory framework is less developed than that of many Western countries

Although a large volume of legislation has come into force since early 1995, including a revised tax code, laws relating to foreign investment, additional regulation of the banking sector and other legislation covering such matters as securities exchanges, economic partnerships and companies, state enterprise reform and privatisation, the legal framework in Kazakhstan is at an early stage of development compared to countries with established market economies. In addition, judicial and government officials in Kazakhstan may not be fully independent of outside social, economic and political forces, and there have been instances of improper payments being made. Court decisions can be difficult to predict and administrative decisions have on occasion been inconsistent. Furthermore, due to the presence of numerous ambiguities in Kazakhstan's commercial legislation, in particular its tax legislation, the tax authorities may make arbitrary assessments of tax liabilities and challenge previous tax assessments, which could adversely affect the tax position of the Debtors, the Originator, the Parent, the Custodian, the Servicer or the Back-up Servicer.

In practice, the tax authorities often have their own interpretation of the tax laws that rarely favours taxpayers. Recently, for example, the tax authorities of Kazakhstan announced their position

disallowing gross-up provisions and payment of income tax withholding at the own expense of a tax agent in Kazakhstan. In particular, when a tax agent does not withhold tax from Kazakh income of non-residents, and pays tax on such income at its own expense, the tax agent would be considered in violation of the Code on Administrative Violations. In practice the tax authorities may penalize taxpayers for not withholding the tax.

As a result of these ambiguities, as well as a lack of an established system of precedent or consistency in legal interpretation, the tax risks involved in doing business in Kazakhstan are substantially more significant than those in jurisdictions with a more developed tax system. The introduction of new taxes or tax provisions may adversely affect the tax position of the Debtors and thus their ability to service and repay the Mortgage Loans.

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

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

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

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

In June, 2004, the Basel Committee on Banking Supervision (the "**Basel Committee**") published the text of a new capital accord under the title "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework", a revised version of which was published in November 2005 and a comprehensive version of which was published in June 2006 ("**Basel II**"). Basel II replaces the 1988 Basel Accord and places enhanced emphasis on risk-sensitivity and market discipline. The Basel Committee has stated that it is currently intended that the various approaches under Basel II will be implemented in stages, some from year-end 2006; the most advanced at year-end 2007. If implemented in accordance with its current form, Basel II could affect the risk weighting of the Offered Notes in respect of investors which are subject to Basel II (or any national legislative implementation thereof) following its implementation.

If adopted, the new framework could require financial institutions lending to Kazakhstani banks to be subject to higher capital requirements as a result of the credit risk rating of Kazakhstan. As a result, the Originator may be subject, along with other Kazakhstani banks and financial institutions, to higher borrowing costs, which may adversely affect the Originator's results of operations and financial condition.

Consequently, recipients of this Prospectus should consult their own advisers as to the consequences to and effect on them of the proposed implementation of Basel II. No predictions can be made by the Issuer as to the precise effects of potential changes which might result if Basel II is adopted in its current form.

The Originator faces significant competition, which may increase in the future

In common with other Kazakhstan banks and non-banking entities which are licensed to provide certain banking activities, the Originator is subject to competition from both domestic and foreign banks. As at 1 December 2006, there were 34 banks, excluding the NBK, in Kazakhstan, of which 14 were banks with foreign ownership, including subsidiaries of foreign banks and 10 mortgage companies. Although the Originator believes that it is well positioned to compete in the Kazakhstan residential mortgage sector due to its relatively large capitalisation and asset base, the Originator faces competition from a number of existing and prospective participants in the Kazakhstan residential mortgage sector. The two main competitors of the Originator and the Parent are Halyk Bank and Kazkommertsbank, and the Originator has identified BankCenterCredit, ATF Bank and Alliance Bank as potential competitors.

Anti-monopoly law

Kazakhstan's Law On Competition and Restriction of Monopolistic Activity requires prior approval by the competition authorities (the Committee for Protection of Competition of the Ministry of Industry and Trade of Kazakhstan, or "**CPC**") of certain transactions, such as an acquisition by a company or a group of 25% and more of shares in another company, acquisition of control over a company, and certain other transactions. The approval of such transactions is required if (i) the combined asset value of the parties involved or turnover exceeds 1,500,000 times the monthly calculation index (the "**MCI**") (approximately US\$12 million), or (ii) one of the parties involved is a company having dominant position in the relevant market, or (iii) the acquirer controls any of parties listed in (i) and (ii) above.

One type of transaction that requires CPC approval is an acquisition by a company of more than 10% of main fixed production or intangible assets of another company. The competition legislation does not specify what constitutes "main production or intangible assets". To the extent that Mortgage Certificates are deemed to constitute production or intangible assets of the Originator, and to the extent the value of the loan receivables sold by the Originator to the Loan Notes Issuer under the Mortgage Sale Agreement would exceed 10 per cent. of the balance sheet value of the Originator's production or intangible assets, a prior approval of the CPC would need to be obtained by the Loan Notes Issuer prior to acquiring the Mortgage Certificates. If the Loan Notes Issuer were to fail to obtain such approval, this may result in administrative fines and challenging the sale of the Mortgage Certificates pursuant to the Mortgage Sale Agreement in a Kazakhstan court by the CPC. It is unlikely, however, that the Mortgage Certificates to be sold by the Originator would be considered as production or intangible assets of the Originator. Accounting and legal advice has been received to the effect that the prior approval of the CPC will not need to be obtained by the Loan Notes Issuer prior to the Closing Date.

Crime and corruption could disrupt the Originator's ability to conduct its business and could materially adversely affect its financial condition and results of operations

The political and economic changes in the Republic of Kazakhstan since the early 1990s have resulted in reduced policing of society and increased lawlessness. Organised criminal activity has reportedly increased significantly since the dissolution of the Soviet Union, particularly in large metropolitan centres and with respect to a substantial increase in property crime in large cities. In addition, the Kazakhstani and international press have reported high levels of official corruption in the Republic of Kazakhstan and the former Soviet Union, including the bribing of officials for the purpose of initiating investigations by the government agencies. Press reports have also described instances in which government officials have engaged in selective investigations and prosecutions to further interests of the government and individual officials. Additionally, published reports indicate that a significant number of Kazakhstani media regularly publish biased articles in return for payment. The

Originator's business could be adversely affected by illegal activities, corruption or by claims implicating the Originator in illegal activities which may thus have an adverse effect on the Mortgage Loans and the servicing thereof, and thereafter the Loan Notes Issuer's ability to make payments in respect of the Loan Notes and the Issuer's ability to make payments in respect of the Offered Notes.

Foreign judgments may not be enforceable in the Republic of Kazakhstan

Kazakhstani courts will not enforce a 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, between Kazakhstan and The Netherlands, or between Kazakhstan and the United States of America.

Kazakhstan is however, party to the 1958 New York Convention on Recognition and Enforcement of Foreign Arbitral Awards (the "**Convention**"), pursuant to which Kazakhstani courts are obligated, subject to a limited number of conditions, to recognise as binding and to enforce arbitral awards made in the territory of any country that is a party to the Convention. In addition, on 28 December 2004, Kazakhstan passed the Law on International Commercial Arbitration, which also provides, subject to similar conditions, for the recognition as binding and the enforcement of arbitral awards made outside Kazakhstan.

Risk of Creating a Permanent Establishment by the Loan Notes Issuer

The activity of BTAI in its capacity of the Servicer of the Mortgage Loans should not create a permanent establishment for the Loan Notes Issuer, a Dutch tax resident holding title to rights of claim for payments under the Mortgage Loans (represented by the Mortgage Certificates), if the Servicer acts as an independent agent (intermediary). According to the Kazakhstani Tax Code, an independent agent (intermediary) is a person acting in the course of its ordinary (main) activity, being legally and economically independent from a non-resident and acting on the basis of an agreement of agency, commission, or any other analogous agreement without the authority to sign contracts on behalf of the non-resident. Similar tests with respect to the independency of an agent (intermediary) not creating a permanent establishment in Kazakhstan are stated in the Kazakhstan- the Netherlands double taxation treaty.

Pursuant to the request of BTAI, on 28 November 2005 the Tax Committee of the Ministry of Finance of Kazakhstan issued the letter No. HK-YMH-3-16-11123 of 28 November 2005 ("**November 2005 Letter**"). In accordance with the November 2005 Letter, under the provisions of the Kazakhstan-Netherlands double taxation treaty, the Loan Notes Issuer could be deemed to create a permanent establishment in Kazakhstan for tax purposes if intermediary activities of the Servicer with respect to the transfer of interest by BTAI as the Servicer to the Loan Notes Issuer would not be the ordinary activity of BTAI.

The position of the tax authorities stated in the November 2005 Letter is not entirely clear. In particular, under the Kazakhstan-the Netherlands double taxation treaty, a permanent establishment of a Kazakhstani non-resident could be deemed to be formed in Kazakhstan, among other things, when such non-resident engages an agent in Kazakhstan, acting on behalf of the non-resident, which has and habitually exercises the authority to enter into contracts on behalf of the non-resident. Thus, if the Servicer will not create any binding obligations for the Loan Notes Issuer and will not enter into contracts on its behalf, the permanent establishment of the Loan Notes Issuer for income tax purposes would not be formed in Kazakhstan.

Under the Servicing Agreement, BTAI has no authority to enter into contracts on behalf of the Loan Notes Issuer or create binding obligations for the Loan Notes Issuer. Even with the narrowly defined Services of BTAI and its limited discretion to take decisions on behalf of the Loan Notes Issuer under the Servicing Agreement, and the fact that BTAI provides similar services to third party portfolios in its ordinary course of business, the Loan Notes Issuer has been advised that there is a remote risk that the Kazakhstani tax authorities may rule that the Loan Notes Issuer has a permanent establishment in Kazakhstan.

If the Loan Notes Issuer could be deemed to have a permanent establishment in Kazakhstan as a result of BTAI's activities as the Servicer, it would be subject to corporate income tax in Kazakhstan (at the rate of 30%), as well as net income tax (at the rate of 15%) on the interest under the Mortgage Loans. Further, in such case the Loan Notes Issuer would be under an obligation to withhold

Kazakhstani tax at the rate of 15% from interest payments and at the rate of 20% from default interest payments due to the Issuer under the Loan Notes. In the former case, the rates of income tax withholding can be reduced to 10% under the Kazakhstan- the Netherlands double taxation treaty. In the case of default interest payments, tax withholding can be eliminated under such treaty.

For further information as to taxation in Kazakhstan, please see "**Taxation - Kazakhstan Taxation**".

Taxation of Interest and Default Interest in Kazakhstan

Under Kazakhstani tax law, interest and default interest received from Kazakhstani tax residents by a non-resident is subject to taxation as it is considered a Kazakhstani source income for the recipient of income. It is the responsibility of a payer of income, as a tax agent in Kazakhstan, to withhold income tax on the payment of interest. However, payments by the Debtors of interest and default interest on Mortgage Loans shall not be subject to income tax withholding if the Debtors will not be considered as individual entrepreneurs (with respect to individuals, only individual entrepreneurs are considered as tax agents). Payments of interest and default interest on Mortgage Loans by the Debtors who are individual entrepreneurs shall be subject to income tax withholding as they are regarded as tax agents for Kazakhstani tax purposes. Certain of the Mortgage Loans have been entered into by individual entrepreneurs in a personal capacity and not in their capacity as individual entrepreneurs. Under the Kazakhstani tax law, no provision is made to distinguish between individual entrepreneurs acting in that capacity and in their personal capacity. There is a risk that the Kazakhstani tax authorities will treat all payments of interest made by individual entrepreneurs as if they had been made in that capacity; all such interest payments could in that case be subject to Kazakhstani income tax withholding (at the rate of 15 per cent. for interest and 20 per cent. for default interest).

For further information as to taxation in Kazakhstan, please see "**Taxation - Kazakhstan Taxation**".

Risk of holders of Offered Notes being recognized as the beneficial owners of interest under the Loan Notes

If the Issuer commits a default in paying any principal or interest on the Offered Notes and the Trustee exercises its powers in relation to the Secured Property under the Transaction Documents, the payment of interest on the Loan Notes will be directed to the Trustee who acts for the benefit of the holders of Offered Notes and other secured parties. There is a remote risk that the Kazakhstani tax authorities will investigate the beneficiary owner of interest payments on the Loan Notes and consider that in post enforcement settlements the holder of Offered Notes receive interest from the Loan Notes Issuer. The concept of beneficiary owner of income is untested in Kazakhstan and we are not aware of any practice when this concept has been applied and the beneficiary owner status was challenged. However, if interest received by the holder of Offered Notes is regarded as received from the Loan Notes Issuer which owns property located in Kazakhstan, including the Mortgage Certificates and the account in Tenge, that interest income will be subject to Kazakhstani income tax. The Tax Code does not provide rules for calculation and payment of the tax in the above situation, and neither does it give instructions regarding filing of tax returns. If interest will be subject to taxation in Kazakhstan a Non-Kazakhstani Holder, who is a beneficial owner of the interest income, may enjoy a double tax treaty benefit if he is a tax resident of a country with which Kazakhstan has the relevant double tax treaty and is eligible to the treaty benefits. No tax will be payable on any payments of principal on the Offered Notes.

Kazakhstani Regulation of Securitisation is Developing

In many instances, the Kazakhstani law and court practice is either unclear or inconsistent. Securitisation structures (despite the recently implemented securitisation law in February 2006) are new in the Republic of Kazakhstan and have not been properly tested in the Kazakhstani courts. Due to lack of court practice and the weakness of the Kazakhstani judicial system, there is no assurance as to the approach that the Kazakhstani courts may adopt to securitisation structures generally.

Collectability and Enforcement of Mortgage Loans

The collectability of amounts due under the Mortgage Loans is subject to credit, liquidity and interest rate risks and will generally fluctuate in response to, among other things, market interest rates, general economic conditions, the financial standing of Debtors and other similar factors. Other factors (which may not affect real estate values) may have an impact on the ability of Debtors to repay the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase

in delinquencies and bankruptcy filings by Debtors and could ultimately have an adverse impact on the ability of Debtors to repay the Mortgage Loans.

In addition, in the event of enforcement against the Debtor, the ability of the Loan Notes Issuer to dispose of a Property at a price sufficient to repay the amounts outstanding under the relevant Mortgage Loan will depend upon a number of factors including the availability of buyers for that Property and property values in general at that time.

It may be difficult for the Servicer, the Loan Notes Issuer or the Loan Notes Trustee to enforce security under Kazakhstani law.

In Kazakhstan, a mortgage may be enforced in a court or out-of-court procedure as provided for in the relevant mortgage agreement. In each case the mortgaged property must be sold through a public auction. If the auction is attended by less than two bidders, the auction will be considered failed. In this case the mortgagee will be allowed to either take possession of the collateral at the value determined on the basis of an evaluation carried out by an independent licensed appraiser, or to request a new auction.

The Originator's Loan Agreements provide for enforcement through an out-of-court procedure. A number of formalities must be followed prior to the sale of the mortgage property in such case. These would include service of a default notice (30 days) on the Debtor, an auction notice and publication of an auction notice (10 days).

A Kazakhstani court may refuse to enforce a mortgage if it determines that the breach committed by the Debtor is insignificant and the arising claim of the mortgagee is substantially less than the value of the mortgaged Property.

Additionally, a Kazakhstani court may delay, upon the mortgagor's application, the enforcement of a mortgage (where the mortgagor is an individual) for a period of up to one (1) year if the Debtor can show that it has a valid reason for requesting such delay, such as showing that his/her default was caused by temporary hardships. The court will not grant such delay if either the mortgagor or the mortgagee is undergoing bankruptcy proceedings or if the delay is likely to cause material deterioration of the mortgagee's financial position.

Kazakhstani Law "On Housing Relations" provides that any sale of residential premises owned by a minor must be approved by Kazakhstani guardianship agencies, if such sale is likely to affect interests of such minor. This provision should not affect the prospects of enforcement of Mortgage Agreements to any significant extent since the Eligible Debtors who are the owners of the relevant Properties must be at least 18 years old. The said provision may apply, however, where a Debtor deceases and the Property is inherited by his/her minor children. In such cases the prospects of enforcement of a particular Mortgage Agreement will depend on a position taken by the guardianship agencies.

Additionally, if a mortgagor or a third party refuses to vacate the premises, they may only be forced to do so by a court order, which is likely to take several months to obtain and execute. This may cause an interruption to the flow of monies which may ultimately delay payments by the Loan Notes Issuer in respect of the Loan Notes and delay payments by the Issuer in respect of the Offered Notes.

Consumer Protection Laws in the Republic of Kazakhstan

The Kazakhstani Consumer Protection Law provides general protection for consumers, although it is not entirely clear how this law may be applied to the Mortgage Loans. Currently, the Republic of Kazakhstan has no consumer protection laws specifically concerning mortgage loans or their collection. However, there is no guarantee that such laws will not be enacted in the future (including with retroactive effect), that certain regulatory agencies will not start to regulate such mortgage loans or that a court of the Republic of Kazakhstan will not apply the Kazakhstani Consumer Protection Law to mortgage loans in an unexpected manner. Such laws, regulations or interpretations may make the collection of defaulted loans or penalties more difficult and thus may adversely affect the ability of the Loan Notes Issuer to make payments of principal and interest in respect of the Loan Notes and the ability of the Issuer to make payments of principal and interest in respect of the Offered Notes.

In addition, the Mortgage Agreements will be construed as so-called "contracts of adhesion" (that is, contracts that the Debtors may execute only in accordance with the Originator's standard forms and

whose terms they may not negotiate). Under Kazakhstani law, a Debtor may demand termination of its Loan Agreement if it contains terms that the Debtor would not have accepted had he had the opportunity to negotiate them. There is a lack of court practice in regard to contracts of adhesion. Any potential challenges by the Debtors on the aforementioned basis could adversely affect the ability of the Loan Notes Issuer to make payments under the Loan Notes and the ability of the Issuer to make payments of principal and interest in respect of the Offered Notes.

The transaction will require that information on the Mortgage Certificates and the Debtors be, or, potentially be, disclosed to various parties at different stages of the transaction. It is unclear under Kazakhstani law how bank secrecy and personal data protection rules intersect with the general right of the Originator to assign its claims under the Mortgage Certificates, the Related Security and the Ancillary Rights. While the disclosure of such information should not affect the validity of the Mortgage Sale Agreement, this issue is not entirely clear. Although the Originator believes that the disclosure of information on the Mortgage Certificate, the Related Security and the Ancillary Rights in connection with this transaction should not breach bank secrecy and personal data protections laws, there can be no assurance that the Kazakhstani courts would not take an alternative view. Sanctions for improper disclosure of restricted information may include, among other things, compensation, fines and revocation of license. If the Originator's license is revoked such that it is unable to receive Collections from Debtors, the ability of the Loan Notes Issuer to make payments under the Loan Notes may be adversely affected.

For further information as to the laws of Kazakhstan, please see "**Selected Aspects of the Republic of Kazakhstan Relevant to the Mortgage Loans and the Transfer of the Mortgage Loans**".

D. RISKS RELATING TO BTAI AND BTA

If the Servicer fails to receive a licence from the NBK when needed, or if an existing licence is revoked, the Servicer will be adversely affected

All banking and various related operations in the Republic of Kazakhstan require licences issued by the FMSA, and certain capital transactions with foreign currencies require transaction-specific currency licences from the NBK. The Servicer has obtained such licences in connection with certain types of banking transactions and for banking operations involving foreign currencies. Although the Servicer currently holds all of the required licences, there can be no assurance that it will be able to retain such licences in the future. Applying to the FMSA or the NBK for a licence is a burdensome and time-consuming process. The FMSA or the NBK may, at their discretion, impose additional requirements or deny the Servicer's request for licences, which would adversely affect the Servicer's ability to perform its duties under the Servicing Agreement. A loss of a licence, a breach of the terms of a licence by the Servicer or its failure to obtain licences in the future would result in cash flow difficulties and penalties such as fines imposed by the FMSA or the NBK on the Servicer, which would, in turn, affect its ability to fulfil payment obligations and would have a material adverse effect on the Servicer's business, financial condition, results of operations or prospects. If the Servicer loses its general licence to conduct certain types of banking transactions, lending operations, trust management of mortgage loans and certain factoring operations, it will be unable to perform any banking operations in connection with the Mortgage Loans and the servicing thereof. If the Servicer is unable to fulfil its obligations under the Servicing Agreement, the Loan Notes Issuer will appoint the Back-up Servicer to service the Mortgage Loan pursuant to the terms and conditions set out in the Back-up Servicing Agreement.

The Originator's success depends on the continued services of key personnel

The Originator's growth and development can be attributed, in particular, to the knowledge and experience of a small number of senior managers. The loss of services of these individuals for any reason could have a material adverse effect on the Originator's business, results of operation and financial condition. As the Originator's business grows, its success will depend, to a large extent, on its ability to attract and retain additional employees who are skilled in its business. The Originator is continually seeking to attract and retain new key employees. The banking industry is relatively new in Kazakhstan and there are a limited number of experienced banking managers in that country. The Originator believes that there is also a high level of competition for the services of these individuals. While the Originator believes it has been successful in attracting skilled and motivated employees and officers, it may be at risk of losing qualified personnel in the increasingly competitive environment.

Significant parts of the Properties are located in areas susceptible to earthquakes

Some parts of Kazakhstan (in particular, Almaty) lie in a high tectonic zone. Even though there has not been a significant earthquake for about a century, a risk of a large earthquake with significant human and material losses cannot be ruled out.

The Originator takes a prudent stance with regard to earthquake and flood insurance. Property insurance (earthquake and flood) is compulsory on all Mortgage Loans. The cost of such insurance is factored in as an expense in the income calculations used in the underwriting process. All property insurance for Mortgage Loans is required by the Originator's credit and collection policies and practices (which include rules for granting Mortgage Loans and product lines, rules for recovery and enforcement of Mortgage Loans, rules for payment and repayment of Mortgage Loans from time to time applied by the Originator and notified in writing to the Loan Notes Issuer in relation to the Mortgage Loans in accordance with the laws of the Republic of Kazakhstan and any other jurisdiction in which the Originator originates or administers Mortgage Loans) (the "**Credit and Collection Policies**") and is provided by JSC "BTA Insurance" under the Insurance Contracts. In general, reinsurance is purchased to transfer JSC BTA Insurance's exposure. However there remains a risk that any insurance proceeds will not be sufficient to cover all damage incurred in an earthquake, which would result in the Loan Notes Issuer not having sufficient funds to meet its liabilities.

The reinsurance is purchased from major western reinsurance companies, including: Partner Re, Caissa Centrale de Reassurance, Hannover Re, General Insurance Corporation of India, Korean Re, Polish Re, and others, although a risk still remains that JSC "BTA Insurance" becomes insolvent, which may limit recovery under the property insurance.

JSC "BTA Insurance" actively manages its exposure to each region. Pricing of insurance is differentiated based on geographic location.

E. RISK FACTORS RELATED TO THE POLITICAL RISK INTEREST PAYMENT CONTRACT

The Political Risk Interest Payment Contract is not a guarantee of full payment on the Loan Notes

The Political Risk Interest Payment Contract will, subject to the maximum aggregate amount payable under the insurance policy, cover the interest payments to be received by the Loan Notes Issuer under the transferred Mortgage Certificates. The Political Risk Payor's obligation to pay under the Political Risk Interest Payment Contract arises only if a Covered Risk (as defined below) has occurred and is continuing, and then only in accordance with the terms and conditions of the Political Risk Interest Payment Contract and subject to deductions, exclusions, subrogation rights and limits of coverage set forth therein. In the event that a Covered Risk giving rise to a loss were to occur prior to the Final Legal Maturity Date, the amount of coverage under the Political Risk Interest Payment Contract may be lower than the expected US\$ [●●●●] million. There may be insufficient amounts available under the Political Risk Interest Payment Contract to cover any interest payments that become due and payable on the Loan Notes. In addition, whilst a Covered Risk giving loss may occur on the first day of a Collection Period, the Political Risk Payor will only determine whether a Covered Risk has occurred on a monthly basis, on the last day of a Collection Period. Only once the determination has been made will the process for payment by the Political Risk Payor begin.

The maximum aggregate amount payable under the Political Risk Interest Payment Contract will be US\$ [●●●●] million. Any compensation paid by the Political Risk Payor will not fully cover payments due on the Loan Notes and will therefore affect the Issuer's ability to make payments of principal and interest on the Offered Notes.

The Political Risk Interest Payment Contract only covers certain political risks.

Subject to certain conditions and restrictions, the Political Risk Interest Payment Contract is designed to cover the risk of inconvertibility of interest payments received by the Loan Notes Issuer on the Mortgage Loans in Tenge into U.S. dollars, the risk of non-transferability of such U.S. dollars outside the Republic of Kazakhstan and the risk of limited types of expropriation by the government of the Republic of Kazakhstan (the "**Covered Risks**"). Following the occurrence of a Covered Risk, compensation will only be payable under the Political Risk Interest Payment Contract to the extent that the Loan Notes Issuer has made all payments and complied with all delivery obligations to the Political Risk Payor required under the Political Risk Interest Payment Contract, and that all other

requirements for the Political Risk Payor's payment under the Political Risk Interest Payment Contract have been satisfied. The Political Risk Payor will not be required to pay compensation for the loss derived from such Covered Risk until the waiting period applicable to the relevant Covered Risk has expired and the Political Risk Payor has determined its liability in respect of the loss. Subject to certain exceptions, the Political Risk Payor is required to make its determination within 24 days from the later of the end of the applicable waiting period and the date on which the Political Risk Payor deems the claim relating to such loss to be complete. In accordance with the Loan Notes Payments Priorities, any shortfall in the payment of interest on the Loan Notes and the Senior Expenses during the waiting periods applicable under the Political Risk Interest Payment Contract is available to be covered through the funds available on the Cash Reserve Account (if sufficient) and, if insufficient, Liquidity Drawings in accordance with the Liquidity Facility Agreement (if sufficient).

In the event that the Political Risk Payor pays the full amount of compensation in a lump sum payment, such payment will be reduced by the aggregate amount of the premiums that would have been payable to the Political Risk Payor had all payments thereunder been made in accordance with the original payment schedule.

Payments on the Political Risk Interest Payment Contract are subject to certain exclusions and conditions.

The Political Risk Payor will only make payments under the Political Risk Interest Payment Contract in the absence of certain exclusions and upon satisfaction of the conditions set forth under "**Overview of Certain Transaction Documents - Political Risk Interest Payment Contract**". The exclusions provide, among other things, that the Political Risk Payor will not be liable for losses due to:

- (a) the application of any law, decree or regulation in force in the Republic of Kazakhstan as of the Closing Date or any action or inaction of the Republic of Kazakhstan or any other event occurring prior to the Closing Date, it being understood that the Political Risk Payor will not be liable for any loss which is due to the failure to obtain any required government registration, license or permit of any kind required for any Mortgage Loan or Mortgage Certificate;
- (b) the offering, promising or giving of any undue pecuniary or other advantage, whether directly or through intermediaries, to an official of the Republic of Kazakhstan, for that official or for a third party, to influence the official to act or refrain from acting in relation to the performance of official duties, with the purpose of obtaining or retaining business or any other improper advantage by the Originator or the Loan Notes Issuer ("**Corrupt Practices**");
- (c) the acquisition, possession, use, conversion, transfer or concealment of the true nature of property of any description, and legal documents or instruments evidencing title to, or interest in, such property, knowing that such property is an economic advantage from criminal offences, for the purpose of: (i) concealing or disguising the illicit origin of the property; or (ii) assisting any person who is involved in the commission of the criminal offence as a result of which such property is generated, to evade the legal consequences of such actions by the Originator or the Loan Notes Issuer ("**Money Laundering**");
- (d) any violations of any bona fide non-discriminatory laws or regulations of general application not designed by the Republic of Kazakhstan to have a confiscatory effect, in each case attributable to the Servicer or the Loan Notes Issuer;
- (e) the non-compliance by the Originator or the Loan Notes Issuer with the Political Risk Payor's environmental policies and guidelines that were in effect on the Effective Date;
- (f) the Originator or the Loan Notes Issuer's employment of children that is economically exploitative or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral or social development ("**Harmful Child Labour**") or any work or service, not voluntarily performed, that is exacted from an individual under threat of force or penalty ("**Forced Labour**");
- (g) the breach by the Originator or the Loan Notes Issuer in any material respect of its obligations toward or assurances given to the Republic of Kazakhstan; or
- (h) any action or inaction of the government of the Republic of Kazakhstan that was agreed to by the Originator or the Loan Notes Issuer.

The Political Risk Interest Payment Contract will only be in place for 20 years from the Closing Date. There can be no assurance that a similar form of political risk interest payment contract will be available at such time. There can also be no assurance that the Political Risk Interest Payment Contract will as a matter of law be treated as a guarantee under any applicable laws.

In addition, the Political Risk Interest Payment Contract will extend to the Loan Notes Issuer only to the extent that the Issuer or any holder of Offered Notes is (i) in the case of a natural person, a national of a MIGA Member Country other than Kazakhstan; (ii) in the case of a legal person, incorporated and having its principal place of business in a MIGA Member Country or the majority of its capital being owned by a MIGA Member Country or countries or nationals thereof, provided that such country is not Kazakhstan in any of the above cases; and (iii) if such legal person is not a public institution, it operates on a commercial basis. If any holder of the Offered Notes does not satisfy the requirements listed above, the Political Risk Payor will be entitled to refuse to make payments under the Political Risk Interest Payment Contract.

Where a holder of Offered Notes holds more than one nationality, for these purposes the nationality of a MIGA Member Country will prevail over the nationality of a non-MIGA Member Country, and the nationality of Kazakhstan will prevail over the nationality of any other MIGA Member Country. A "**MIGA Member Country**" means any country from time to time listed as being a member of MIGA as set out at www.MIGA.org.

The Political Risk Payor may terminate the Political Risk Interest Payment Contract.

The Political Risk Payor may terminate the Political Risk Interest Payment Contract without further obligation under the Political Risk Interest Payment Contract in any of the following events: (a) the representation and warranty made by the Loan Notes Issuer under the Political Risk Interest Payment Contract with respect to material information provided to the Political Risk Payor during the application for, or negotiation of, the Political Risk Interest Payment Contract proves to be untrue, or the Loan Notes Issuer (or any person acting on its behalf) intentionally omits to provide any such material information; (b) the Loan Notes Issuer violates the confidentiality provisions of the Political Risk Interest Payment Contract without the Political Risk Payor's prior written consent; or (c) the Loan Notes Issuer is not in compliance with its responsibilities under the Political Risk Interest Payment Contract, including (i) non-payment of any amount payable by the Loan Notes Issuer under the Political Risk Interest Payment Contract (subject to a 30 day cure period), (ii) material violation of the laws and regulations of the Republic of Kazakhstan (including its material violation of the Political Risk Payor's environmental policies and guidelines) or (iii) the use of Harmful Child Labour, Forced Labour, Corrupt Practices, or Money Laundering. To the extent that such actions or inactions by, or attributable to the Loan Notes Issuer or the Originator or the Parent (as the case may be) may result in the termination of the Political Risk Interest Payment Contract, the expected coverage may not be available at the time of the occurrence of a loss resulting from a Covered Risk.

The Political Risk Payor's subrogation rights would allow the Political Risk Payor to recover pari passu with the Loan Notes Issuer.

Upon payment of compensation by the Political Risk Payor, the Political Risk Payor will have the right to be fully subrogated, up to the amount of compensation paid by the Political Risk Payor, to all claims, causes of action, recoveries and other rights the Loan Notes Issuer has against the government of the Republic of Kazakhstan, the Originator or any obligor in respect of the loss covered by the Political Risk Interest Payment Contract. The Loan Notes Issuer has agreed not to take any action to prejudice the Political Risk Payor's rights of subrogation and that the Political Risk Payor will have priority in any recovery action in the amount paid by the Political Risk Payor. Should the Political Risk Payor recover amounts it has paid on claims made by the Loan Notes Issuer through agreements between the Political Risk Payor and the government of the Republic of Kazakhstan or any obligor (including through exercise of any rights it may have vis-à-vis the government of the Republic of Kazakhstan as a the Political Risk Payor shareholder), the Political Risk Payor will not be required to share such recovery with the Loan Notes Issuer, the Trustee or any other Secured Creditor.

F. GENERAL

Change of Law

The structure of the issue of the Offered Notes and the ratings which are to be assigned to them are based on law, tax, regulatory and administrative practice in effect as at the date of this Prospectus and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that there will be no change to such law, tax, regulatory and administrative practice after the date of this Prospectus, which change might have an adverse impact on the Loan Notes or the Offered Notes and the expected payments of interest and repayment of principal in respect of the Loan Notes or the Offered Notes.

Regulatory Framework

Legislative Framework

Kazakhstan adopted its first Securitisation Law (and certain related amendments to existing legislation) at the beginning of 2006. The Securitisation Law, however, regulates only domestic (i.e., not cross-border) securitisation transactions and, accordingly, it will have a very limited impact on the securitisation of the Mortgage Loans. Nevertheless, the Securitisation Law is indirectly helpful as it provides Kazakhstani judges and state regulatory bodies with an example of what securitisation is. In case of a dispute involving cross-border securitisation, it may, to a certain extent, be used by analogy.

For as long as the Securitisation Law does not apply to the proposed securitisation transaction, such transaction will be governed, to the extent applicable, by general principles of the Kazakhstani Civil Code, as well as Kazakhstani bankruptcy and tax legislation.

True Sale

Under Kazakhstani law, receivables are generally transferred by way of an assignment, which can be effected by an agreement of the parties, or, in certain limited cases, by operation of law (e.g., subrogation, substitution of a guarantor who has discharged a debt for the rights of the creditor, etc.). As a transfer mechanism, the assignment is distinguished from the legal transaction underlying such transfer (e.g., purchase and sale, swap, gift, security agreement, acquisition of receivables by way of factoring, etc). Accordingly, the transaction underlying the assignment may, among other things, be a sale by the Originator to the Loan Notes Issuer. For the purposes of Kazakhstani law, sale of order security such as the Mortgage Certificate is also treated as an assignment.

The Civil Code requires an assignment to be made in the same form as the underlying agreement (e.g., simple written, notarized or state registered form). Thus, if the underlying agreement is subject to notarization and/or state registration, the assignment has to be notarized and/or registered as well. Since the majority of agreements relating to immovable properties (mortgages, long-term leases, etc.) must be registered with the state registration authorities, assignments of receivables under such agreements must also be registered. Like any other agreement, the assignment agreement has to clearly identify its subject matter, i.e., the receivables subject to assignment.

Under Kazakhstani law, the transfer of receivables is valid regardless of whether the relevant debtor has been given notice of the transfer. However, the purchaser bears the risk of any unfavourable consequences resulting from a failure to give such notice. The law specifically authorizes the debtor not to make any payments to the new creditor until the debtor receives evidence of the transfer. This, however, should not create any significant risks since, following the sale of the Mortgage Certificates, the Originator will continue to receive payments from the Debtors in its capacity as the Servicer. However, a Debtor who has not received notice of the transfer would have a right of set off against the Originator for any amounts the Originator owes to it, which may impact the sums received by the Issuer on the Mortgage Loans.

Transfer of Security Related to Receivables

A Mortgage Certificate represents the right of its holder to the outstanding principal, interest and other payments under the relevant Mortgage Loan and the security interest in the Property (the Mortgage) securing the Mortgage Loan. Accordingly, upon the transfer of the Mortgage Certificate to the Loan Notes Issuer, the Loan Notes Issuer acquired a security interest in the Property and is considered as the Mortgage holder in respect of such Property.

In addition, under a general rule of Kazakhstani civil law, the assignee accepting an assignment of receivables also takes as a matter of law an assignment of any security interest attached to such receivables and other related rights (including rights to any unpaid interest). Thus, the Related Security securing the Mortgage Loan (other than the Mortgage itself which is represented by the Mortgage Certificate) would also be transferred to the Loan Notes Issuer by operation of law upon the purchase by the Issuer of the relevant Mortgage Certificate.

In addition to the Related Security, the Originator agreed in the Mortgage Sale Agreement to sell and assign to the Loan Notes Issuer to the extent possible under Kazakhstani law the Ancillary Rights in respect of any Mortgage Loan.

Governing Law

Kazakhstani law generally permits the selection of foreign law to govern transactions with a "foreign element" (e.g., a foreign counterparty), such as between a Kazakhstani Originator and the Loan Notes Issuer. However, there are mandatory exceptions requiring that certain agreements be governed exclusively by Kazakhstani law and be subject to the exclusive jurisdiction of Kazakhstani courts. In particular, this relates to mortgages, leases, and other agreements relating to immovables located in the territory of the Republic of Kazakhstan.

Since the Mortgage Sale Agreement is subject to such mandatory exceptions, it is governed by Kazakhstani law and subject to the exclusive jurisdiction of Kazakhstani courts.

OVERVIEW OF LOAN NOTES TRANSACTION DOCUMENTS

The description of certain of the Loan Notes Transaction Documents set out below is a summary of certain features of such documents and is qualified by reference to the detailed provisions thereof. Prospective holders of Offered Notes may inspect a copy of the documents described below upon request at the specified office of each of the Trustee, the Principal Paying Agent and the Luxembourg Paying Agent. Capitalised terms used in the description below shall have the meaning ascribed to them in a Master Framework Agreement to be dated the Signing Date.

Mortgage Sale Agreement

Consideration for Purchase of the Mortgage Certificates and the Related Security

On the Closing Date, the Loan Notes Issuer, the Originator and the Loan Notes Trustee will amend and restate a mortgage sale agreement (the "**Mortgage Sale Agreement**") dated 20 January 2006, pursuant to which, in consideration for the purchase of the Mortgage Certificates (together with the purchase and assignment of the Related Security and the Ancillary Rights) the Loan Notes Issuer paid to the Originator an amount equal to the Principal Outstanding Amount of each Mortgage Loan represented by the Mortgage Certificate purchased by the Loan Notes Issuer pursuant to the Mortgage Sale Agreement (the "**Purchase Price**").

Effectiveness of the Sale and Purchase

The purchase of the Mortgage Certificates (together with the purchase and assignment of the Related Security and the Ancillary Rights) by the Loan Notes Issuer from the Originator is governed by the Law on Mortgage of Immovable Property (see "**Selected Aspects of Laws of The Republic of Kazakhstan Relevant to the Mortgage Loans and the Transfer of the Mortgage Loans**"). Article 16 of the Law on Mortgage of Immovable Property provides that the transfer of a mortgage certificate is effected by endorsement of the mortgage certificate and its delivery to the transferee, which transfer must be registered with the relevant Property Registry. No notice to Debtors is required to give effect to the sale of the Mortgage Certificates and the sale and assignment of the Related Security and the Ancillary Rights to the Loan Notes Issuer. Following the occurrence of a Notification Event (see below "**Notification Event**") the Originator or the Servicer, at their own expense, will be required to notify each Debtor regarding a sale of the Mortgage Certificates to the Loan Notes Issuer and a change of the account into which all future payments are required to be made under the Mortgage Loans (the "**Transfer Notice**").

A "**Notification Event**" shall occur if the Trustee serves notice to the Servicer of a Servicer Termination Event, or if notification to Borrowers is required by law.

"**Property Registry**" means either the unified state registry of rights to immovable property, such as Property, and the unified state registry of rights to movable property, such as monies in Collection Accounts, maintained by the Centres Immovable Property of the Registration Committee of the Ministry of Justice of the Republic of Kazakhstan.

Representations and Warranties as to the Mortgage Loans

The Originator made certain representations and warranties in respect of the Mortgage Certificates and the Mortgage Loans which were purchased by the Loan Notes Issuer. Such representations and warranties were made on each Offer Date and will be repeated on the Closing Date, including statements to the following effect, which together constitute the "**Eligibility Criteria**" in respect of the Mortgage Loans:

(a) *Eligible Mortgage Loans*

"**Eligible Mortgage Loan**" means any Mortgage Loan, which on the relevant Offer Date and the Closing Date, meets the Eligibility Criteria;

"**Eligibility Criteria**" means in respect of a Mortgage Loan, a Mortgage Loan which:

- (i) was originated by the Originator and is legally and beneficially owned by the Originator;

- (ii) was duly executed by the Originator and constitutes legal, valid, binding and enforceable obligations of the Originator;
- (iii) was duly executed by the relevant Debtor or Debtors and constitutes the legal, valid, binding and enforceable obligations of the relevant Debtor or Debtors;
- (iv) is governed by and subject to the laws of the Republic of Kazakhstan;
- (v) is in compliance with the laws of the Republic of Kazakhstan;
- (vi) was entered into in the ordinary course of the Originator's business, on arms' length commercial terms;
- (vii) benefits from a first priority mortgage in the Property and such security interest is properly registered in the Property Registry;
- (viii) is represented by a valid Mortgage Certificate issued in accordance with the Law on Mortgage of Immovable Property as an order security confirming the Originator's rights under the Mortgage Loan;
- (ix) is denominated in KZT without any deduction, rebate or discount and is indexed to the US\$/KZT exchange rate, with daily indexation;
- (x) bears a fixed interest which ranges from 10 per cent. to 21 per cent. per annum;
- (xi) has interest accruing on the outstanding balance of the Mortgage Loan from the date immediately following the date of disbursement and up to the date of the Mortgage Loan Instalment Payment Date on the basis of a thirty (30) day month and a three hundred and sixty (360) day year;
- (xii) has a Current LTV not higher than 90 per cent.;
- (xiii) is insured under the Insurance Contracts;
- (xiv) in respect of each Mortgage Loan with an Original LTV between 70 per cent. and 85 per cent., the Original LTV excess over 70 per cent. is guaranteed by the Kazakhstan Mortgage Guarantee Fund or benefits from private insurance acceptable to the Loan Notes Issuer, and in respect of each Mortgage Loan with an Original LTV between 85 per cent. and 90 per cent., the Original LTV excess over 70 per cent. is guaranteed by the Kazakhstan Mortgage Guarantee Fund;
- (xv) if originated after 1 March, 2005 benefits from title insurance;
- (xvi) has a Principal Outstanding Amount that does not exceed US\$ 300,000;
- (xvii) has a maturity date at the time of origination that does not exceed two hundred and forty (240) months;
- (xviii) is not the subject of any dispute (in whole or in part, with or without justification), counterclaim, defence or claim existing or pending against the Originator;
- (xix) allows for an unconditional assignment of the benefit of any right, title and interest to the relevant Mortgage Loans to a third party, such as the Loan Notes Issuer;
- (xx) is free and clear of any encumbrance, except for the mortgage under the Mortgage Agreement;
- (xxi) is not in arrears in respect of more than two (2) instalment payments and has not been in arrears in respect of more than two (2) monthly instalment payments at any time in the last twelve (12) months;
- (xxii) is fully disbursed;

- (xxiii) can be segregated and identified on any day;
- (xxiv) the Originator has not received with respect to it, prior to the relevant Offer Date or the Closing Date, notice of early repayment of such Mortgage Loan;
- (xxv) does not contain any restriction on assignment of the benefit of any right, title and interest to the relevant Mortgage Loan;
- (xxvi) in respect of it, at least one instalment due thereunder has been paid prior to the Closing Date;
- (xxvii) does not contain provisions which may give rise to a liability on the part of the Originator to make further advances, pay money or perform any other onerous act;
- (xxviii) does not contain provisions permitting the deferral of payment of interest thereunder;
- (xxix) is granted in accordance with the Credit and Collection Policies;
- (xxx) is entered into with an Eligible Debtor; and
- (xxxi) is a loan in respect of which interest and principal repayments are paid monthly on an annual basis.

"Kazakhstan Mortgage Guarantee Fund" means a Kazakhstani non-commercial organisation incorporated in the form of a joint stock company acting as a mortgage guarantor of certain Mortgage Loans.

(b) *Eligible Debtors*

"Eligible Debtor" means any Debtor which:

- (i) is an individual (a) resident of the Republic of Kazakhstan or (b) classified by the Originator as resident of the Republic of Kazakhstan by reason of his domicile or residence or by any other criterion of a similar nature, who has entered into an Underlying Origination Agreement with the Originator;
- (ii) has (or the relevant mortgagor has) full and undisputed title in the Property;
- (iii) fully meets the lending criteria as per the Credit and Collection Policies;
- (iv) has no right of set off;
- (v) must have been at least 18 years of age at the time of entering into the respective Underlying Origination Agreement;
- (vi) whose credit and, where applicable, employment history has been assessed at the time of entering into the Underlying Origination Agreement in accordance with the Credit and Collection Policies;
- (vii) is a primary Debtor under the Mortgage Loan;
- (viii) is not dead or untraceable;
- (ix) is not bankrupt or insolvent; and
- (x) is not an employee of the Originator.

Loan-to-Value

The original LTV (the **"Original LTV"**) in respect of a Property is calculated by dividing the Aggregate Minimum Principal Outstanding Amount under each Mortgage Loan at origination secured on the same property as at the date such Mortgage Loans were originated by the appraised value of the relevant Property completed when each Mortgage Loan was originated.

The current LTV ("**Current LTV**") in respect of a Property is calculated by dividing the current Aggregate Principal Minimum Outstanding Amount under each Mortgage Loan secured on the same Property by the original appraised value of the relevant Property completed when each Mortgage Loan was originated.

No valuation of any Property sold to the Loan Notes Issuer pursuant to the Mortgage Sale Agreement has been undertaken in connection with the issue of the Loan Notes by the Loan Notes Issuer, and any calculation of the Loan-to-Value of a Property will be based on the valuation provided as at the date of the initial Mortgage Loan origination.

Breach of Mortgage Loans Representations and Warranties

If there is a breach of any of the representations or warranties given by the Originator in respect of the Mortgage Loans (represented by the Mortgage Certificates) in the Mortgage Sale Agreement and/or if, on any Reporting Date, a Mortgage Loan is determined to have not been compliant with the Eligibility Criteria other than items (xxi), (xxiv) and (xxx) of the Eligibility Criteria on each Reporting Date (a "**Repurchase Event**") the Originator shall within ten (10) Business Days of the occurrence of a Repurchase Event repurchase such Mortgage Certificates, the Related Security and the Ancillary Rights from the Loan Notes Issuer for the Repurchase Price.

Covenants of the Originator

Pursuant to the terms of the Mortgage Sale Agreement, the Originator among other things, agreed to procure (at its own expense) that by no later than the day falling on the first anniversary of the Closing Date or within two months of a Notification Event (whichever is the earlier) they will have each Debtor name the Loan Notes Issuer as the beneficiary of each relevant Insurance Contract relating to Mortgage Certificates (to the extent of its interest and in accordance with the policies of the Insurance Provider) by executing the Loss Payee Appointment Form or amendment to the Insurance Contract, as applicable. The Originator shall do everything in its power to ensure that the Loan Notes Issuer is named beneficiary by each Debtor on its Insurance Contract with the Insurance Provider on an annual basis. The Originator covenants that any payments of the Insurance Proceeds received in respect of any Insurance Contracts related to the Mortgage Certificates will be assigned to the Loan Notes Issuer and transferred to the relevant Operating Accounts immediately following receipt from the Insurance Provider.

"Insurance Contracts" means the voluntary property insurance contract, life insurance contract, title insurance contract, mortgage insurance contract, civil liability insurance contracts, business and commercial insurance and/or any other insurance contract, as applicable, entered into by a Debtor or any other person who has provided security with regard to the Mortgage Loans and any insurance contracts in replacement, addition or substitution thereof from time to time which relate to the Mortgage Loans, maintained by the Insurance Provider to provide cover for the maximum amount of the value of each Property determined by an independent valuer approved by the Originator, against fire, destruction and other risks.

"Insurance Proceeds" means any payment of proceeds (including the right to receive the Insurance Proceeds of any claims under such Insurance Contracts in so far as they relate to such Mortgage Loans) paid or due to be paid by the Insurance Provider to the Originator or other party named as beneficiary, designated and appointed by the Debtor under the terms of an Insurance Contract.

"Loss Payee Appointment Form" means the form to be executed by the Debtor and to be submitted to the Insurance Provider, substantially in the form of Schedule 9 of the Mortgage Sale Agreement, in order to change a beneficiary of the Insurance Contracts.

"Loss Payee Appointment Request" means the request to be submitted by the Originator to the Debtor substantially in the form of Schedule 10 of the Mortgage Sale Agreement, in order to change a beneficiary of the Insurance Contracts by the Debtor from the Originator to the Loan Notes Issuer.

Applicable law and jurisdiction

The Mortgage Sale Agreement is governed by and construed in accordance with the laws of the Republic of Kazakhstan. The courts of the Republic of Kazakhstan have exclusive jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of, or in connection with, the Mortgage Sale Agreement.

Servicing Agreement

Servicing and Collection

On the Closing Date, the Servicer, the Parent, the Loan Notes Issuer, the Back-up Servicer, the Loan Notes Transaction Manager and the Loan Notes Trustee will amend and restate a servicing agreement that was entered into between the parties on 20 January 2006 (the "**Servicing Agreement**"). Pursuant to the terms of the Servicing Agreement, the Loan Notes Issuer appointed the Servicer to provide certain services relating to the servicing of the Mortgage Loans, the Related Security and the Ancillary Rights and the collection of the receivables in respect of such Mortgage Loans (the "**Services**"). The Parent has agreed to act as a guarantor with respect to performance of the Services by the Servicer under the terms of the Servicing Agreement.

The Parent's guarantee for Services

Under the terms of the Servicing Agreement, the Parent will irrevocably and unconditionally:

- (a) guarantee to the Loan Notes Issuer the punctual performance of all the Servicer's obligations under or pursuant to the Servicing Agreement if the Loan Notes Issuer requests the Parent to remedy provision of any of the Services set forth in the Servicing Agreement;
- (b) undertake with the Loan Notes Issuer that if the Servicer does not deposit when due, or within two (2) Business Days of the due date, any of the Collections from the Collections Accounts to the Operating Accounts or any payments of the Insurance Proceeds to the Operating Accounts (or other account designated by the Loan Notes Issuer), the Parent shall immediately on demand pay the same to the Loan Notes Issuer as if it was the principal obligor; and
- (c) indemnify the Loan Notes Issuer immediately on demand against any cost, loss or liability suffered by the Loan Notes Issuer if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which the Loan Notes Issuer would otherwise have been entitled to recover.

The guarantee expressed in the Servicing Agreement is a continuing guarantee and will extend to the ultimate balance of all sums payable by the Servicer under the Loan Notes Transaction Documents, regardless of any intermediate payment or discharge in whole or in part.

The indemnities contained in the above guarantee are continuing obligations of the Parent, separate and independent from the other obligations of the Parent under the Loan Notes Transaction Documents (if any) and shall survive the termination of the Servicing Agreement or any other Loan Notes Transaction Document. It is not necessary for the Loan Notes Issuer to incur any expense or make any payment before enforcing a right of indemnity under this guarantee.

Sub-Contractor

The Servicer may sub-contract or delegate the performance of all or any of its powers and obligations under the Servicing Agreement to the Parent, to any of its subsidiaries and affiliates and to any third party (excluding any solicitor, valuer, surveyor, estate agent, property management agent or other professional adviser in respect of services normally provided by such persons), provided that:

- (a) where the arrangements involve the custody or control by the subcontractor or delegate of any Records, property title documents and/or life policies or any other assets of the Loan Notes Issuer, the sub-contractor or delegate has executed an acknowledgement in form and substance acceptable to the Loan Notes Issuer to the effect that any such Records, property title documents and/or life policies, or other assets, are owned by the Loan Notes Issuer and a security interest over such assets or over the Loan Notes Issuer's interest in such assets has been created in favour of the Loan Notes Issuer;
- (b) where the arrangements involve or may involve the receipt by the subcontractor or delegate of moneys belonging to the Loan Notes Issuer and/or which, in accordance with the Loan Notes Transaction Documents, are to be paid into the Collection Accounts, the sub-contractor or delegate has executed a legally binding declaration in form and substance acceptable to the Loan Notes Issuer that any such moneys held by it or to its order are held for the benefit

and on behalf of the Loan Notes Issuer and/or will be paid forthwith into the Collection Accounts;

- (c) any such sub-contractor or delegate has executed a written waiver of any security interest arising in its favour in connection with such sub-contracted or delegated Services;
- (d) the Servicer shall be solely liable for the payment of any costs, charges or expenses payable to or incurred by such sub-contractor or delegate or arising from the entering into, the continuance or the termination of any such arrangement and the Loan Notes Issuer shall have no liability in relation thereto;
- (e) it shall be a term of any such arrangement that the sub-contractor or delegate shall comply with all directions given by (or on behalf of) the Loan Notes Issuer which are consistent with its powers to direct the Servicer hereunder and which do not breach the other terms of the arrangement, whether or not the Servicer is in breach in relation to such arrangement; and
- (f) the proposed arrangement shall not cause the withdrawal or downgrade of the then current rating of the Offered Notes.

Servicer's Duties

The duties of the Servicer are set out in the Servicing Agreement, and include, but are not limited to:

- (a) administering the Mortgage Loans, the Related Security, the Ancillary Rights and all other related matters in accordance with the Servicing Agreement;
- (b) endeavouring to recover amounts due from the Debtors in accordance with the Credit and Collection Policies and in particular (but without prejudice to the generality of the foregoing) exercise all enforcement measures concerning amounts due from the Debtors and calculate the monthly payments to be received by Debtors using daily indexation;
- (c) exercising such discretion in administering the Mortgage Loans, Related Security and the Ancillary Rights as it would if it owned the Mortgage Loans, the Related Security and the Ancillary Rights beneficially;
- (d) ensuring and observing that the Debtors make all payments in respect of the Mortgage Loans, Related Security and the Ancillary Rights directly into the Collection Accounts;
- (e) directing that all over the counter payments received from Debtors are paid into the Collection Accounts;
- (f) transferring on a daily basis all Collections, including any payment of Insurance Proceeds and the payments from the Kazakhstani Mortgage Guarantee Fund received by the Originator, in each case from the Collection Accounts to the Operating Accounts of the Loan Notes Issuer; and
- (g) keeping Records, books of accounts and documents relating to the Mortgage Loans, Related Security and Ancillary Rights properly distinguishable from all other records, books of account and documents relating to other mortgage loans or any loans otherwise originated or serviced by the Servicer.

Servicer Reports

The Servicer shall prepare the Monthly Reports and the Pool Reports (together the "**Servicer Reports**") in respect of the Mortgage Loans and shall deliver the same to the Loan Notes Issuer, the Issuer, the Loan Notes Transaction Manager, the Interest Rate Swap Counterparty and the Rating Agencies on each Reporting Date after the end of each relevant Collection Period. Upon the occurrence of a Servicer Termination Event, the Servicer shall deliver two (2) Monthly Reports and two (2) Pool Reports to the Loan Notes Issuer, the Issuer, the Loan Notes Transaction Manager, the Rating Agencies, the Interest Rate Swap Counterparty and to the Back-up Servicer: (i) one such report on the Reporting Date and (ii) one such report on the 23rd day of each calendar month (or, if such day is not a Business Day, the next succeeding Business Day) after the termination of the

appointment of the Servicer under the terms of the Servicing Agreement or until the servicing is completely transferred to the Back-up Servicer.

Variations of Mortgage Loans

The Servicer will covenant in the Servicing Agreement that it shall not agree to an amendment, variation or waiver of any material term in an Underlying Origination Agreement.

Servicing Fee

The Loan Notes Issuer shall, on each Payment Date in accordance with the Pre-Enforcement Loan Notes Interest Payments Priorities, pay the Servicer a servicing fee calculated by reference to the Aggregate Principal Outstanding Amount as of the last Calculation Date. The servicing fees shall cover any out-of-pocket costs, expenses and charges incurred by the Servicer in connection with the enforcement of any Mortgage Certificate or Mortgage Loan and/or the Loan Notes Issuer's rights and remedies in relation thereto.

Representations and Warranties

The Servicer will make certain representations and warranties to the Loan Notes Issuer in accordance with the terms of the Servicing Agreement relating to itself and any subcontracted servicer and its entering into the relevant Loan Notes Transaction Documents to which it is a party.

Covenants of the Servicer

The Servicer will be required to make positive and negative covenants in favour of the Loan Notes Issuer in accordance with the terms of the Servicing Agreement relating to itself and its entering into the relevant Loan Notes Transaction Documents to which it is a party.

Potential Servicer Termination Event and Servicer Termination Event

The occurrence of a Potential Servicer Termination Event or Servicer Termination Event leading to the replacement of the Servicer will not, of itself, constitute a Loan Notes Event of Default under the Loan Notes Conditions.

The following events will be "**Potential Servicer Termination Events**" under the Servicing Agreement, the occurrence of which will require increased involvement of the Back up Servicer and will give the Loan Notes Issuer the option of serving notice on the Servicer:

- (a) the Servicer or the Parent fails to make any payment or deposit required under the Servicing Agreement when due, or upon demand where no date is specified and such failure shall remain unremedied by either the Servicer or the Parent for three (3) Business Days;
- (b) the Servicer or the Parent fails to deliver (i) the information necessary to prepare any Servicer Reports within five (5) Business Days following the last Reporting Date or (ii) a Servicer Reports which is true and correct in all material respects;
- (c) the Servicer or the Parent (to the extent applicable) fails to perform or observe any term or covenant under the Servicing Agreement (other than any failure specified in (a) above), and such failure, if capable of remedy, shall remain unremedied by either the Servicer or the Parent for five (5) Business Days after receipt of a notice from the Loan Notes Issuer specifying such failure;
- (d) any representation, warranty, certification or statement made by the Servicer or the Parent in the Servicing Agreement shall prove to have been incorrect when made or deemed made and if capable of remedy is not remedied by either the Servicer or the Parent within five (5) Business Days;
- (e) the Parent ceases to hold, directly or indirectly, more than 51% of the issued share capital of the Servicer;
- (f) any creditor enforces (whether by distress, execution, attachment, sequestration or other process) security on or an encumbrance over, or takes possession of, any of the Servicer's

assets in an amount in the aggregate in excess of US\$ 5,000,000 (unless such enforcement has been discharged by BTAI within 30 days); and

- (g) the rating assigned to the Parent is withdrawn or downgraded below BB by Fitch and Ba2 by Moody's.

In addition, the following events will be "**Servicer Termination Events**" under the Servicing Agreement, the occurrence of which will require the Loan Notes Issuer to serve a notice on the Servicer:

- (a) any cross default by the Servicer in any agreement they have entered into, has a Material Adverse Effect;
- (b) an event which has a Material Adverse Effect shall have occurred and be continuing with respect to the Servicer or the Parent;
- (c) any Insolvency Event occurring in relation to the Servicer or the Parent;
- (d) the Servicer ceases to hold any licenses and authorisations in order to undertake the performance of the Services in compliance with applicable Kazakhstani law;
- (e) an Enforcement Notice under the Collection Accounts Security Deed, Deed of Charge, Pledge of Accounts Agreement or any other document creating a Security Interest is given and the Issuer is of the reasonable opinion that the continuation of the appointment of the Servicer is materially prejudicial to the interests of the Issuer or the Secured Creditors;
- (f) the Parent ceases to hold any licenses and authorisations in order to provide the guarantee under the Servicing Agreement in compliance with applicable Kazakhstani law;
- (g) where it results in a Material Adverse Effect, the Servicer or the Parent has (i) entered into any amalgamation, demerger, merger or reconstruction or other contractual arrangement which results in a change of control, (ii) substantially changed the general nature of its business from that carried on at the date of this Agreement, or ceased to carry on all or a substantial part of its business, or (iii) either in a single transaction or in a series of transactions, but not including the Transaction contemplated by the Transaction Documents, and whether related or not, disposed of any part of its assets unless (A) made in the ordinary course of trading, or (B) in exchange for some, but not all, other assets comparable or superior as to type, value or quality;
- (h) there is a going concern qualification in the audit report of the Servicer or the Parent; and
- (i) the loss of any authorisations under any applicable law, rule or regulation that would be necessary or advisable in order for the Servicer or the Parent to conduct their respective businesses that could result in a Material Adverse Effect.

Termination

Upon or at any time after the occurrence of a Potential Servicer Termination Event, the Loan Notes Issuer may, without prejudice to its other rights, by notice in writing to the Servicer, terminate the appointment of the Servicer under the Servicing Agreement. Upon or at any time after the occurrence of a Servicer Termination Event, the Loan Notes Issuer shall, without prejudice to its other rights, by notice in writing to the Servicer, terminate the appointment of the Servicer under the Servicing Agreement. The Loan Notes Issuer shall advise the Servicer and Back-up Servicer in writing of the status of the appointment of the Servicer and Back-up Servicer immediately following the occurrence of any Potential Servicer Termination Event or Servicer Termination Event.

The appointment of the Servicer under the Servicing Agreement will continue (unless otherwise terminated by the Loan Notes Issuer) until the date on which the Loan Notes Issuer has no further interest in any of the Mortgage Loans, Related Security and Ancillary Rights and the Loan Notes have been repaid in full. The appointment of the Servicer may also be terminated if the Parent's rating is downgraded to and below BB - by Fitch and the Loan Notes Trustee acting reasonably, determines that the Servicer's appointment should be terminated.

In addition to the right to terminate and without prejudice to such right, the Servicer may resign from its appointment under the Servicing Agreement upon sixty (60) days notice of resignation given in writing by the Servicer to the Loan Notes Issuer provided that, *inter alia*, the Loan Notes Issuer consents to such resignation and a Back-up Servicer, in accordance with the terms of the Servicing Agreement and the Back-up Servicing Agreement, has been appointed and assumed the Back-up Servicer's services.

After written notice of the occurrence of a Potential Servicer Termination Event (but before written notice of a Servicer Termination Event), the Servicer shall make arrangements to notify all Debtors in writing of any relevant changes in any administration procedures and mortgage payment arrangements and to notify all Debtors of the sale of the Mortgage Loans to the Loan Notes Issuer and (b) grant access and resources to the Back-up Servicer in order for the Back-up Servicer to perform its duties under the Back-up Servicer Agreement.

On and after termination of the appointment of the Servicer under the Servicing Agreement, the Servicer shall not hold itself out in any way as the agent of the Loan Notes Issuer or the Originator and all rights, obligations, authority and power of the Servicer under the Servicing Agreement shall be terminated and of no further effect, other than, *inter alia*, the Servicer's liability for breaches of the Servicing Agreement, any liability in tort or liability for breach of fiduciary duty on the part of the Servicer prior to such termination.

Upon termination of the appointment of the Servicer under the Servicing Agreement, the Servicer shall forthwith deliver to the Loan Notes Issuer or the Back-up Servicer within 10 Business Days those Records in its possession or under its control which are necessary to enable the Loan Notes Issuer or the Back-up Servicer to make all Collections and service the Mortgage Loans, any Related Security, any Ancillary Rights and any other security therefor (free of lien or right of set off exercisable by the Servicer) and any moneys then held by the Servicer on behalf of the Loan Notes Issuer and shall take such further action as the Loan Notes Issuer may reasonably direct, including, if so requested and to the extent reasonably possible, granting access in respect of intellectual property of the Servicer (insofar as the Servicer is legally empowered to grant such access), necessary to enable the Services to be performed by the Back-up Servicer and permitting the Loan Notes Issuer to have access to and take copies of the Insurance Contracts.

Following termination of the appointment of the Servicer, the Back-up Servicer, will be entitled to be granted for a period of up to three (3) months from the termination of its appointment:

- (a) access, during normal office hours and in so far as the Servicer is legally empowered to grant such access, to view and use the Servicer's software programmes and intellectual property used by the Servicer in providing the Services without charge, on the condition that the Back-up Servicer will not use or knowingly permit the use of that software or intellectual property for any purposes other than for administration of the Mortgage Loans, the Related Security, the Ancillary Rights and other related rights;
- (b) the right to use the services of such staff of the Servicer as the Back-up Servicer reasonably considers necessary to perform the Services in accordance with the Servicing Agreement, provided that the Back-up Servicer acknowledges that such staff may also be required to perform services in respect of other mortgage loan owners; and
- (c) the right to access the Servicer's premises and equipment during normal business hours, to the extent which is reasonably requested by the Back-up Servicer for the Back-up Servicer to ensure the continued administration of the Mortgage Loans, the Related Security, the Ancillary Rights and the other related rights, provided that the Back-up Servicer acknowledges that access will only be provided where such access does not, in the reasonable opinion of the Servicer, materially interfere with the Servicer's performance of services in respect of other mortgages or mortgage owners.

Applicable law and arbitration

The Servicing Agreement will be governed by and construed in accordance with English law. The London Court of International Arbitration (the "LCIA") will have exclusive jurisdiction to hear any disputes that may arise in connection with the Servicing Agreement, whose decision shall be considered final and binding on the parties, although the Loan Notes Issuer, the Loan Notes Trustee

and the Loan Notes Transaction Manager may elect to refer any dispute out of or in connection with the Servicing Agreement to the Courts of England and Wales.

Back-up Servicing Agreement

On the Closing Date, the Loan Notes Issuer, the Back-up Servicer, the Servicer, the Loan Notes Transaction Manager and the Loan Notes Trustee will amend and restate a back-up servicing agreement dated 20 January 2006 (the "**Back-up Servicing Agreement**"), pursuant to which the Back-up Servicer agrees that (a) on or after the occurrence of a Potential Servicer Termination Event the Loan Notes Trustee may (at its absolute discretion) appoint the Back-up Servicer to perform the Potential Servicer Termination Event Back-up Servicer Services and (b) on or after the termination of the appointment of the Servicer pursuant to the terms of the Servicing Agreement, the Loan Notes Issuer will appoint the Back-up Servicer to perform the Back-up Servicer Services, the scope of which shall correspond to the Services performed by the Servicer under the Servicing Agreement.

Upon the appointment of the Back-up Servicer under the terms and subject to the conditions of the Back-up Servicing Agreement, the Loan Notes Issuer will pay the Back-up Servicer an amount equal to US\$ 30,000 (or its KZT equivalent after application of the exchange rate as of the Back-up Servicer's appointment) in order to cover its initial expenses related to taking over the servicing duties under the Back-up Servicing Agreement (the "**Back-up Servicer's Start-up Fee**").

The Back-up Servicer will, on each Payment Date, receive a back-up servicer fee in arrear from the Loan Notes Issuer in accordance with the Pre-Enforcement Loan Notes Interest Payments Priorities.

The Back-up Servicer will agree that it will, upon receipt of a written notice of such appointment from the Loan Notes Issuer, accept the appointment as Back-up Servicer, and assume and perform all duties, liabilities and obligations of the Back-up Servicer in accordance with the terms of the Back-up Servicing Agreement.

Applicable law and arbitration

The Back-up Servicing Agreement will be governed by and construed in accordance with English law. The LCIA will have exclusive jurisdiction to hear any disputes that may arise in connection therewith (whose decision shall be considered final and binding on the parties), although the Loan Notes Issuer, the Loan Notes Trustee and the Loan Notes Transaction Manager may elect to refer any dispute arising out of or in connection with the Back-up Servicing Agreement including any question regarding its existence, validity or termination, to the Courts of England and Wales.

Custodian Agreement

On the Closing Date, the Loan Notes Issuer, the Loan Notes Trustee, the Originator and the Custodian will amend and restate a custodian agreement dated 16 February 2006 (the "**Custodian Agreement**"), pursuant to which the Loan Notes Issuer appointed the Custodian to keep in its safekeeping and custody all Mortgage Certificates and perform other custodian services for the Loan Notes Issuer under the terms of the Custodian Agreement.

The Custodian will, on each Payment Date, receive a custodian fee in arrear from the Loan Notes Issuer in accordance with the Pre-Enforcement Loan Notes Interest Payments Priorities.

The appointment of the Custodian will continue (unless otherwise terminated by the Loan Notes Issuer) until the Final Maturity Date, when the obligations of the Custodian under the Custodian Agreement will be discharged in full. The Loan Notes Issuer may terminate the Custodian's appointment and appoint a successor custodian upon the occurrence of certain events of default in relation to the Custodian or, upon the occurrence of certain insolvency events in relation to the Custodian.

Applicable law and arbitration

The Custodian Agreement will be governed by and construed in accordance with English law. The LCIA will have exclusive jurisdiction to hear any disputes that may arise in connection therewith (whose decision shall be considered final and binding on the parties), although the Loan Notes Issuer and the Loan Notes Trustee may elect to refer any dispute arising out of or in connection with the

Servicing Agreement including any question regarding its existence, validity or termination, to the courts of England and Wales.

Loan Notes Transaction Management Agreement

On the Closing Date, the Loan Notes Issuer, the Loan Notes Transaction Manager, the Loan Notes Account Bank, the Kazakhstani Account Bank and the Loan Notes Trustee will enter into an agreement (the "**Loan Notes Transaction Management Agreement**"), pursuant to which the Loan Notes Issuer will appoint the Loan Notes Transaction Manager to carry out certain administrative tasks on behalf of the Loan Notes Issuer, including:

- (a) monitoring and at all times maintaining permanent records of all payments received into and withdrawals made from the Loan Notes Accounts;
- (b) monitoring the Eligibility Criteria, the covenants and the representations and warranties applicable to the portfolio of the Mortgage Loans set forth in the Mortgage Sale Agreement and informing the Loan Notes Transaction Parties of any deviation to such criteria and covenants and the occurrence or potential occurrence of any Notification Event, any Loan Notes Event of Default or a Loan Notes Potential Event of Default;
- (c) calculating and delivering at least two (2) Business Days prior to each Payment Date a cash management report setting out the payments due by the Loan Notes Issuer under the Loan Notes Payments Priorities;
- (d) making all calculations required to be made by the Loan Notes Transaction Manager, including without limitation all calculations in respect of amounts payable by the Loan Notes Issuer, under or pursuant to the Loan Notes Transaction Documents;
- (e) transferring, procuring transfer or giving instructions to transfer payments from the Loan Notes Accounts in order to ensure that the same may be made on the due date and provide a copy of such instructions to the Loan Notes Issuer and to the Loan Notes Secured Creditors, if requested;
- (f) providing the Political Risk Payor with the report in the form as set out in the Political Risk Interest Payment Contract;
- (g) submitting requests for Liquidity Drawings and performing such other obligations as agreed under the Liquidity Facility Agreement; and
- (h) performing further services and submitting reports as set forth in the Loan Notes Transaction Management Agreement.

The Loan Notes Transaction Manager will, on a quarterly basis in advance, receive a loan notes transaction manager fee on each third Payment Date in accordance with the Pre-Enforcement Loan Notes Interest Payments Priorities.

Applicable law and arbitration

The Loan Notes Transaction Management Agreement will be governed by and construed in accordance with English law. The LCIA will have exclusive jurisdiction to hear any disputes that may arise in connection therewith (whose decision shall be considered final and binding on the parties), although the Loan Notes Issuer, the Loan Notes Transaction Manager, the Loan Notes Account Bank and the Loan Notes Trustee may elect to refer any dispute arising out of or in connection with the Loan Notes Transaction Management Agreement including any question regarding its existence, validity or termination, to the courts of England and Wales.

Loan Notes Accounts Agreement

On or about the Closing Date, the Loan Notes Issuer, the Loan Notes Trustee, the Loan Notes Account Bank, the Kazakhstani Account Bank, the Loan Notes Transaction Manager and the Loan Notes Trustee will enter into a loan notes accounts agreement (the "**Loan Notes Accounts Agreement**"), pursuant to which (i) the Loan Notes Account Bank will agree to open and maintain the Loan Notes Issuer Accounts, the Cash Reserve Account and the Loan Notes Euro Corporate Account

which are to be held in the name of the Loan Notes Issuer; and (ii) the Kazakhstani Loan Notes Account Bank will agree to open and maintain the Operating Accounts which are to be held in the name of the Loan Notes Issuer, and each shall provide the Loan Notes Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Loan Notes Accounts, as applicable. The Loan Notes Account Bank will pay interest on the amounts standing to the credit of the Loan Notes Issuer Accounts, the Cash Reserve Account and the Loan Notes Euro Corporate Account and the Kazakhstani Account Bank will pay interest on the amounts standing to the credit of the Operating Accounts.

The Loan Notes Account Bank and the Kazakhstani Account Bank will agree to comply with any directions given by the Loan Notes Transaction Manager in relation to the management of the Loan Notes Accounts in accordance with the terms of the Loan Notes Transaction Management Agreement. The Loan Notes Account Bank and the Kazakhstani Account Bank will each receive a fee to be paid annually in advance on the Closing Date and on each Payment Date (excluding the final Payment Date) immediately following an anniversary of the Closing Date, payable by the Loan Notes Issuer in accordance with the Pre-Enforcement Loan Notes Interest Payments Priorities.

If the short-term unsecured debt obligations of the Loan Notes Account Bank are downgraded below the Required Ratings, this may, among other things, result in the termination of the appointment of the Loan Notes Account Bank within 30 days of the downgrade and the appointment of a replacement accounts bank subject to the provisions of the Loan Notes Accounts Agreement.

Applicable law and arbitration

The Loan Notes Accounts Agreement will be governed by and construed in accordance with English law. The LCIA will have exclusive jurisdiction to hear any disputes that may arise in connection therewith (whose decision shall be considered final and binding on the parties), although the Loan Notes Issuer, the Loan Notes Trustee, the Loan Notes Account Bank and the Loan Notes Transaction Manager may elect to refer any dispute arising out of or in connection with the Loan Notes Accounts Agreement including any question regarding its existence, validity or termination, to the courts of England and Wales.

Loan Notes Agency Agreement

On or about the Closing Date, the Loan Notes Issuer, the Loan Notes Agent, the Loan Notes Trustee, the Registrar and the Loan Notes Transaction Manager will enter into a loan notes agency agreement (the "**Loan Notes Agency Agreement**"), pursuant to which the Loan Notes Issuer will appoint the Loan Notes Agent in respect of the Loan Notes, the Mezzanine Notes and the Subordinated Notes for the purpose of determining the interest payable and distributing payments on the Loan Notes, the Mezzanine Notes and the Subordinated Notes and will appoint the Registrar to maintain a register in respect of the Loan Notes. Following the occurrence of a Loan Notes Event of Default the Loan Notes Trustee may require the Loan Notes Agent to act as agent of the Loan Notes Trustee.

Applicable law and arbitration

The Loan Notes Agency Agreement will be governed by and construed in accordance with English law. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Loan Notes Corporate Services Agreement

The Loan Notes Issuer, the Loan Notes Trustee and the Corporate Services Provider entered into a corporate services agreement on 20 January 2006 (the "**Loan Notes Corporate Services Agreement**"), pursuant to which the Corporate Services Provider agreed to provide certain corporate book-keeping, taxation, secretarial and accounting services to the Loan Notes Issuer. In return for the services so provided, the Corporate Services Provider will receive a fee payable by the Loan Notes Issuer in arrear on each Payment Date in accordance with the Pre-Enforcement Loan Notes Interest Payments Priorities.

The Loan Notes Corporate Services Agreement may be terminated (a) by any party providing at least 180 (one hundred and eighty) days' written notice to the other parties or (b) at any time by notice in writing by the other parties if a party has (i) committed any material breach of the terms of the Loan Notes Corporate Services Agreement or (ii) been the subject of one or more insolvency events, as

defined in the Loan Notes Corporate Services Agreement. Except as referred to in (a) or (b) above, no termination of the appointment of the Corporate Services Provider may occur unless a successor corporate services provider acceptable to the Loan Notes Issuer has been appointed and has acceded to the terms of the Corporate Services Agreement.

The Corporate Services Provider will provide corporate administration and secretarial services to the Loan Notes Issuer which will include:

- (a) dispatch of shareholder and board meeting notices;
- (b) handling enquiries and making appropriate filings (or assisting the Loan Notes Issuer's auditors in so doing) with regulatory bodies including the Dutch tax authorities and other authorities;
- (c) keeping and maintaining books, records and statutory accounts and procuring that the same are distributed to relevant parties;
- (d) advising on the appointment of company lawyers and auditors;
- (e) paying the Loan Notes Issuer's ongoing operational costs and costs of preserving the corporate existence of the Loan Notes Issuer from the amounts available in the Loan Notes Euro Corporate Account; and
- (f) maintaining registrations and licences.

Applicable law

The Loan Notes Corporate Services Agreement is governed by and construed in accordance with laws of The Netherlands. The competent court (*rechtbank*) of Amsterdam, The Netherlands, shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Loan Notes Corporate Services Agreement.

Loan Notes Deed of Charge

As continuing security for the payment or discharge of all monies, obligations and Liabilities of any kind now or at any time in the future due, owing, incurred or payable by the Loan Notes Issuer to the Loan Notes Secured Creditors (the "**Loan Notes Secured Indebtedness**") and, subject always to the right of redemption of the Loan Notes Issuer, the Loan Notes Issuer will, in favour of the Loan Notes Trustee, for itself and on trust for the Loan Notes Secured Creditors, in accordance with the terms of a deed of charge to be entered into on the Closing Date:

- (a) charge with full title guarantee and by way of a first fixed charge all rights of the Loan Notes Issuer in respect of the Loan Notes Issuer Assets including, without limitation, all monies received in respect thereof, all principal, interest and other sums paid, distributed, accruing or offered at any time on, to or in respect of or in substitution thereof and the proceeds of sale, repayment and redemption thereof (which may take effect as a floating charge);
- (b) charge with full title guarantee and by way of first fixed charge all monies held from time to time in the Loan Notes Issuer Accounts and the Cash Reserve Account (such charge to be effected for the purposes of the law of The Netherlands by way of the Pledge of Loan Notes Accounts Agreement), all monies held from time to time in the Operating Accounts and all monies standing to the credit of any bank or other account in which the Loan Notes Issuer has or may at any time have or acquire any right, title, interest or benefit (including its security interest in the Collection Accounts and except for the Loan Notes Euro Corporate Account), which may take effect as a floating charge;
- (c) assigns with full title guarantee, in favour of the Loan Notes Trustee for itself and on behalf of the Loan Notes Secured Creditors, all its right, title and interest in the Loan Notes Issuer Assets, all its right, title and interest in, to and under the Loan Notes Transaction Documents (other than the Loan Notes Trust Documents), all its right, title and interest in the Loan Notes Accounts (other than the Loan Notes Euro Corporate Account) and the Collection Accounts and all sums derived therefrom; and

- (d) charge by way of a first floating charge the whole of the Loan Notes Issuer's undertaking and all the Loan Notes Issuer's property, assets and rights whatsoever and wheresoever present and future including, without limitation, the Loan Notes Issuer's uncalled capital, except to the extent otherwise charged or secured under the Loan Notes Trust Documents.

The Loan Notes Trustee shall be entitled to transfer certain of these charged assets to the Political Risk Payor free of any security interests, upon payment by the Political Risk Payer under the Political Risk Interest Payment Contract.

Applicable law

The Loan Notes Deed of Charge will be governed by and construed in accordance with English law. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Collection Accounts Security Deed

On the Closing Date the Loan Notes Issuer, the Originator, the Loan Notes Trustee, and the Collection Accounts Bank will enter into an amended and restated collection accounts security deed (the "**Collection Accounts Security Deed**") dated 20 January 2006, pursuant to which the Originator provided the Loan Notes Issuer with a first priority pledge over the Collection Accounts. The first priority pledge was duly registered by the Originator in the Property Registry in Kazakhstan.

Applicable law and arbitration

The Collection Accounts Security Deed will be governed by and construed in accordance with English law. The LCIA will have exclusive jurisdiction to hear any disputes that may arise in connection therewith, although the Loan Notes Issuer and the Loan Notes Trustee may elect to refer any dispute arising out of or in connection with the Collection Accounts Security Deed including any question regarding its existence, validity or termination, to the courts of England and Wales, whose decision shall be considered final and binding on the parties.

Pledge of Loan Notes Accounts Agreement

On the Closing Date, the Loan Notes Issuer and the Loan Notes Trustee will enter into a pledge of accounts agreement (the "**Pledge of Loan Notes Accounts Agreement**"), pursuant to which the Loan Notes Issuer will provide the Loan Notes Trustee with a first priority pledge over the Loan Notes Issuer Accounts and the Cash Reserve Account, each located in The Netherlands.

Applicable law

The Pledge of Loan Notes Accounts Agreement will be governed by and construed in accordance with the laws of The Netherlands. The competent court (*rechtbank*) of Amsterdam, The Netherlands shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Pledge of Loan Notes Accounts Agreement.

Loan Notes Trust Deed

The Loan Notes, the Mezzanine Notes and the Subordinated Notes are constituted by a loan notes trust deed entered into between the Loan Notes Issuer and the Loan Notes Trustee (the "**Loan Notes Trust Deed**"). The Loan Notes Conditions and the forms of the Loan Notes are set out in the Loan Notes Trust Deed.

The Loan Notes Trustee shall act as trustee for the holders of the Loan Notes, the Mezzanine Notes and the Subordinated Notes holding the Loan Notes Security upon trust for such persons and the Loan Notes Secured Creditors.

In accordance with the terms of the Loan Notes Trust Deed, the Loan Notes Issuer will pay a fee to the Loan Notes Trustee for its services under the Loan Notes Trust Deed until the Final Maturity Date at the rate and times agreed between the Loan Notes Issuer and the Loan Notes Trustee, together with payment of any liabilities incurred by the Loan Notes Trustee in relation to the Loan Notes Trustee's performance of its obligations under the Loan Notes Trust Deed.

The Loan Notes Trustee may retire at any time upon giving not less than three calendar months' notice in writing to the Loan Notes Issuer, without providing any reason therefor and without being responsible for any Liabilities occasioned by such retirement. The retirement of the Loan Notes Trustee shall not become effective unless there remains a trustee in office after such retirement. The Loan Notes Issuer has agreed in the Loan Notes Trust Deed that if the Loan Notes Trustee provides notice of its intention to retire pursuant to the terms of the Loan Notes Trust Deed, it shall use its best endeavours to procure a new trustee to be appointed. If the Loan Notes Issuer has not procured the appointment of a new trustee within thirty days of the expiry of the Loan Notes Trustee's notice of retirement, the Loan Notes Trustee is entitled to procure forthwith a new trustee.

Applicable law

The Loan Notes Trust Deed will be governed by and construed in accordance with the laws of England. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Interest Rate Swap Agreement

On the Closing Date, the Loan Notes Issuer will enter into an interest rate swap, to be documented by a 1992 ISDA Master Agreement and Schedule (the "**ISDA Master**") and confirmations thereunder, with the Interest Rate Swap Counterparty (the "**Interest Rate Swap Agreement**"). Pursuant to transactions entered into under the Interest Rate Swap Agreement, the Loan Notes Issuer will agree to pay on each Payment Date amounts calculated by reference to a fixed rate of interest (provided that in the event that on such Payment Date there is insufficient Available Interest Distribution Amounts to make full payment of all amounts due on such date to the Interest Rate Swap Counterparty, all payments made by the Interest Rate Swap Counterparty to the Loan Notes Issuer shall be reduced by the same percentage as any payments by the Loan Notes Issuer to the Interest Rate Swap Counterparty may be reduced) and the Interest Rate Swap Counterparty will agree to pay to the Loan Notes Issuer on each Payment Date, amounts calculated by reference to the US\$ LIBOR used in determining the rate of interest applicable to the relevant class of Loan Notes, on a notional amount equal at any time to the Principal Amount Outstanding (as defined in Loan Notes Condition 5(b)) of the Loan Notes from time to time.

The Interest Rate Swap Agreement shall terminate on the Final Legal Maturity Date unless terminated earlier, including, but without limitation, in circumstances where payment of principal and interest on the Loan Notes has been made in full on or before the Final Legal Maturity Date, in which case the Interest Rate Swap Agreement shall terminate on the date on which such payment is made in full.

Interest Rate Swap Counterparty: Downgrade Event

If the rating of the Interest Rate Swap Counterparty's short-term unsecured, unsubordinated debt obligations falls below "F-1" by Fitch or "P-1" by Moody's, or the rating of the Interest Rate Swap Counterparty's long-term unsecured, unsubordinated debt obligations falls below A2 by Moody's (if the Interest Rate Swap Counterparty is subject to both a short-term and a long-term rating) (the "**Required Ratings**") at any time, then the Interest Rate Swap Counterparty will be required within 30 days to take certain remedial measures as set out in the Interest Rate Swap Agreement but which may include:

- (a) the posting of collateral in an amount or value determined in accordance with the relevant swap collateral guidelines specified in the Interest Rate Swap Agreement;
- (b) the provision of a guarantee of a third party with the Required Ratings of any relevant Rating Agency;
- (c) the transfer of all its rights and obligations under the Interest Rate Swap Agreement to a replacement third party (which may include any affiliate of the Interest Rate Swap Counterparty) with the Required Ratings; or
- (d) such other action as the Interest Rate Swap Counterparty may agree with any relevant Rating Agency so as to result in any Offered Note then outstanding, following the taking of such other action, not being rated lower than the rating of such Offered Note immediately prior to the downgrade of the Interest Rate Swap Counterparty by such Rating Agency.

In the event that the rating of the Interest Rate Swap Counterparty falls below the Required Ratings to a further specified level, the option of posting collateral will be subject to certain conditions or may no longer be available to the Interest Rate Swap Counterparty.

If the Interest Rate Swap Counterparty fails to take one of the above-mentioned remedial measures within the time prescribed, then the Loan Notes Issuer will be entitled to terminate the appointment of the Interest Rate Swap Counterparty.

In the event that the Interest Rate Swap Counterparty posts collateral, that collateral will be credited to a separate swap collateral account. Collateral and income arising from collateral will be applied by the Interest Rate Swap Counterparty solely in returning collateral or paying income attributable to collateral to the Interest Rate Swap Agreement.

The Interest Rate Swap Agreement may also be terminated early in the following circumstances:

- (a) if withholding taxes are imposed on payments made by the Loan Notes Issuer or the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement or if certain other deductions are made;
- (b) at the option of one party, if there is a failure by the other party to pay any amount due under the Interest Rate Swap Agreement;
- (c) if the Loan Notes become repayable following the delivery of a Loan Notes Enforcement Notice; and
- (d) upon the occurrence of certain other events with respect to either party to the Interest Rate Swap Agreement, including an insolvency or changes in the law resulting in illegality.

If the Interest Rate Swap Agreement is terminated prior to repayment in full of the principal of the Loan Notes, the Loan Notes Issuer will become obliged to enter into an agreement on similar terms with a new counterparty.

Taxation

The Loan Notes Issuer will not in any circumstances be obliged to gross up if withholding taxes are imposed on payments made under the Interest Rate Swap Agreement. If the Interest Rate Swap Counterparty is obliged to make a withholding or deduction for or on account of tax on payments to be made by it under the Interest Rate Swap Agreement, it may transfer its rights and obligations under the Interest Rate Swap Agreement to another office or branch or to an affiliate, provided the Rating of the Offered Notes is not adversely affected.

Applicable Law

The Interest Rate Swap Agreement will be governed by and construed in accordance with the laws of England. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Liquidity Facility Agreement

On the Closing Date, the Loan Notes Issuer, the Liquidity Facility Provider and the Loan Notes Trustee will enter into a liquidity facility agreement (the "**Liquidity Facility Agreement**") by which the Liquidity Facility Provider will make available a 364 day revolving facility which will enable the Loan Notes Issuer to make Liquidity Drawings thereunder in order to reduce or eliminate any Payment Shortfalls (other than items (j), (l) and (n) of the Pre-Enforcement Loan Notes Interest Payments Priorities) on a Payment Date.

The Liquidity Facility Agreement will be for an initial amount of five (5) per cent. of the Principal Amount Outstanding of the Class A Loan Notes, the Class B Loan Notes and the Class C Loan Notes on the Closing Date (the "**Liquidity Facility Amount**"). The Liquidity Facility Amount will amortise on each Payment Date on which a redemption of the Offered Notes occurs so that it shall equal five (5) per cent. of the Principal Amount Outstanding of the Offered Notes following any such redemption until the Liquidity Facility Amount equals three (3) per cent. of the Principal Amounts Outstanding of the Offered Notes on the Closing Date. No amortisation of the Liquidity Facility Amount shall occur on

any Payment Date on which (i) a drawing is made on the Cash Reserve Account and (ii) the Aggregate Principal Outstanding Amount of Mortgage Loans in respect of which payments are more than ninety (90) days overdue exceeds five (5) per cent. of Aggregate Principal Outstanding Amount of all Mortgage Loans.

Applicable law

The Liquidity Facility Agreement will be governed by and construed in accordance with the laws of England. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Loan Notes Subscription Agreement

On or about the Signing Date, the Loan Notes Issuer, the Managers and the Issuer will enter into a loan notes subscription agreement (the "**Loan Notes Subscription Agreement**") pursuant to which (a) the Loan Notes Issuer will issue, and the Issuer will purchase, the Loan Notes; and (b) the Loan Notes Issuer will agree to pay to the Issuer the Issuer Expenses.

Applicable law

The Loan Notes Subscription Agreement will be governed by and construed in accordance with English law. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Subordinated Notes Purchase Agreement

On or about the Signing Date, the Loan Notes Issuer, the Subordinated Notes Purchaser and the Loan Notes Trustee will enter into the Subordinated Notes Purchase Agreement pursuant to which the Subordinated Notes Purchaser will purchase the Subordinated Notes. The Loan Notes Issuer will apply such amount towards the Cash Reserve Account Required Balance and certain costs of the Loan Notes Issuer. The Subordinated Notes Purchaser is entitled to the Subordinated Note Interest and the Subordinated Note Variable Margin due and payable on each Payment Date in accordance with the Pre-Enforcement Loan Notes Interest Payments Priorities.

Applicable law

The Subordinated Notes Purchase Agreement will be governed by and construed in accordance with English law. The LCIA will have exclusive jurisdiction to hear any disputes that may arise in connection therewith (whose decision shall be considered final and binding on the parties), although the Loan Notes Issuer and the Loan Notes Trustee may elect to refer any dispute arising out of or in connection with the Subordinated Notes Purchase Agreement including any question regarding its existence, validity or termination, to the courts of England and Wales.

Mezzanine Notes Purchase Agreement

On or about the Signing Date, the Loan Notes Issuer, the Loan Notes Trustee and the Mezzanine Notes Purchaser will enter into the Mezzanine Notes Purchase Agreement pursuant to which the Mezzanine Notes Purchaser will purchase from the Loan Notes Issuer the Mezzanine Notes. The Loan Notes Issuer will apply such sums to refinance its existing financing arrangements with the Originator and its existing warehousing transaction with Tulip Asset Purchase Company B.V. The Mezzanine Notes Purchaser is entitled to the Mezzanine Note Interest due and payable on each Payment Date in accordance with the Pre-Enforcement Loan Notes Interest Payments Priorities.

Applicable law

The Mezzanine Notes Purchase Agreement will be governed by and construed in accordance with English law. The LCIA will have exclusive jurisdiction to hear any disputes that may arise in connection therewith (whose decision shall be considered final and binding on the parties), although the Loan Notes Issuer and the Loan Notes Trustee may elect to refer any dispute arising out of or in connection with the Mezzanine Notes Purchase Agreement including any question regarding its existence, validity or termination, to the courts of England and Wales.

Political Risk Interest Payment Contract

On the Closing Date, the Loan Notes Trustee, (acting pursuant to a power of attorney by the Loan Notes Issuer authorising the Loan Notes Trustee to represent the Loan Notes Issuer and to take legally binding decisions on behalf of the Loan Notes Issuer) and the Political Risk Payor will enter into the Political Risk Interest Payment Contract under which the Political Risk Payor will pay a compensation for a loss, subject to the terms and conditions of the Political Risk Interest Payment Contract, to provide payments in respect of the Loan Notes Issuer's inability to convert KZT into US\$ in Kazakhstan and the Loan Notes Issuer's inability to transfer sums in US\$ from Kazakhstan into the Loan Notes Issuer Interest Account in The Netherlands in relation to interest payments received by the Loan Notes Issuer under the transferred Mortgage Certificates, the Related Security and the Ancillary Rights as transferred pursuant to the Mortgage Sale Agreement as a result of any action or inaction by the government of Kazakhstan.

The Political Risk Interest Payment Contract will apply only to the extent that the Loan Notes Issuer has paid to the Political Risk Payor all premiums due on the Political Risk Interest Payment Contract and the Loan Notes Issuer is prevented from converting Interest Receipts in KZT to US\$ or transferring such US\$ to the Loan Notes Issuer Interest Account as a result of (i) a Covered Risk described in Section 3.1 of the Political Risk Interest Payment Contract (a "**Transfer Restriction**") or (ii) a Covered Risk described in Section 4.1 of the Political Risk Interest Payment Contract (an "**Expropriation**"), and then only in accordance with the terms and conditions of the Political Risk Interest Payment Contract, including the deductions, exclusions, subrogation rights and limits of coverage set forth therein.

Applicable law

The Political Risk Interest Payment Contract will be governed by the Political Risk Interest Payment Contract and the MIGA Convention. To the extent that issues in dispute are not covered by the MIGA Convention, general principles of law will apply.

OVERVIEW OF CERTAIN TRANSACTION DOCUMENTS

The description of certain of the Transaction Documents set out below is a summary of certain features of such documents and is qualified by reference to the detailed provisions thereof. Prospective holders of Offered Notes may inspect a copy of the documents described below upon request at the specified office of each of the Trustee, the Principal Paying Agent and the Luxembourg Paying Agent. Capitalised terms used in the description below shall have the meaning ascribed to them in a Master Framework Agreement to be dated the Signing Date.

Trust Deed

The Offered Notes are constituted by a trust deed entered into between the Issuer and the Trustee (the "**Trust Deed**"). The Conditions and the forms of the Offered Notes are set out in the Trust Deed.

The Trustee shall act as trustee for the holders of Offered Notes, holding the Security upon trust for such persons and the Secured Creditors.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Trustee for its services under the Trust Deed until the Final Discharge Date at the rate and times agreed between the Issuer and the Trustee, together with payment of any liabilities incurred by the Trustee in relation to the Trustee's performance of its obligations under the Trust Deed.

The Trustee may retire at any time upon giving not less than three calendar months' notice in writing to the Issuer, without providing any reason therefor and without being responsible for any Liabilities occasioned by such retirement. The retirement of the Trustee shall not become effective unless there remains a trustee in office after such retirement. The Issuer has agreed in the Trust Deed that if the Trustee provides notice of its intention to retire pursuant to the terms of the Trust Deed, it shall use its best endeavours to procure a new trustee to be appointed. If the Issuer has not procured the appointment of a new trustee within thirty days of the expiry of the Trustee's notice of retirement, the Trustee is entitled to procure forthwith a new trustee.

Applicable law

The Trust Deed will be governed by and construed in accordance with the laws of England. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Deed of Charge

As continuing security for the payment or discharge of all monies, obligations and Liabilities of any kind now or at any time in the future due, owing, incurred or payable by the Issuer to the Secured Creditors (the "**Secured Indebtedness**") and, subject always to the right of redemption of the Issuer, the Issuer will, in favour of the Trustee, for itself and on trust for the Secured Creditors, in accordance with the terms of a deed of charge (the "**Deed of Charge**") to be dated on or about the Closing Date:

- (a) charge with full title guarantee and by way of first fixed charge all monies held from time to time in the Issuer Account (such charge to be effected for the purposes of the law of The Netherlands by way of the Pledge of Account Agreement) and all monies standing to the credit of any bank or other account (except for the Euro Corporate Account) in which the Issuer has or may at any time have or acquire any right, title, interest or benefit, which may take effect as a floating charge;
- (b) charge with full title guarantee and by way of first fixed charge all monies all of its rights, title, interest and benefit in, to and under the Transaction Documents to which it is a party and all sums derived therefrom;
- (c) charge with full title guarantee and by way of first fixed charge all of its rights, title, interest and benefit in and under the Loan Notes Deed of Charge; and
- (d) charge by way of a first floating charge the whole of the Issuer's undertaking and all the Issuer's property, assets and rights whatsoever and wheresoever present and future including, without limitation, the Issuer's uncalled capital, except to the extent otherwise charged or secured under the Trust Documents.

Applicable law

The Deed of Charge will be governed by and construed in accordance with English law. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Accounts Agreement

On or about the Closing Date, the Issuer, the Trustee, the Issuer Account Bank and the Transaction Manager will enter into an accounts agreement (the "**Accounts Agreement**"), pursuant to which the Issuer Account Bank will agree to open and maintain the Issuer Account and the Euro Corporate Account which are to be held in the name of the Issuer and the Issuer Account Bank will provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Issuer Account and the Euro Corporate Account. The Issuer Account Bank will pay interest on the amounts standing to the credit of the Issuer Account and the Euro Corporate Account.

The Issuer Account Bank will agree to comply with any directions given by the Transaction Manager in relation to the management of the Issuer Account and the Euro Corporate Account in accordance with the terms of the Transaction Management Agreement. The Issuer Account Bank will receive a fee to be paid annually in advance on the Closing Date and on each Payment Date (excluding the final Payment Date) immediately following an anniversary of the Closing Date, payable by the Loan Notes Issuer in accordance with the Pre-Enforcement Offered Notes Interest Payments Priorities.

If the short-term unsecured debt obligations of the Issuer Account Bank are downgraded below the Required Ratings, this may, among other things, result in the termination of the appointment of the Issuer Account Bank within 30 days of the downgrade and the appointment of a replacement accounts bank subject to the provisions of the Accounts Agreement.

Applicable law and arbitration

The Accounts Agreement will be governed by and construed in accordance with English law. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Paying Agency Agreement

On or about the Closing Date, the Issuer, the Principal Paying Agent, the Luxembourg Paying Agent and the Transaction Manager will enter into a paying agency agreement (the "**Paying Agency Agreement**"), pursuant to which the Issuer will appoint the Principal Paying Agent as principal paying agent in respect of the Offered Notes. So long as the Offered Notes are listed on the Luxembourg Stock Exchange, the Issuer will be required to maintain a paying agent in Luxembourg (which will be the Luxembourg Paying Agent). Following the occurrence of an Event of Default the Trustee may require the paying agents to act as agents of the Trustee.

Applicable law and arbitration

The Paying Agency Agreement will be governed by and construed in accordance with English law. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Transaction Management Agreement

On the Closing Date, the Issuer, the Transaction Manager, the Issuer Account Bank and the Trustee will enter into an agreement (the "**Transaction Management Agreement**"), pursuant to which the Issuer will appoint the Transaction Manager to carry out certain administrative tasks on behalf of the Issuer, including:

- (a) monitoring and at all times maintaining permanent records of all payments received into and withdrawals made from the Issuer Account and the Euro Corporate Account;
- (b) making all calculations required to be made by the Transaction Manager, including without limitation all calculations in respect of amounts payable by the Issuer, under or pursuant to the Transaction Documents;

- (c) transferring, procuring transfer or giving instructions to transfer payments from the Issuer Account and the Euro Corporate Account in order to ensure that the same may be made on the due date and provide a copy of such instructions to the Issuer and to the Secured Creditors, if requested; and
- (d) performing further services and submitting reports as set forth in the Transaction Management Agreement.

The Transaction Manager will, on a quarterly basis in advance, receive a transaction manager fee in on each third Payment Date in accordance with the Pre-Enforcement Loan Notes Interest Payments Priorities.

Applicable law and arbitration

The Transaction Management Agreement will be governed by and construed in accordance with English law. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Corporate Services Agreement

On or about the Signing Date the Issuer, the Trustee and the Corporate Services Provider will enter into a corporate services agreement (the "**Corporate Services Agreement**"), pursuant to which the Corporate Services Provider will provide certain corporate book-keeping, taxation, secretarial and accounting services to the Issuer. In return for the services so provided, the Corporate Services Provider will receive a fee payable by the Issuer in arrear on each Payment Date in accordance with the Pre-Enforcement Offered Notes Interest Payments Priorities.

The Corporate Services Agreement may be terminated (a) by any party providing at least 180 (one hundred and eighty) days' written notice to the other parties or (b) at any time by notice in writing by the other parties if a party has (i) committed any material breach of the terms of the Corporate Services Agreement or (ii) been the subject of one or more insolvency events, as defined in the Corporate Services Agreement. Except as referred to in (a) or (b) above, no termination of the appointment of the Corporate Services Provider may occur unless a successor corporate services provider acceptable to the Issuer has been appointed and has acceded to the terms of the Corporate Services Agreement.

The Corporate Services Provider will provide corporate administration and secretarial services to the Issuer which will include:

- (a) dispatch of shareholder and board meeting notices;
- (b) handling enquiries and making appropriate filings (or assisting the Issuer's auditors in so doing) with regulatory bodies including the Dutch tax authorities and other authorities and the Luxembourg Stock Exchange;
- (c) keeping and maintaining books, records and statutory accounts and procuring that the same are distributed to relevant parties;
- (d) advising on the appointment of company lawyers and auditors;
- (e) paying the Issuer's ongoing operational costs and costs of preserving the corporate existence of the Issuer from the amounts available in the Euro Corporate Account; and
- (f) maintaining registrations and licences.

Applicable law

The Corporate Services Agreement is governed by and construed in accordance with laws of The Netherlands. The competent court (*rechtbank*) of Amsterdam, The Netherlands, shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Corporate Services Agreement.

Pledge of Account Agreement

On the Closing Date, the Issuer and the Trustee will enter into a pledge of account agreement (the "**Pledge of Account Agreement**"), pursuant to which the Issuer will provide the Trustee with a first priority pledge over the Issuer Account located in The Netherlands.

Applicable law

The Pledge of Account Agreement will be governed by and construed in accordance with the laws of The Netherlands. The competent court (*rechtbank*) of Amsterdam, The Netherlands shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Pledge of Account Agreement

ESTIMATED AVERAGE LIFE OF THE OFFERED NOTES AND ASSUMPTIONS

The average lives of the Offered Notes cannot be predicted as the actual rate at which the Mortgage Loans will be repaid and a number of other relevant factors are unknown. Calculations of possible average lives of the Offered Notes can be made on the basis of various assumptions regarding prepayment rates in relation to the Mortgage Loans and certain other factors. Their possible average lives are set out in the tables below. Based on the assumptions that:

- (a) the Closing Date will be 29 March 2007;
- (b) the Mortgage Loans are subject to a constant annual rate of principal prepayments shown in the table below;
- (c) no redemption for taxation reasons has occurred;
- (d) the KZT does not strengthen versus the US\$ during the life of the deal; and
- (e) the Mortgage Loans continue to be fully performing.

the approximate average lives of the Class A Notes, the Class B Notes and the Class C Notes, at various assumed rates of prepayment of the Mortgage Loans, would be as follows:

Class A Notes, Average Lives and Payment Windows:

	0% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% CF
WAL (years) to Call Date	4.67	2.97	2.56	2.13	1.80	1.54
Payment Window	15-May-07 to 15-Mar-14	15-May-07 to 15-Mar-14	15-May-07 to 15-Mar-14	15-May-07 to 15-Feb-13	15-May-07 to 15-Apr-12	15-May-07 to 15-Sep-12
WAL (years) to Clean-up Call	6.40	3.11	2.56	2.13	1.80	1.54
Payment Window	15-May-07 to 15-Nov-21	15-May-07 to 15-Jul-15	15-May-07 to 15-Mar-14	15-May-07 to 15-Feb-13	15-May-07 to 15-Apr-12	15-May-07 to 15-Sep-12
WAL to Clean-up without Pro Rata	5.77	2.66	2.20	1.86	1.60	1.39
Payment Window	15-May-07 to 15-Nov-20	15-May-07 to 15-Aug-14	15-May-07 to 15-May-13	15-May-07 to 15-Jun-12	15-May-07 to 15-Sep-11	15-May-07 to 15-Feb-12

Class B Notes, Average Lives and Payment Windows:

	0% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% C
WAL (years) to Call Date	6.83	4.90	4.44	4.00	3.65	3.39
Payment Window	15-Aug-12 to 15-Mar-14	15-Jul-09 to 15-Mar-14	15-Apr-09 to 15-Mar-14	15-Apr-09 to 15-Feb-13	15-Apr-09 to 15-Apr-12	15-Apr-09 to 15-Sep-12
WAL (years) to Clean-up Call	10.33	5.19	4.44	4.00	3.65	3.39
Payment Window	15-Aug-12 to 15-Nov-21	15-Jul-09 to 15-Jul-15	15-Apr-09 to 15-Mar-14	15-Apr-09 to 15-Feb-13	15-Apr-09 to 15-Apr-12	15-Apr-09 to 15-Sep-12
WAL to Clean-up without Pro Rata	14.45	8.12	6.81	5.76	4.95	4.34
Payment Window	15-Nov-20 to 15-Nov-21	15-Aug-14 to 15-Jul-15	15-May-13 to 15-Mar-14	15-Jun-12 to 15-Feb-13	15-Sep-11 to 15-Apr-12	15-Feb-12 to 15-Sep-12

Class C Notes, Average Lives and Payment Windows:

	0% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% CPR
WAL (years) to Call Date	6.83	4.90	4.44	4.00	3.65	3.39
Payment Window	15-Aug-12	15-Jul-09	15-Apr-09	15-Apr-09	15-Apr-09	15-Apr-09

	to	to	to	to	to	to
	15-Mar-14	15-Mar-14	15-Mar-14	15-Feb-13	15-Apr-12	15-Sep-11
WAL (years) to Clean-up Call	10.33	5.19	4.44	4.00	3.65	3.39
Payment Window	15-Aug-12	15-Jul-09	15-Apr-09	15-Apr-09	15-Apr-09	15-Apr-09
	to	to	to	to	to	to
	15-Nov-21	15-Jul-15	15-Mar-14	15-Feb-13	15-Apr-12	15-Sep-11
WAL to Clean-up without Pro Rata	14.66	8.32	6.99	5.91	5.07	4.49
Payment Window	15-Nov-21	15-Jul-15	15-Mar-14	15-Feb-13	15-Apr-12	15-Sep-11
	to	to	to	to	to	to
	15-Nov-21	15-Jul-15	15-Mar-14	15-Feb-13	15-Apr-12	15-Sep-11

"**CPR**" means the constant pre-payment rate (per cent. per annum)

"**Clean-up Call Date**" means the Payment Date on which the Aggregate Principal Outstanding Amount of the Mortgage Loans is equal to or less than 10 per cent. of the Aggregate Principal Outstanding Amount of all of the Mortgage Loans as at the Offer Date.

Assumption (b) is stated as an average annualised prepayment rate, as the prepayment rate for one Interest Period may be substantially different from that for another. The constant prepayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant prepayment rates.

Assumptions (a), (c), (d) and (e) relate to circumstances which are not predictable.

The average lives of the Class A Notes, the Class B Notes and the Class C Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and the estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

USE OF PROCEEDS

Proceeds of the Offered Notes

The net proceeds of the issue of the Offered Notes will amount to US\$[●●●●] and such amounts will be used by the Issuer, to purchase the Loan Notes from the Loan Notes Issuer on the Closing Date.

The total expenses relating to the admission of the Offered Notes to trading on the Luxembourg Stock Exchange's regulated market and the listing on the Luxembourg Stock Exchange will amount to approximately US\$[●●●●].

The net proceeds from the sale of the Loan Notes to the Issuer on the Closing Date will be applied by the Loan Notes Issuer to refinance the Loan Notes Issuer's existing financing arrangements with the Originator and refinance the Loan Notes Issuer's warehousing arrangements with Tulip Asset Purchase Company B.V.

CHARACTERISTICS OF THE MORTGAGE LOANS

The information set out below has been prepared on the basis of a provisional pool of the Mortgage Loans as of 29 December 2006. Capitalised terms used in the description below shall, except as otherwise defined in this Prospectus, have the meanings ascribed to them in the Master Framework Agreement.

Selection Criteria of the Mortgage Loans

The Mortgage Loans comprise debt obligations arising out of residential mortgage loans purchased by the Issuer from the Originator in accordance with the terms of the Mortgage Sale Agreement.

The Mortgage Loans have been selected on the basis of the Eligibility Criteria. For details of the Eligibility Criteria see section "**Overview of Certain Transaction Documents**".

TABLE A

<i>Key characteristics of the Provisional Pool</i>	<i>KZT</i>	<i>USD</i>
Aggregate Principal Outstanding Amount	20,119,381,407	157,898,143
Aggregate Minimum Principal Outstanding Amount (MPOA)		153,609,602
Average MPOA		20,012
Maximum MPOA		311,803
Number of loans		7,890
Weighted average seasoning (months)		12.9
Weighted average maturity (months)		170.5
Weighted average coupon (%)		14.51%
Current Loan-to-Value		60.47%
Original Loan-to-Value		61.87%

The Provisional Pool has the aggregate characteristics indicated in Tables B - K below.

TABLE B

origination date of the mortgage loans in the Provisional Pool

year of origination	Aggregate Minimum Principal Outstanding Amount (USD)	proportion of pool (%)	number of loans	proportion of pool (%)
2001	35,153	0.02%	4	0.05%
2002	139,169	0.09%	24	0.30%
2003	2,755,926	1.79%	275	3.49%
2004	12,411,433	8.08%	1,154	14.63%
2005	54,379,969	35.40%	3,149	39.91%
2006	83,887,951	54.61%	3,284	41.62%
Total	153,609,602	100.00%	7,890	100.00%

TABLE C***type of income verification for loans in the Provisional Pool***

	Aggregate Minimum Principal Outstanding Amount (USD)	proportion of pool (%)	number of loans	proportion of pool (%)
Non-documented	54,680,483	35.60%	4,116	52.17%
Documented	98,929,119	64.40%	3,774	47.83%
Total	153,609,602	100.00%	7,890	100.00%

TABLE D***interest rates applicable to the mortgage loans in the Provisional Pool***

range of interest rates	Aggregate Minimum Principal Outstanding Amount (USD)	proportion of pool (%)	number of loans	proportion of pool (%)
10% <= r < 12%	59,395	0.04%	1	0.01%
12% <= r < 13%	26,911,165	17.52%	508	6.44%
13% <= r < 14%	41,560,486	27.06%	1,669	21.15%
14% <= r < 15%	26,349,114	17.15%	1,227	15.55%
15% <= r < 16%	33,440,737	21.77%	2,209	28.00%
16% <= r < 17%	19,878,144	12.94%	1,798	22.79%
17% <= r < 18%	4,241,168	2.76%	301	3.81%
18% <= r < 19%	192,360	0.13%	19	0.24%
19% <= r < 20%	875,865	0.57%	149	1.89%
20% <= r < 21%	101,167	0.07%	9	0.11%
Total	153,609,602	100.00%	7,890	100.00%

TABLE E***maturity of the mortgage loans in the Provisional Pool***

range of years	Aggregate Minimum Principal Outstanding Amount (USD)	proportion of pool (%)	number of loans	proportion of pool (%)
2006 <= maturity < 2008	576,317	0.38%	174	2.21%
2008 <= maturity < 2011	8,683,173	5.65%	1,113	14.11%
2011 <= maturity < 2014	11,097,456	7.22%	983	12.46%
2014 <= maturity < 2017	22,229,503	14.47%	1,338	16.96%
2017 <= maturity < 2020	20,253,679	13.19%	1,348	17.08%
2020 <= maturity < 2023	25,163,050	16.38%	990	12.55%
2023 <= maturity < 2026	65,606,423	42.71%	1,944	24.64%
Total	153,609,602	100.00%	7,890	100.00%

TABLE F***size of outstanding mortgage loans in the Provisional Pool***

range of loans sizes	Aggregate Minimum Principal Outstanding Amount (USD)	proportion of pool (%)	number of loans	proportion of pool (%)
loan size <= 10,00	18,685,998	12.16%	3,077	39.00%
10,000 < loan size <= 20,000	33,405,492	21.75%	2,316	29.35%
20,000 < loan size <= 30,000	26,096,058	16.99%	1,073	13.60%
30,000 < loan size <= 40,000	19,002,340	12.37%	551	6.98%
40,000 < loan size <=50,000	15,766,771	10.26%	355	4.50%
50,000 < loan size <=60,000	10,511,856	6.84%	192	2.43%
60,000 < loan size <=70,000	6,920,428	4.51%	107	1.36%
70,000 < loan size <=80,000	5,739,308	3.74%	77	0.98%
80,000 < loan size <=90,000	2,935,877	1.91%	35	0.44%
90,000 < loan size <=100,000	2,675,874	1.74%	28	0.35%
100,000 < loan size <=200,000	8,092,236	5.27%	64	0.81%
loan size> 200,000	3,777,362	2.46%	15	0.19%
Total	153,609,602	100.00%	7,890	100.00%

TABLE G***geographical distribution of the properties in the Provisional Pool***

City	Aggregate Minimum Principal Outstanding Amount (USD)	proportion of pool (%)	number of loans	proportion of pool (%)
Almaty	80,610,944	52.48%	2,512	31.84%
Astana	10,778,078	7.02%	295	3.74%
Aqmola	1,836,751	1.20%	118	1.50%
Aktobe	4,309,193	2.81%	396	5.02%
Atyray	5,526,575	3.60%	330	4.18%
Ural'sk	2,437,350	1.59%	212	2.69%
Aktau	17,905,262	11.66%	1,222	15.49%
Shymkent	12,308,115	8.01%	1,000	12.67%
Pavlodar	2,653,244	1.73%	265	3.36%
Karaganda	4,277,776	2.78%	465	5.89%
Kostanaj	1,577,975	1.03%	161	2.04%
Ust'-Kamenogorsk	4,846,259	3.15%	477	6.05%
Petropavlovsk	2,636,345	1.72%	227	2.88%
Taraz	1,905,734	1.24%	210	2.66%
Total	153,609,602	100.00%	7,890	100.00%

TABLE H***currency rate at origination of the mortgage loans in the Provisional Pool***

range of currency rates (KZT/USD)	Aggregate Minimum Principal Outstanding Amount (USD)	proportion of pool (%)	number of loans	proportion of pool (%)
129 <= fx <130	72,507,140	47.20%	2,839	35.98%
130 <= fx <131	12,834,520	8.36%	939	11.90%
131 <= fx <132	9,191,809	5.98%	503	6.38%
132 <= fx <133	6,597,244	4.29%	407	5.16%
133 <= fx <134	16,248,820	10.58%	849	10.76%
134 <= fx <135	13,613,845	8.86%	733	9.29%
135 <= fx <136	15,457,135	10.06%	968	12.27%
136 <= fx <137	2,739,105	1.78%	230	2.92%
137 <= fx <140	1,361,497	0.89%	106	1.34%
140 <= fx <145	313,899	0.20%	31	0.39%
145 <= fx <150	2,744,587	1.79%	285	3.61%
Total	153,609,602	100.00%	7,890	100.00%

TABLE I***payment in arrears***

range of payment in arrears	Aggregate Minimum Principal Outstanding Amount (USD)	proportion of pool (%)	number of loans	proportion of pool (%)
payments in arrears <= 0.01	150,773,556	98.15%	7,777	98.57%
0.01 < payments in arrears <= 0.5	2,629,207	1.71%	101	1.28%
0.5 < payments in arrears <= 1	184,127	0.12%	9	0.11%
1 < payments in arrears <= 1.5	22,711	0.01%	3	0.04%
Total	153,609,602	100.00%	7,890	100.00%

TABLE J***Current Loan-to-Value***

range of Loan-to-Value	Aggregate Outstanding Principal Amount (EUR)	proportion of pool (%)	number of loans	proportion of pool (%)
0% <= LTV < 20%	4,262,030	2.77%	747	9.47%
20% <= LTV < 30%	7,223,884	4.70%	776	9.84%
30% <= LTV < 40%	12,551,772	8.17%	973	12.33%
40% <= LTV < 50%	24,029,955	15.64%	1,745	22.12%
50% <= LTV < 60%	17,980,458	11.71%	747	9.47%
60% <= LTV < 70%	38,804,617	25.26%	1,514	19.19%
70% <= LTV < 80%	21,592,646	14.06%	692	8.77%
80% <= LTV < 90%	22,670,552	14.76%	603	7.64%
90% <= LTV	4,493,688	2.93%	93	1.18%
Total	153,609,602	100.00%	7,890	100.00%

TABLE K***Original Loan-to-Value***

range of Loan-to-Value	Aggregate Outstanding Principal Amount (EUR)	proportion of pool (%)	number of loans	proportion of pool (%)
0% <= LTV < 20%	3,028,695	1.97%	462	5.86%
20% <= LTV < 30%	5,804,651	3.78%	636	8.06%
30% <= LTV < 40%	9,844,397	6.41%	766	9.71%
40% <= LTV < 50%	15,239,415	9.92%	934	11.84%
50% <= LTV < 60%	26,651,893	17.35%	1,863	23.61%
60% <= LTV < 70%	28,899,497	18.81%	1,035	13.12%
70% <= LTV < 80%	32,810,032	21.36%	1,295	16.41%
80% <= LTV < 90%	29,791,053	19.39%	862	10.93%
90% <= LTV	1,539,970	1.00%	37	0.47%
Total	153,609,602	100.00%	7,890	100.00%

ORIGINATOR'S CREDIT AND COLLECTION POLICY

General

The Originator provides residential mortgage loans to fund a purchase of: (1) flats in residential buildings on the secondary market, (2) stand-alone houses, and (3) plots of land and off-plan houses/flats. The Mortgage Loan Portfolio will only include mortgage loans funding the purchase of (1) or (2) above. It should be noted that when granting such residential mortgage loans, in addition to taking security over the acquired property, the Originator may also require a Debtor or a connected third party to pledge some other assets it owns. This is usually the case where the Debtor requires a loan amounting to over 90% of the value of the purchased property.

The Originator's target clients are residents of the Republic of Kazakhstan, aged 18 (with Guarantor) or 22 (without Guarantor) to 63 and with a high or medium level of income.

Underwriting Process

(A) Relevant information

The underwriting procedure must be carried out using the Debtor's documented information, and includes:

- (a) assessing a Debtor's creditworthiness and his/her ability to pay off the mortgage loan in a timely manner based on the analysis of his/her income and expenditure. The basis of this assessment is the Debtor's historic income and the assumption that the future income will be no less than the current one. To perform such assessment, information concerning the Debtor's employment history, possible income increases and the expenditure levels must be gathered and analysed. For self-employed Debtors, creditworthiness is assessed using the "Solvency and Business Stability Assessment Method for the Self-Employed (Including Private Businesses)", which is a tool developed by the Originator for this specific purpose;
- (b) assessing the Debtor's creditworthiness based on the analysis of his/her credit history and past performances in discharging financial obligations;
- (c) establishing the Debtor's legal capacity;
- (d) legal analysis of title documents relating to the property that will be secured and checking all documents for compliance with the requirements of Kazakhstani law;
- (e) establishing the value and condition of the property;
- (f) assessing the stability of the Debtor's employment and his/her future employment outlook; and
- (g) assessing the Debtor's education, job-related experience and employment relevance to the growing and profitable segments of the market.

The relevant sources of the Debtor's income which will be taken into account when assessing the maximum amount of a proposed mortgage loan are:

- salary at the principal place of business;
- hourly pay;
- average annual income from overtime work;
- income from part-time employment;
- annual bonuses;
- commissions;
- dividends;

- net rent;
- alimony and family allowance;
- forthcoming increases in income (documentary evidence from the employer is required);
- any income included in income statements of public servants; and
- income from self-employment activities based on a private business patent/declaration.

Where the Debtor is borrowing under the programme organised by the Kazakhstan Mortgage Company ("KMC"), the income will be assessed in accordance with the KMC's requirements. For example, under such programme, income in the form of undocumented dividends, alimony and allowances will not be taken into consideration, but can be considered as compensating factors.

The Originator may at its discretion take into consideration, or reject to do so, any other income of the Debtor. It should also be noted that the total family income of the Debtor (i.e. income of all persons living together) may also be used in calculations, including all immediate relatives (spouses, parents, children, brothers and sisters).

(B) Calculating the maximum mortgage loan amount based on income

The maximum mortgage loan amount for which a Debtor would be eligible based on his/her income is calculated as follows:

$$L \text{ (max)} = \frac{A \text{ (max)} \times (1-(1+IR)^{-P}}{IR}$$

where:

IR – monthly interest rate in percentage;

P – loan period in months; and

A (max) – maximum monthly annuity, which is calculated as follows:

$$A \text{ (max)} = R1 \times FI$$

where:

FI – average monthly family income; and

R1 – maximum permissible ratio of the Debtor's monthly expenditure on a loan servicing to his/her monthly income. The maximum permissible value of R1 is determined depending on the annuity size (see Table 1 below).

Table 1

Annuity (KZT), up to:	30,000	30,000-59,000	60,000-130,000	131,000-200,000	>201,000
R1 (max)	0.35	0.4	0.45	0.5	0.6

(C) Assessment of the Debtor's income

For the purposes of assessment of an average family income, the Debtor must submit documents confirming his/her stable income over at least the past 6 months (unless otherwise provided in a particular loan package offered by the Originator (a "**Package**")). The Originator must be provided with the evidence that the Debtor and his/her family members will receive adequate income throughout the mortgage loan period. The income of the co-borrowers, guarantor and/or warrantor, if

any, will be assessed using the same procedure, except for a guarantor who is not contributing to loan costs, i.e. will only act as the guarantor.

Debtors who receive income from business activities are required to submit documents confirming his/her present and future financial standing (royalties, IP rights, supply contracts, service contracts, etc.) which must be of an adequate level for the purposes of repaying the mortgage loan. The Originator will use average profitability standards for the respective industry and employment activity in order to verify such information.

(D) Analysis of the Debtor's expenditure

The Debtor's expenditure will be divided into groups depending on frequency and purpose:

1. future monthly expenditure relating to the purchased property (e.g. paying off the mortgage loan, property taxes, insurance, maintenance costs, utilities and other standard fees and charges relating to residential property);
2. annual (or recalculated on a monthly basis) expenditure on income taxes and other applicable taxes and fees in connection with other moveable and immovable property;
3. regular expenditure of the Debtor's family (food, children's education, health care); and
4. other regular and necessary expenditure (incurred monthly or otherwise during a year).

(E) Analysis of adequacy of the Debtor's income

To determine whether the Debtor's income is adequate for servicing his/her loan, the following ratios are used:

1. R1 ratio

$R1 = (A + LDI + PI) / FI$
--

where:

FI – monthly family income of the Debtor;

LDI – monthly life and disability insurance premium of the Debtor/co-debtor;

PI – monthly property insurance premium of the purchased property; and

A – monthly annuity to be paid by the Debtor, calculated as follows:

	$\frac{L \times IR}{1 - (1+IR)^{-P}}$
A =	$1 - (1+IR)^{-P}$

where:

L – loan amount applied for;

IR – interest rate divided by 12;

P – loan period in months.

The maximum permissible value of R1 is illustrated in Table 1 above.

2. R2 ratio

$$R2 = O / FI$$

where:

FI – monthly family income of the Debtor; and

O – monthly obligations of the Debtor (including the expenditure listed in section (D) above).

The maximum value of R2 is 90%. Deviations in R1 ratio and R2 ratios may be up to 2%, conditional on there being some compensating factors (see section (H) below).

(F) Calculating the maximum mortgage loan amount based on LTV

The maximum permissible loan amount is defined as being the lesser of:

- the maximum loan amount as compared to income (calculated in accordance with sections (A) and (B) above); and
- the maximum loan amount as compared to the value of the relevant security (calculated using the loan to value (LTV) ratio, set out below).

The LTV ratio is calculated as follows:

$$LTV = L / S$$

where:

L – proposed loan amount; and

S – the lesser of (1) the estimated value of the purchased property and any additional security (e.g. cash deposit by the Debtor or other security), and (2) the actual price of the purchased property agreed with the seller, together with the estimated value of any such additional security.

The estimated value of the purchased property will be calculated using a ratio of 1, while the value of any additional security is calculated using a ratio of 0.9.

Finally, the maximum loan amount ("**ML**") based on the value of security will be calculated as follows:

$$ML = S \times LTV$$

The acceptable LTV ratio will be determined in accordance with the terms of the particular Package. A LTV threshold may be increased pursuant to the "Professionals' Budget" and "Corporate" Packages up to 85%, conditional on the Debtor procuring civil liability insurance at a rate of up to 15% of the residential property value, and up to 90%, conditional on obtaining a guarantee from the Kazakhstan Mortgage Loan Guarantee Fund (the "**KMGF**").

Where a credit file complies with the standards imposed in the relevant package in relation to legal requirements, the Debtor's creditworthiness, property assessment and title documents, the application will be classified as standard and, as a result, the application procedure will be simplified.

It should be noted that any other property of the Debtor (e.g. a car, a summer house and other movable and immovable property) will not be taken into consideration when calculating the maximum loan amount based on income. However, such additional property (i.e. its estimated value on enforcement of the loan) may be taken into consideration as the Debtor's additional assets, i.e. as a compensating factor.

(G) The Loan Committee and underwriting report

When compiling an underwriting report, the Originator's loan officer must present his/her recommendations to the Loan Committee in the form of an Underwriting Report – Expert's Conclusion. Such report must include details on the Kazakhstan Mortgage Company's (the "KMC") quotation rate, an inflation index (for the KMC's Programme) and comparative data on the value of similar residential properties (as extracted from the database of the Real Estate Centre). The Originator's Loan Committee may resolve to approve the advancing of a mortgage loan despite excessive R1 or R2 values, if there are any compensating factors (defined below) which, in the Loan Committee's opinion, improve the Debtor's creditworthiness. Exceeding the maximum permissible LTV ratio is prohibited, unless there is an additional civil liability insurance or KMGF guarantee (as required under a particular Package).

(H) Compensating factors and negative factors

In addition to reviewing the Debtor's legal capacity and financial standing, the Loan Committee may also consider the following factors as being indirectly relevant to the risk assessment undertaken on such Debtor.

Compensating factors:

- salary at the principal place of business;
- significant down payment, i.e. the Debtor is prepared to provide a down payment of more than 30% of the value of the property;
- any additional assets of the Debtor (e.g. other residential property, bank deposits, fixed assets and working capital used in his/her business, etc.);
- high professional qualification and opportunities for alternative employment in the relevant labour market;
- stable employment record (more than 3 years);
- additional sources of income;
- good credit history;
- small number of family members and dependants (less than 3 persons);
- promising area of business of the employer company;
- higher education or command of foreign languages; and
- possible guarantees by third parties.

Negative factors:

- salary at the principal place of business;
- Debtor's age (over 55 years);
- weak professional qualifications;
- frequent change of jobs and short employment duration;
- outstanding loans or other obligations to third parties or negative credit history;
- large number of family members and dependants (more than 5 persons);
- poor outlook for the employer company's area of business;
- lack of higher education; and

- any negative information about the Debtor or purchased property.

The compensating and negative factors must be supported by documents where necessary.

Purchase of Property and Loan Granting Procedure

Where a loan is granted for repairing a flat, a disbursement may be effected after the documents required for the state registration of pledge are provided to the lender's representative, except for projects permitting undocumented income confirmation or private house repair projects, under which a disbursement may only be effected after the pledge is registered.

Where a mortgage loan is granted for purchasing a property, including rights of use, as well as a title to such land (including commercial use), a disbursement may be effected after the title has been registered in the name of the Debtor with the state authorities and the pledge agreement has been registered with the Property Registry.

Where a party to a mortgage loan agreement includes an underage person (i.e. younger than 14), such agreement must also be signed by his/her parents, adoptive parents or guardians. Persons aged 14 to 18 may sign the mortgage loan agreement themselves with a consent from their parents, adoptive parents or guardians, which must be indicated in the agreement or certified by a notary in writing. Similarly, where property owned by an underage person is pledged, the same consent must be obtained.

Servicing and Monitoring of Mortgage Loans

An individual credit file must be opened for each granted mortgage loan. Documents included in such credit file are those setting forth obligations relating to the relevant mortgage loan and must be adequately detailed. Any changes, together with any new information, must be entered into the relevant credit file by the Originator's officer in charge, always in accordance with relevant procedure. Credit files are strictly confidential.

The Originator may provide additional services/approvals through authorised departments only, e.g. a release of charge pursuant to a Debtor's request, change of a collateral item, obtaining building and/or change of purpose permits, assignment of debt, changing the payment schedule, issue of debt certificates on loans and legal advice to clients who are not Debtors, for an additional fee.

Work out

When a mortgage loan is showing signs of an increased risk of default, or is already defaulted, it will be classified as a problematic or delinquent mortgage loan. Such problem mortgage loans are divided into the following categories:

"Problem Loans No. 1", which includes a mortgage loan that has a monthly instalment outstanding for up to 30 days after it became due and payable. Such mortgage loans will be handled by the Law Department - Small Delinquent Borrowers Sector ("**SDBS**").

"Problem Loans No. 2", which includes a mortgage loan that has a monthly instalment outstanding for more than 30 days after it became due and payable. Such mortgage loans will be handled by the Law Department: Problem Loans Sector ("**PLS**").

(A) Methods for dealing with Problem Loans No. 1

Different methods will be used depending on how late the Debtor is in paying a monthly instalment that has become due and payable, as follows:

Delay of 1 to 15 calendar days - officers of the SDBS shall aim to identify reasons for the delay and will try to procure payment of liabilities. In doing so, the following procedures must be observed:

- a notice of delay must be forwarded to the Debtor by registered mail as to existing liabilities (statement of debt status with a breakdown) (the "**Notice**");
- contacting the problem Debtors by phone, notifying him/her of the outstanding liabilities and clarifying the reasons for default;

- request that the Debtor fills in an application stating the reasons for delays in payment, analysing reasons for payment delays (the "**Application**"); and
- carry out an independent analysis into the problem loan and decide on the penalties, if any, to be applied.

Delay of 15 to 30 calendar days - officers of the SDBS will appoint a specialist to deal with the case and shall open an office file on such problem Debtor (the "**File**"), containing the following documents:

- a copy of the Notice, together with a proof of delivery or failure to deliver;
- a record of the registered telephone calls to the Debtor regarding the payment delays (and any other activities);
- a copy of the Application (if any);
- a progress report; and
- detailed information on the problem Debtor;

On the 30th day – at this point the responsible SDBS's officer will transfer the File to the PLS to an assigned specialist, and the problem loan will be re-classified as a Problem Loan No. 2.

(B) *Methods for dealing with Problem Loans No. 2*

Such loans will be handled by the PLS and the regional divisions. The standard procedure on an out-of-court sale of mortgaged property must be followed and the indicated time limits cannot be changed, unless a direct order in writing is issued by the management of the Originator. Any deviation from this standard procedure must be handled by the PLS in agreement with the management of the Originator.

During the first two days after receipt of the File from the SDBS, the assigned specialist will prepare a Notice of Default and forward it to the Real-Estate Centre for registration, as well as try to contact the problem Debtor with a view to obtaining additional information and evaluating his/her repayment ability.

Within 15 days after the receipt of the File, an assigned specialist shall serve on the Debtor a registered Notice of Default. If, after 45 days of receiving the File from the PCSD, no payment under the problem loan has been received, the assigned specialist will try to register an auction notice with the Real-Estate Centre and then deliver it to the problem Debtor. The purpose of such notice is to notify the Debtor of the planned auction of the mortgaged property and, through official publication, notify potential buyers of the same. It should be noted that any transactions with the auctioned property following the publication of the auction notice and prior to the actual auction shall be held invalid. A sale auction may be conducted after the expiry of 105 days calculated from the date when the first unpaid monthly instalment became due and payable.

If a sum received as a result of sale of the mortgaged assets exceeds the amount of the mortgage loan, the difference shall be returned to the mortgagor in accordance with Article 319 of the Civil Code of the Republic of Kazakhstan.

Insurance Cover

Life and property insurance coverage is always required. While life insurance covers the amount of the loan, the property insurance must cover the replacement cost of the mortgaged property.

DESCRIPTION OF THE ISSUER

Incorporation and Registered Office

The Issuer is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, and having its corporate seat (*statutaire zetel*) in Amsterdam and its registered office at Fred Roeskestraat 123, 1076 EE Amsterdam, The Netherlands with telephone number +31 (0)20 577 11 77. The Issuer was established on 13 October 2006 and is registered as of 16 October 2006 with the Trade Register of the Chamber of Commerce in Amsterdam under number 34.25.79.96.

The shareholder of the Issuer is Stichting Kazakh Mortgage-Backed Securities 2007-1, a foundation (*stichting*) incorporated under the laws of The Netherlands and registered with the Trade Register of the Chamber of Commerce in Amsterdam under number 34.25.54.78 (the "**Shareholder**"). The objects of the Shareholder are, amongst other things, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares.

The sole director of both the Issuer and the Shareholder is ATC Management B.V., having its registered office at Fred Roeskestraat 123 1 HG, 1076EE Amsterdam, The Netherlands.

Business Activity

The Issuer has been established as a special purpose vehicle for the purpose of purchasing the Loan Notes, receiving payments of interest and principal under the Loan Notes, issuing the Offered Notes and entering into the Transaction Documents.

The principal objects of the Issuer are set out in Article 3 of its Articles of Association and permit the Issuer:

- (a) to acquire, purchase, manage, dispose of and encumber claims (*vorderingen op naam*) deriving from or in connection with loans provided by a third party or third parties and to exercise all rights attached to the aforementioned claims;
- (b) to raise funds, including the issue of bonds, acknowledgements of debt or other negotiable instruments and securities, as well as to borrow monies in order to acquire assets referred to under (a) above;
- (c) to enter into loan agreements or to otherwise raise funds in order to comply with its obligations under or in connection with the bonds and/or securities referred to under (b);
- (d) to hedge interest and other financial risks by entering into hedging arrangements such as interest and/or currency swap transactions and other swap transactions;
- (e) to invest, including the lending of funds, its assets;
- (f) to grant security in connection with the foregoing for itself or for third parties;
- (g) to enter into and conduct the business of securitisation; and
- (h) to enter into agreements and documents in connection with the foregoing and to exercise rights and to comply with its obligations under these agreements and documents.

The Issuer may do all such further acts that are related to the above or that are conducive thereto. The Issuer shall not engage in any transactions that are not related or conducive to the above-described objects.

The Issuer has entered, and will enter into agreements that are governed by either Dutch law or English law (as the case may be) and will issue the Offered Notes governed by English law in order to finance the purchase of the Loan Notes.

The Issuer has no subsidiaries or affiliates.

The Issuer will covenant in the Transaction Documents to observe certain restrictions on its activities, including (but not limited to), covenants not to (a) carry on any business or enter into any documents other than those contemplated by the Transaction Documents; (b) except as contemplated by the Transaction Documents, sell, convey, transfer, lease, assign or otherwise dispose of or use, invest or otherwise deal with any of its properties, assets or undertakings; (c) grant, create or permit to exist any encumbrance other than permitted encumbrances over the Loan Notes; (d) pay dividends or make other distributions to its members out of profits available for distribution save in the manner permitted by its Articles of Association and by applicable laws; (e) incur any indebtedness; (f) make any loans, grant any credit or give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability in respect of any obligation of any other person; (g) consolidate or merge with any other person; (h) surrender any losses to any other company; (i) have any employees or premises or have any subsidiary undertaking or become a director of any company; (j) have an interest in any bank account other than the Issuer Account and the Euro Corporate Account, unless the account or interest is charged to the Trustee on terms acceptable to it; and (k) amend, supplement or otherwise modify its Articles of Association, save to the extent permitted by the Transaction Documents or with the prior consent of the Trustee.

The Issuer has not previously carried on any business or activities other than those activities incidental to its incorporation, the authorisation and issue of the Offered Notes, the purchase of the Loan Notes, and activities incidental to the exercise of its rights and compliance with its obligations under the Transaction Documents and the other documents and agreements entered into in connection with the issue of the Offered Notes, the purchase of the Loan Notes and the entry into of the Transaction Documents.

Capital and Shares

The authorised share capital of the Issuer is divided into one hundred eighty (180) shares with a nominal value of one hundred Euro (€100) each, numbered 1 up to and including 180.

Capitalisation

The capitalisation of the Issuer as at the date of this Prospectus, adjusted for the issue of the Offered Notes is as follows:

Share Capital

	€
Issued and fully called up 180 shares of €100 each	18,000

Loan Capital

Class A Notes	123,000,000
Class B Notes	11,300,000
Class C Notes	7,100,000
Total Capitalisation	<u>141,418,000</u>

Indebtedness

The Issuer has no indebtedness other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated in the Transaction Documents.

Employees

The Issuer has no employees.

Corporate Services

The Issuer has appointed ATC Management B.V. as the Corporate Services Provider to provide corporate secretarial and administrative services pursuant to a Corporate Services Agreement dated on or about the Closing Date between the Issuer, the Corporate Services Provider and the Trustee. The register of members is maintained by the Corporate Services Provider at its office.

Auditors

Audited financial statements will be published on an annual basis. The independent auditor of the Issuer is Ernst & Young with registered address Drentestraat 20, 1083 HK Amsterdam. The accountants of Ernst & Young Accountants are members of the Royal NIVRA ("*Nederlands Instituut voor registeraccountants*"), the Dutch accountants board.

Financial Statements

At the date of this Prospectus, no financial statements of the Issuer have been prepared. The financial year end of the Issuer will generally be 31 December, but the Issuer intends to publish its first financial statements in respect of the period ending on 31 December 2007. The Issuer will not prepare interim financial statements. Each year, a copy of the audited profit and loss account and balance sheet of the Issuer together with the report of the directors and the auditors thereon is required to be filed within 28 days of the annual return date of the Issuer and is available for inspection.

At least one general meeting each year shall be held by the Issuer. Such annual meeting shall be held within six months after the end of the Issuer's financial year.

Material Contracts

Apart from the Transaction Documents to which it is a party, the Issuer has not entered into any material contracts other than in the ordinary course of its business.

No Material Adverse Change

Since the date of the Issuer's incorporation, there has been no material adverse change, or any development reasonably likely to involve any material adverse change in the condition (financial or otherwise) of the Issuer.

DESCRIPTION OF THE LOAN NOTES ISSUER

Incorporation and Registered Office

The Loan Notes Issuer is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, and having its corporate seat (*statutaire zetel*) in Amsterdam and its registered office at Fred Roeskestraat 123, 1076 EE Amsterdam, The Netherlands with telephone number +31 (0)20 577 11 77. The Loan Notes Issuer was established on 8 December 2005 and is registered as of 9 December 2005 with the Trade Register of the Chamber of Commerce in Amsterdam under number 34.237.788.

The shareholder of the Loan Notes Issuer is Stichting First Kazakh Securitisation Company, a foundation (*stichting*) incorporated under the laws of The Netherlands and registered with the Trade Register of the Chamber of Commerce in Amsterdam under number 34.236.569 (the "**Loan Notes Shareholder**"). The objects of the Loan Notes Shareholder are, amongst other things, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares.

The sole director of both the Loan Notes Issuer and the Loan Notes Shareholder is ATC Management B.V., having its registered office at Fred Roeskestraat 123 1 HG, 1076EE Amsterdam, The Netherlands.

Business Activity

The Loan Notes Issuer has been established as a special purpose vehicle for the purpose of purchasing the Mortgage Loans, issuing the Loan Notes, the Mezzanine Notes and the Subordinated Notes and entering into the Loan Notes Transaction Documents.

The principal objects of the Loan Notes Issuer are set out in Article 2 of its Articles of Association and permit the Loan Notes Issuer:

- (a) to raise funds through, *inter alia*, borrowing under loan agreements, the issuance of bonds, notes and other evidences of indebtedness, the use of financial derivatives or otherwise and to invest and put out funds obtained by the Loan Notes Issuer in, *inter alia*, (interests in mortgage) loans, bonds, debt instruments and other evidences of indebtedness, shares, warrants and other similar securities and also financial derivatives;
- (b) to grant security for the Loan Notes Issuer's obligations and debts;
- (c) to enter into agreements, including, but not limited to, insurance policies, financial derivatives such as interest and/or currency exchange agreements, in connection with the objects mentioned under (a) and (b); and
- (d) to enter into agreements, including but not limited to, bank, securities and cash administration agreements, asset management agreements and agreements creating security in connection with the objects mentioned under (a), (b) and (c) above.

The Loan Notes Issuer may do all such further acts that are related to the above or that are conducive thereto. The Loan Notes Issuer shall not engage in any transactions that are not related or conducive to the above-described objects.

The Loan Notes Issuer has entered, and will enter into agreements that are governed by either Dutch law, English law or Kazakhstani law (as the case may be) and will issue Loan Notes, Mezzanine Notes and Subordinated Notes governed by English law.

The Loan Notes Issuer has no subsidiaries or affiliates.

The Loan Notes Issuer will covenant in the Loan Notes Transaction Documents to observe certain restrictions on its activities, including (but not limited to), covenants not to (a) carry on any business or enter into any documents other than those contemplated by the Loan Notes Transaction Documents; (b) except as contemplated by the Loan Notes Transaction Documents, sell, convey, transfer, lease, assign or otherwise dispose of or use, invest or otherwise deal with any of its properties, assets or undertakings; (c) grant, create or permit to exist any encumbrance other than permitted

encumbrances over the Mortgage Certificates, the Related Security and the Ancillary Rights; (d) pay dividends or make other distributions to its members out of profits available for distribution save in the manner permitted by its Articles of Association and by applicable laws; (e) incur any indebtedness; (f) make any loans, grant any credit or give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability in respect of any obligation of any other person; (g) consolidate or merge with any other person; (h) surrender any losses to any other company; (i) have any employees or premises or have any subsidiary undertaking or become a director of any company; (j) have an interest in any bank account other than the Loan Notes Accounts, unless the account or interest is charged to the Loan Notes Trustee on terms acceptable to it; and (k) amend, supplement or otherwise modify its Articles of Association, save to the extent permitted by the Loan Notes Transaction Documents or with the prior consent of the Loan Notes Trustee.

The Loan Notes Issuer has not previously carried on any business or activities other than the entering into of certain warehouse transaction documents with, *inter alia*, Tulip Asset Purchase Company B.V. and those activities incidental to its incorporation, the authorisation and issue of the Loan Notes, the Mezzanine Notes and the Subordinated Notes, the purchase of the Mortgage Certificates, the Related Security, the Ancillary Rights and activities incidental to the exercise of its rights and compliance with its obligations under the Loan Notes Transaction Documents and the other documents and agreements entered into in connection with the issue of the Loan Notes, the Mezzanine Notes and the Subordinated Notes, the purchase of the Mortgage Certificates, the purchase and assignment of the Related Security and the Ancillary Rights and the entry into of the Loan Notes Transaction Documents.

Capital and Shares

The authorised share capital of the Loan Notes Issuer is divided into twenty (20) shares with a nominal value of one thousand Euro (€ 1,000) each, numbered 1 up to and including 20.

Capitalisation

The capitalisation of the Loan Notes Issuer as at the date of this Prospectus, adjusted for the issue of the Loan Notes, the Mezzanine Notes and the Subordinated Notes is as follows:

	€
Issued and fully called up 20 shares of €1,000.00 each	20,000
Loan Capital	
Class A Loan Notes	123,000,000
Class B Loan Notes	11,300,000
Class C Loan Notes	7,000,000
Mezzanine Notes	[●●●●]
Subordinated Notes	3,600,000
Total Capitalisation	[●●●●]

The Loan Notes Issuer has received financing from Tulip Asset Purchase Company B.V. and the Originator in relation to the purchase of the Mortgage Certificates, the Related Security and the Ancillary Rights. The Loan Notes Issuer will use the net proceeds of the issue of the Loan Notes and the Mezzanine Notes to repay this debt and it is expected that as at the date of this document the Loan Notes Issuer has no indebtedness other than that which the Loan Notes Issuer has incurred or shall incur in relation to the transactions contemplated in the Loan Notes Transaction Documents.

Employees

The Loan Notes Issuer has no employees.

Corporate Services

The Loan Notes Issuer has appointed ATC Management B.V. as the Corporate Services Provider to provide corporate secretarial and administrative services pursuant to a Corporate Services Agreement dated 20 January 2006 between the Loan Notes Issuer, the Corporate Services Provider and the Loan Notes Trustee. The register of members is maintained by the Corporate Services Provider at its office.

Auditors

Audited financial statements will be published on an annual basis. The independent auditor of the Issuer is Ernst & Young with registered address Drentestraat 20, 1083 HK Amsterdam. The accountants of Ernst & Young Accountants are members of the Royal NIVRA ("*Nederlands Instituut voor registeraccountants*"), the Dutch accountants board.

Financial Statements

Audited financial statements of the Loan Notes Issuer are published on an annual basis. The first audited financial statement was for the period starting on the date of incorporation and ended on 31 December 2006 (enclosed below). The financial year end of the Loan Notes Issuer is generally 31 December. The Loan Notes Issuer will not prepare interim financial statements.

At least one general meeting each year shall be held by the Loan Notes Issuer. Such annual meeting shall be held within six months after the end of the Issuer's financial year.

Material Contracts

Apart from the Loan Notes Transaction Documents to which it is a party, the Loan Notes Issuer has not entered into any material contracts other than in the ordinary course of its business.

No Material Adverse Change

Since the date of 31 December 2005, there has been no material adverse change, or any development reasonably likely to involve any material adverse change in the condition (financial or otherwise) of the Loan Notes Issuer.

Independent Auditors' Report

Balance sheet as at 31 December 2006

Table [●●●●]

Profit and Loss for the year ended 31 December 2006

Table [●●●●]

DESCRIPTION OF THE ORIGINATOR

Introduction

The Originator is a mortgage (hypothecary) company organised as a joint stock company under the laws of Kazakhstan having its registered office at 16 Samal-2, Almaty 050051, the Republic of Kazakhstan. The Originator offers a range of services concerning lending, granting of mortgage loans and management of the same, in accordance with its licence No. 27 issued by Kazakhstan's Agency for Regulation and Supervision of Financial Markets and Organisations (the "FMSA"), last updated (re-issued) on 21 June 2006.

The Originator is registered with the Ministry of Justice of the Republic of Kazakhstan under the certificate No. 36369-1910-AO, updated (re-issued) on 11 May 2006.

History

The Originator was established on 19 November 2000 pursuant to a resolution of the board of directors of JSC "Bank TuranAlem". The Originator became officially active in January 2001 in accordance with the regulations then in place.

On 11 May 2006, the Originator was re-registered as a "hypothecary organisation" and adopted a new name in its constitutional documents: Subsidiary Mortgage Company of Joint Stock Company "Bank TuranAlem", Joint Stock Company "BTA Ipoteka" (abbreviated to: Hypothecary Organisation "BTA Ipoteka" JSC).

The following activities represent the main authorised activities pursuant to the Originator's constitutional documents:

- granting of mortgage loans for the purposes of purchasing residential and commercial properties;
- managing mortgage portfolios and the sale of the same to other market participants; and
- establishing branches for the purposes of promoting its lending businesses.

Since its incorporation, the Originator has developed a network of branches and subsidiaries in Kazakhstan, Russia and Ukraine. As at 31 December 2006, the Originator had 14 branches located throughout Kazakhstan and local subsidiaries in both Russia and Ukraine. In addition, the Originator is planning to set up branches in Armenia and (legally owned by the Parent) Georgia in the near future.

As at 31 December 2006, the total assets of the Originator were valued at US\$ 409,951,000, while the mortgage portfolio totalled US\$ 3371,422,000.

Share Capital

The authorised issued share capital of the Originator is KZT 1.5 billion divided into 15,000,000 ordinary shares with nominal value of KZT 100 each. The authorised issued share capital is fully paid.

The following table sets forth the Originator's shareholders and their shareholdings as of 31 December 2005:

Shareholder	Percentage	Number of Shares
JSC "Bank TuranAlem"	96.38	12,240,420
JSC "TuranAlem Securities"	3.62	459,500
Treasury shares	-	2,300,080
Total	100	15,000,000

Management Structure

The Originator has 405 employees as of 31 December 2006.

The following individuals are members of the Originator's board of directors:

Mr. Baymirov Bolaz

Mr. Alisyltanov Almat

Mr. Solodchenko Roman

The Originator is managed by its management board and its board of directors.

Principal Activities

The Originator's business activities are primarily focused on real estate finance and related products and services, such as providing short and long-term (up to 20 years) loans for the purposes of acquisition, construction and refurbishment of residential and commercial properties, management of its mortgage portfolios and sale of these to other market participants.

The Originator's principal activity in relation to its retail banking is lending to and co-financing of individuals purchasing or upgrading residential properties (both medium and long-term).

The Originator's principal activity in relation to its commercial banking is lending to and co-financing of individuals and entities purchasing, upgrading or constructing commercial properties (both medium and long-term).

With regard to its residential mortgage lending business, the Originator provides mortgage loans to fund the purchase of: (1) flats in residential buildings on the secondary market, (2) stand-alone houses, and (3) plots of land and off-plan houses/flats. The Collateral will only include mortgage loans funding the purchase of (1) or (2) above. When granting residential mortgage loans, in addition to taking security over the acquired property, the Originator may also require a Debtor or a connected third party to pledge some other assets it owns. This is usually the case where the Debtor requires a loan amounting to over 90% of the value of the purchased property.

The Originator is also a participant in the mortgage guarantee insurance programme run by JSC "Kazakhstan Fund for Insurance of Mortgage Loans", together with the government of the Republic of Kazakhstan, and is assisting JSC "Kazakhstan Mortgage Company" in its pilot scheme setting up a trading platform for mortgage certificates among commercial banks.

Financial Highlights

The Originator's financial statements for 2003, 2004 and 2005 (which will be available in the second quarter of 2007) were audited by Ernst & Young Kazakhstan LLC and are available for review on the Originator's website at: <http://ipoteka.kz>

The following unaudited table sets out the current assets and liabilities and the total consolidated capitalisation of the Originator as at 31 December 2005:

ASSETS	Thousands KZT	LIABILITIES	Thousands KZT
Cash and cash equivalents	314,105	Loans due to financial institutions	11,661,347
Due from financial institutions	100,254	Other amount due to financial institutions	176,685
Loans to customers	33,329,239	Debt securities issued	19,337,159
Property and equipment	94,895	Provisions	109,523
Intangible assets	12,101	Other liabilities	11,359

ASSETS	<i>Thousands KZT</i>	LIABILITIES	<i>Thousands KZT</i>
Other assets	144 229	Total shareholders' equity (incl. retained earnings)	2,698,750
Total Assets	33,994,823	Total Liabilities	33,994,823

Ratings

The Originator has been a member of the Kazakhstan Stock Exchange since 26 December 2003 and has traded its bonds in the "A" category of the exchange since 15 April 2005.

On 13 November 2006, Standard & Poor's Ratings, a division of the McGraw-Hill Companies Inc., ungraded its rating assigned to the Originator, from B+/Stable/B to BB- for its long and short-term counterparty credit and certificate of deposit ratings. The ratings are based on the Originator's concentrated and wholesale funding, untested performance, rapid growth and the generally risky economic environment in the Republic of Kazakhstan. The ratings indicate the Originator's strong position in a lucrative niche sector, fairly good financial standing given its start up nature and the supportive Parent.

Market Position, Competition and Competitive Strengths

The Originator was the first private mortgage company to be established in Kazakhstan and over the past five years has led the way in using mortgage certificates as a security for mortgage loans and in expanding the range of mortgage packages.

Today, the Originator is a rapidly developing financial organization, with every fifth mortgage loan in the Republic of Kazakhstan being granted by it. It operates 14 branches in the Republic of Kazakhstan and has a local subsidiary in each of Russia and Ukraine (which are legally owned by the Parent). In addition, the Originator is planning to set up branches in Armenia and Georgia in the near future, with other CIS countries set to follow.

In Russia, the Originator operates through ATTA Russian Mortgage Company, whose main business is repurchasing mortgage portfolios from small and medium sized Russian banks and mortgage companies. Although this company was established relatively recently (in May 2005), it already holds a loan portfolio valued at US\$ 120 million (as of 31 December 2006), which it is planning to securitise in 2007.

The Originator is also a participant in the mortgage guarantee insurance programme run by JSC "Kazakhstan Fund for Insurance of Mortgage Loans", together with the government of the Republic of Kazakhstan, which provides insurance cover to a lender for a part of the loss incurred following a borrower default under a mortgage. The Originator's participation in this programme has somewhat reduced the financial risks arising from the provision of mortgages and has resulted in the mortgage loan portfolios being more reliable, stable and attractive to its clients.

The Originator is also assisting JSC "Kazakhstan Mortgage Company" in its creation of a system for trading mortgage certificates among commercial banks. Such co-operation has enabled the Originator to grant mortgage loans in KZT for longer periods.

Although managerially independent, the Originator relies on the Parent for funding and partial capital support. Furthermore, its loan portfolio has grown very rapidly over the past four years, due to its initial structure and the reputation of the BTA Group. It should also be noted that the Originator retains the management and default risk for off-balance-sheet mortgages that it sells to JSC "Kazakhstan Mortgage Company". Although problematic loans are not usual, most of the loans are less than two years old with a long term maturity, which makes it difficult to judge the overall quality of the portfolio. However, a relatively stringent loan approval system, the establishment of credit monitoring departments, the ease of enforcing security rights and insuring risk on credit losses - do offer some degree of comfort.

DESCRIPTION OF THE PARENT

Introduction

The Parent was established on 15 January 1997 as a closed joint stock company as a result of the restructuring and merger of two state-owned banks, Alem Bank and TuranBank, pursuant to a decision of the government of the Republic of Kazakhstan and the National Bank of Kazakhstan (the "NBK"). Having been recapitalised by the government of the Republic of Kazakhstan, the Parent was fully privatised at a competitive auction in March 1998 and reorganised from a closed joint stock company to an open joint stock company on 17 December 1998. On 26 September 2003, the Parent completed its re-registration as a joint stock company and adopted a new charter, in accordance with the Law on Joint-Stock Companies in Kazakhstan adopted on 13 May 2003. The management believes that there has been no material effect on the operations of the Parent as a result of such change.

On 30 December 2003, the NBK issued to the Parent its current banking licence (No. N242).

The Parent is registered with the Ministry of Justice under certificate number N3903-1900-AO. The registered office and the head office of the Parent are at 97 Zholdasbekov Street, "Samal-2" microdistrict, Almaty 050051, Kazakhstan.

History

Following the break-up of the former Soviet Union and the establishment of Kazakhstan as an independent state in 1991, Alem Bank was founded as a joint stock commercial bank to replace the Kazakhstan branch of Vnesheconombank (Bank for Foreign Economic Activity) of the Union of Soviet Socialist Republics (the "USSR"). The Kazakhstan branch of Vnesheconombank acted as the agent of the Government in raising finance under its sovereign guarantee. Alem Bank was considered one of the leading financial institutions in Kazakhstan and was one of the first banks in the country to undertake international transactions. Alem Bank was the first Kazakhstan bank to participate in international interbank payment systems, such as SWIFT and REUTERS, and the first to join both the VISA International and MasterCard networks.

Turan Bank was founded in 1925 as the Kazakhstan branch of Promstroibank, the industrial sector bank of the USSR. Turan Bank provided financing and banking services to a large part of Kazakhstan's industrial sector and its customers included many of Kazakhstan's leading industrial enterprises. Major projects and enterprises for which Turan Bank provided financing and banking services included Turksib (the Turkestan-Siberia railway), the Balkhash copper smelting complex, the Shymkent zinc plant, the Pavlodar oil refinery, the Kapchagai power plant and a number of other large projects.

Incorporation of the Parent and Recapitalisation

By 1996, Alem Bank and Turan Bank had been reorganised into two separate joint stock companies, the majority of shares in each bank continuing to be owned by the Government. During the period of economic decline following the collapse of the USSR, a number of large industrial enterprises were unable to repay bank debts. As a result, by the end of 1996, Alem Bank and Turan Bank had a combined negative net equity position. The Ministry of Finance of Kazakhstan was required by law to take control of the two banks, which were then merged and, on 15 January 1997, the Government organised the Parent as their successor. Upon incorporation, the Parent became the sole legal successor to both predecessor banks and inherited all their assets and liabilities, staff, technological infrastructure and customer banking relationships.

Following the merger, in 1997, the Government initiated a US\$ 152 million financial restructuring programme, providing for a capital injection of approximately US\$ 90 million and the purchase by the Rehabilitation Bank (a state-owned bank established for the purpose of cleaning up the balance sheets of Kazakhstan banks with accumulated debts to the state-owned companies) of certain non-performing loans inherited by the Parent in the principal amount of approximately US \$62 million. As a result of these measures, the Parent's financial position and operating results improved.

Expansion of the shareholder base

Following a resolution of the Cabinet of Ministers of the Government in January 1998, the Ministry of Finance carried out a closed auction whereby a number of private sector local companies purchased all of the Parent's shares for US\$ 72 million. Following this sale, the Parent increased its share capital and expanded its shareholder base. As of 30 December 2006 the total authorized share capital of the Parent consisted of 4,555,948 common shares. Following conversion of all convertible preferred shares ("CPS") of the Parent in the first half of 2006, there are no preferred shares in the Parent.

The common shares are currently held by a number of development finance institutions (the European Bank for Reconstruction and Development, the International Finance Corporation (a member of the World Bank Group) and the Netherlands Development Finance Company), Swedish Investment Company East Capital and an asset management company (BCC Invest). The holder of the common shares in East Capital is an independent asset management company which specialises in investment in the financial markets of Eastern Europe.

Overview of Business

The Parent is one of the leading commercial banks in Kazakhstan servicing private commercial enterprises, state-owned enterprises and individual customers. As at 30 June 2006, the Parent had 22 regional branches and 202 retail units throughout Kazakhstan which were converted into branches or units of existing branches by year end 2006 as required by new banking legislation. In addition, as at the same date, the Parent also had representative offices in Moscow, Russia; Kiev, Ukraine; Minsk, Belarus; Bishkek, Kyrgyz Republic; Dushanbe, Tajikistan; Tbilisi, Georgia; Yerevan, Armenia; Shanghai, China; and Baku, Azerbaijan. The Parent's representative office in Baku, Azerbaijan is not yet fully operational, pending the receipt of the required approval from the local state agency, which the Parent expects to obtain by the end of 2006. The Parent plans to open further representative offices in St. Petersburg, Russia and Beijing, China.

All branches of the Parent provide a broad range of banking services. The Parent has eight (8) subsidiaries: TuranAlem Finance B.V., BTA Finance Luxembourg S.A., JSC TuranAlem Securities, LLP TuranAlem Finance (Russia), JSC BTA Life Insurance, JSC Insurance Company BTA Zabota, JSC Pension Fund BTA Kazakhstan, JSC BTA Ipoteka; and one affiliate, which in accordance with IFRS is treated as a subsidiary: LLP Force Technology. At meetings held in November 2004, the respective shareholders of JSC Kurmet Pension Fund and JSC Kazakhstan Pension Fund adopted resolutions approving the merger of these two funds. The funds were subsequently merged into a newly created entity JSC Pension Fund Kurmet Kazakhstan, established in January 2005 into which the funds' assets were transferred in April 2005. JSC Pension Fund Kurmet Kazakhstan was re-registered effective 1 January 2006 as JSC Pension Fund BTA Kazakhstan.

As at 30 June 2006, the Parent owed a 15.63% ownership in Slavinvestbank Ltd., a small Russian bank based in Moscow; a 49.00% ownership interest in CJSC Astnaeximbank, a small Belarus bank based in Minsk; a 16.64% ownership interest in JSCB Omsk Bank, a small bank based in Omsk, Russia (in which Slavinvestbank Ltd. also owns a 16.26% ownership interest); a 48.88% ownership interest in CJSC BTA Invest Bank, a small Armenian bank based in Yerevan; and a 49.00% ownership interest in JSC BTA Silk Road Bank, a small Georgian based bank in Tbilisi. In addition, as at 30 June 2006 the Parent had an indirect ownership interest in the share capital of OJSC AgrolIncomBank Astrakhan, Russia through Slavinvestbank Ltd. and Omsk Bank, each of which then owned a 19.00% ownership interest in OJSC AgrolIncomBank.

Furthermore, after an anticipated placement of an additional issuance of shares in November 2006, as at 22 February 2006, the Parent held a 47.32% equity interest in OJSC Aktsionernyi Komercheskiy Bank BTA-Kazan, which is a small retail bank based in the city of Kazan, in the Tatarstan region of Russia.

As at 30 June 2006, based on published reviewed financial statements of the Parent and its principal competitors, the Parent was the largest bank in Kazakhstan in terms of shareholders' equity (KZT 118,119 million) and the second largest bank in Kazakhstan in terms of total assets (KZT 1,197,545 million), total loans (KZT 767,675 million, net of impairment charges of KZT 49,330 million) and total deposits (KZT 390,353 million). As at 30 June 2006, the Parent had a 23.20% share of the corporate lending market, mostly in trade finance and medium-to-long term loans, a 14.80% share of all corporate deposits and approximately 20.00% share of the retail deposit market.

The Parent believes that its competitive position in the market is strengthened by its relatively large capitalisation and asset base, relatively low cost deposit base, relatively large and diversified customer base, professional management, transparent and consistent business practices, strong branch network and infrastructure and up-to-date IT system.

The Parent has been able to achieve substantial growth over the last three years and has adequately maintained its capital adequacy through the issuance of common shares, non-redeemable CPS and retained earnings. In addition, on 25 January 2006, TuranAlem Finance Luxembourg S.A. completed the Hybrid Securities Issue, a portion of which on issue (subject to adjustment) was treated as Tier 1 capital and these contributed further to the improvement in the Parent's capital adequacy ratio. For the purpose of calculation of Basel Tier I capital adequacy, hybrid financial instruments are included in up to 15% of the Bank's Tier I capital. In accordance with IFRS these hybrid financial instruments are treated as perpetual debt and recorded within long term liabilities. The Parent constantly monitors its capital adequacy ratios. The Parent's Tier I + Tier II capital adequacy ratio according to BIS (Tier I + Tier II capital divided by total risk weighted assets) was 16.11% as at 31 December 2005, while its BIS Tier I ratio as at that date (Tier I capital divided by total risk weighted assets) was 10.91%.

In accordance with the resolution of the meeting of the Parent's shareholders held on 20 May 2005, the Parent's shareholders have approved an increase in the Parent's authorised share capital by KZT 29,161 million, consisting of 1,087,081 common shares and 360,431 non-redeemable CPS, which comprise the ninth issue of shares by the Parent and are being placed principally among the Parent's existing shareholders at a price of KZT 20,145.60 per common share or CPS, as the case may be. As at 31 December 2005, 1,087,081 common shares and 100,389 non-redeemable CPS comprising a part of such ninth issue of shares had been subscribed for an aggregate amount of KZT 23,922 million. In the first half of 2006 all CPS have been converted into common shares.

During 2005, the Parent's subsidiary, JSC TuranAlem Securities, according to JSC TuranAlem Securities' own estimates, had the highest market share (22.2%) of aggregate trade volumes of nongovernment securities on the Kazakhstan Stock Exchange. JSC TuranAlem Securities has also acted as an adviser for a number of corporate and municipal securities issues both to domestic and foreign clients.

Strategy

In the spring of 2005, the Parent's Chairman of the Board of Directors established a new Strategy Committee comprised of the Parent's senior and middle managers. In addition, the Parent engaged Deloitte & Touche to assist it in defining a business development strategy. The Parent has determined the broad principles of its business development strategy and the methods to help implement that strategy going forward. In addition, a system of key performance indicators ("**KPIs**") is being developed contemporaneously with the Parent's strategy. The KPIs comprise monthly, quarterly and annual targets designed to facilitate the efficient implementation of the Parent's business development strategy. Although the Strategy Committee is continuing to refine the Parent's strategy, the Parent has approved the primary direction of its platform for the future and the Parent expects to complete the definition of its strategy and to commence execution of the first stage of that strategy, which involves the implementation of a part of the KPI system entitled a "Balance Score Card", during the first quarter of 2006. As the Kazakhstan economy continues to grow and the private sector expands, the Parent expects that there will be continuing strong demand for financial resources and services, especially from the retail sector and small and medium-sized businesses ("**SMEs**") and that, as SMEs expand and prospective investors enter the Kazakhstan market, the demand for banking services from the corporate sector will also increase.

Accordingly, while maintaining its profile as a leading full-service bank, in the retail sector, the Parent plans to focus on increasing its SME and retail market shares in Kazakhstan, while, in the corporate sector, the Parent intends to continue to develop its traditionally strong trade financing activities, as well as offer its corporate clients syndicated loans in cooperation with foreign banks, asset management and investment banking services. A client-orientated provision of high quality services will continue to be a key part of the Parent's development strategy. In addition, the Parent plans to increase its non-interest income through the provision of new fee-based services and increased revenue from its existing subsidiaries.

Overall, the development and implementation of the Parent's strategy is aimed at maintaining its status as a leading bank in Kazakhstan as competition increases from the domestic banks and new international participants enter the market. Management believes that it has identified the demands of

Kazakhstan's dynamically developing financial sector and is, accordingly, able to target the Parent's future growth in line with the perceived demands.

Expansion of Corporate Banking

One of the Parent's principal strategic objectives is to capitalise on the continued growth of the Kazakhstan economy and the related increase in demand for private sector corporate finance. To this end, the Parent intends to develop further its corporate banking services, while maintaining the overall quality of its corporate loan portfolio. The Parent's strategies in this regard are to:

- (a) *Increase its trade finance lending:* The rapid and continuing economic growth in Kazakhstan has led to significant increases in trade activity. To maintain its status as the market leader in trade finance, the Parent has increased and intends to expand further its established trade finance facilities for major customers in support of their import and export activities and plans to establish new facilities with other foreign correspondent banks.
- (b) *Expand and enhance its project finance loan programmes:* The Parent aims to become a leading provider of financing for oil and gas-related infrastructure projects, which are needed in western Kazakhstan, especially in the Caspian Sea region. The Parent is developing a plan to combine its local expertise with that of international lenders in order to enable it to capitalise on this opportunity.
- (c) *Develop new customers:* The Parent plans to attract new large corporate customers by offering products, such as payroll services, that will allow cross-selling of retail products to the holders of payroll cards, salary payment programmes and cash and asset management services, and to market these products to its existing customers, which do not currently use them.
- (d) *Expand its SME loan portfolio:* Historically, the SME sector has been of primary importance to the Parent. The Parent intends to increase substantially its SME loan portfolio, in terms of value and number of clients, and to establish a leading position in this market, as it believes this sector will represent one of the most important areas of growth in the Kazakhstan banking system.
- (e) *Increase fee and commission income:* Management believes that the planned increase in the Parent's trade finance documentary business will result in increased fee and commission income that will allow the Parent to provide further pricing flexibilities. The Parent believes that its market share and pricing flexibility provide it with a significant competitive advantage in this business.

Expansion of Retail Services

The Parent has experienced significant growth in its retail deposit base over the past several years, although retail banking in Kazakhstan still represents a relatively low percentage of the country's gross domestic product. One of the Parent's main objectives is to increase its retail market share. In this regard, the Parent's strategy is to:

- (a) *Expand and develop further its existing high net-worth and middle-class individual marketing programme:* In the past, the Parent has targeted high net-worth individuals and now also intends to focus on the growing middle class segment of the market. The Parent intends to expand its existing account relationship officer programme and to develop cross-selling initiatives that will enable it to bundle together its product offerings, including new deposit products, insurance products, credit and debit card services, consumer loans, mortgages and pension fund services. The Parent believes the mortgage, automobile and personal lending markets will be high growth areas in the Kazakhstan market.
- (b) *Expand and improve further its retail branch network:* The Parent intends to continue to modernize and expand its retail network on an ongoing basis, particularly over the next three years. All current retail outlets will be converted into branches or units of existing branches by year end 2006 as required by new banking legislation. The Parent believes that the further expansion of its ATM and service centre network will enable it to offer a broader range of banking services to its customers and thereby allow the Parent to take advantage of the growing market demand for retail banking.

- (c) *Increase the number of ATMs:* The Parent plans to increase the number of its ATMs through cooperation with other local banks and by placing ATMs at low-cost, attractive and convenient retail locations, such as supermarkets.
- (d) *Offer new products and services:* The Parent has recently introduced and plans to develop further a new system of express money transfers, CREDO revolver cards, mortgage loan crediting, automobile loans and personal loans.
- (e) *Expand on-line Internet banking services:* The Parent offers fee-based Internet banking services. Currently, the Parent is upgrading the functional capabilities of its Internet banking to offer transfers, payment services and on-line account functions. The Parent intends to promote Internet banking in both the corporate and retail markets through various promotional initiatives.

Development of Credit Card Business

The Parent has placed and continues to place significant emphasis on its credit and debit card business. Alem Bank, one of its predecessor banks, was the first bank in Kazakhstan to introduce such services. The credit and debit card business is a growing area in retail banking in Kazakhstan and, as a part of its business development plan, the Parent intends to pursue an increasing share of this business. The Parent intends to open its own card processing centre in the future.

Securities, Insurance and Pensions Operations

Kazakhstan's capital markets are evolving and developing. As the Kazakhstan economy grows, the Parent anticipates an expansion of the local capital markets to meet the related increase in the financing needs of developing businesses. Accordingly, the Parent is committed to developing further the business capabilities of its subsidiary, JSC TuranAlem Securities, to service the needs of its existing customers and to attract new business. JSC TuranAlem Securities is planning to develop a corporate consulting group to assist companies to optimise their capital structures. The Parent believes that the success of this plan will allow JSC TuranAlem Securities to capture a significant share of the anticipated growth in corporate and municipal securities offerings.

Currently, the Parent has ownership interests in several companies involved in insurance activities, JSC BTA Zabota, which offers medical insurance, JSC BTA Life Insurance, which offers life insurance and BTA Insurance, which offers property and responsibility insurance. JSC BTA Life Insurance is the market leader in its industry with more than a 90% share of paid insurance premiums according to information provided by the FMSA. The Parent believes the insurance sector will be a high growth area and is positioning itself to capitalise on this opportunity.

The Parent believes that private pension funds in Kazakhstan will also provide strong revenue growth as that sector continues to expand. According to information provided by the FMSA as at 30 June 2006, the Parent owned 76.83% of JSC Pension Fund BTA Kazakhstan's share capital. According to Information provided by the FMSA as at 30 June 2006, JSC Pension Fund BTA Kazakhstan had a 9.12% share of the pension market in Kazakhstan.

Consolidation in Geographical Presence

The Parent has completed its current programme for geographical diversification through investments in Russia and CIS, particularly with a focus on expanding its trade finance operations. The Parent has no medium-term plans to expand its geographical presence further either domestically or abroad. The Parent had invested in this investment expansion programme, however, this has now been completed. In Kazakhstan, the Parent will increase access for its customers through optimisation and expansion of its retail units and ATMs and through the development of plans to increase its investment in IT-systems, and to establish a processing centre for debit and credit cards.

Introduction of International Best Practice

One of the key elements of implementing the Parent's strategy will be the introduction of international best practices relating to corporate governance and the development of back office and business support units. The Parent plans to increase its investment in IT systems and to establish a processing centre for debit and credit cards. The Parent will continue to strengthen its risk management system in accordance with the Basel II Accord. The Parent has established a new compliance control

management system and will continue to develop a responsibility sharing system among different management levels of the Parent. BTA plans to enhance its personnel management services with a view to increasing the motivation of existing staff and attracting, where needed, additional qualified staff.

Improved Funding Base

The Parent intends to improve and diversify its funding base by attracting deposits from a wider range of customers through its extensive branch and retail unit network, increasing borrowings from international banks and development organisations and accessing the international capital markets. To develop its funding base, BTA plans to increase its retail deposit market share, expanding its range of products and expanding its international funding base through the issuance of new instruments. Domestic deposits are an important and attractive source of low cost funding for the Parent. The Parent's strategy is to ensure that it utilises effectively its competitive advantages in the retail banking markets. The Parent also believes that its international credit ratings will permit it to continue to access the international capital markets, while also enhancing its reputation in the domestic market and, in turn, allowing it to maintain its strong market share in providing retail banking services.

In order to increase its assets, the Parent aims to maintain an adequate level of capital through the placement of hybrid capital instruments and continued capitalisation of profits. One of the Parent's strategic goals will be to prepare in the medium-term for an international initial public offering. BTA will further develop its policy of attracting strategic investors to participate in joint projects outside Kazakhstan to mitigate the risks resulting from its geographical diversification outside of the Parent's primary banking activities in Kazakhstan.

International Operations

As at 30 June 2006, the Parent also had representative offices in Moscow, Russia; Kiev, Ukraine; Minsk, Belarus; Bishkek, Kyrgyz Republic; Dushanbe, Tajikistan; Tbilisi, Georgia; Yerevan, Armenia; Shanghai, China; and Baku, Azerbaijan. The Parent's representative office in Baku, Azerbaijan is not yet fully operational, pending the receipt of the required approval from the local state agency, which the Parent expects to obtain by the end of 2006. The Parent plans to open further representative offices in St. Petersburg, Russia and Beijing, China. The Parent expects these representative offices to become fully operational in 2006 once the required local state approvals have been obtained. The Parent had invested in Russia and CIS, particularly with a focus on expanding its trade finance operations; however, this programme is now complete for the medium term.

As at 30 June 2006, the Parent owned a 15.63% ownership interest in Slavinvestbank Ltd. (Moscow), a small Russian bank based in Moscow; a 49.00% ownership interest in CJSC Astanaeximbank, a small Belarus bank based in Minsk; a 16.64% ownership interest in JSCB Omsk Bank, a small bank based in Omsk, Russia, in which Slavinvestbank Ltd. also then owned a 16.26% ownership interest; a 48.88% ownership interest in CJSC BTA Invest Bank, a small Armenian bank based in Yerevan; and a 49.00% ownership interest in JSC BTA SilkRoadBank, a small Georgian bank based in Tbilisi. In addition, as at 30 June 2006, the Parent had an indirect ownership interest in the share capital of JSC AgrolncomBank Astrakhan, Russia through LLP TuranAlem Capital, Slavinvestbank Ltd. and Omsk Bank, each of which then owned a 19.00% ownership interest in JSC AgrolncomBank. Furthermore, after an anticipated placement of an additional issuance of shares in November 2006, the Parent anticipates it will have a 47.3% equity interest in OJSC Aktsionernyi Kommercheskyi Bank BTA-Kazan, which is a small retail bank based in the city of Kazan, in the Tatarstan region of Russia,.

The Parent has entered into strategic cooperation agreements with JSCB Omsk Bank, Slavinvestbank Ltd., CJSC Astanaeximbank, CJSC BTA Invest Bank, JSCB BTA SilkRoadBank, OJSC Aktsionernyi Kommercheskyi Bank BTA-Kazan and JSC AgrolncomBank, all of which are small, local banks that management believes have potential, in particular, to develop trade finance businesses. Pursuant to the respective strategic cooperation agreements with these entities, the Parent is working with the local banks to develop and harmonize their credit policies and risk management and operating systems. There are no immediate plans for increasing any particular investment into these banks.

DESCRIPTION OF ABN AMRO BANK

ABN AMRO Bank is 100 per cent. owned by ABN AMRO Holding N.V. ("**ABN AMRO Holding**"). ABN AMRO Holding is jointly and severally liable for all liabilities of ABN AMRO.

The ABN AMRO group ("**ABN AMRO Group**"), which consists of ABN AMRO Holding and its subsidiaries (including ABN AMRO Bank), is a prominent international banking group offering a wide range of banking products and financial services on a global basis through its network of more than 4,500 offices and branches in 53 countries as of year-end 2006.

ABN AMRO Group is one of the largest banking groups in the world, with total consolidated assets of € 987.1 billion at December 31, 2006. It is the largest banking group in the Netherlands and has a substantial presence in Brazil and the Midwestern United States. ABN AMRO Group is also one of the largest foreign banking groups in the United States, based on total assets held as of December 31, 2005. ABN AMRO Bank is listed on Euronext and the New York Stock Exchange.

The long-term, unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank are currently rated "AA-" by Standard & Poor's, "Aa3" by Moody's and "AA-" by Fitch. The short-term, unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO are currently rated "A-1+" by Standard & Poor's, "P-1" by Moody's and "F1+" by Fitch.

Any press releases issued by ABN AMRO can be obtained from the ABN AMRO Bank website at <http://www.abnamro.com/pressroom>.

THE RESIDENTIAL MORTGAGE MARKET IN THE REPUBLIC OF KAZAKHSTAN

General Kazakhstani Market Position

According to the National Bank of Kazakhstan (the "NBK"), as of 1 December 2006 there were 44 banks and other non-bank credit organisations with banking licences registered in the Republic of Kazakhstan. The largest Kazakhstani banks are concentrated in Almaty whilst large regional banks conduct most of their business in the central city of their home region.

27 of such companies in Kazakhstan are not banks, but are licensed to conduct certain types of banking transactions, such as, *inter alia*, lending operations, trust management of mortgage loans and origination of mortgage loans in the Republic of Kazakhstan.

Due to the large number of such Kazakhstani entities and banks and the differences in their businesses, BTAI faces considerable competition from different banks and bodies licensed to conduct certain types of banking transactions in the areas and locations in which it operates. In the corporate banking area (including commercial lending) BTAI's primary competitors are Halyk Bank and Kazkommertsbank. The majority of BTAI's national competitors are based in Almaty, although a few have regional branch networks and Halyk Bank has a national one. BTAI's competitors offer services similar to BTAI's and attempt to attract additional clients through discounts, exclusive service agreements and aggressive marketing campaigns.

According to BTAI's calculations (based on the statistical information published by the NBK), as of 1 December 2006 it had, in the Republic of Kazakhstan, approximately an 18 per cent. market share.

Background and Overview of Residential Mortgage Market

During the planned economy of the Soviet Union, housing was basically arranged and completed by the Government. After 1991, the market opened and there was a shift in the residential real estate market leading to the current situation where the private market produces most units. Although the purchase of real estate is still difficult as the mortgage market is not fully developed and is not always affordable to borrowers, there has been significant improvement in the financing opportunities and in the legal environment for mortgage lending.

Development of Mortgage Finance Market

In the beginning of real estate financing during the 1990s, most homebuyers had to save enough money for the full cost of a home. However, today there are strong developments in the mortgage lending business. There are 10 primary operators in the emerging mortgage lending market and 34 universal banks.

According to the NBK, banks issued mortgage loans for a total equivalent US\$ 782 million in 2004, US\$ 1,457 million in 2005, US\$ 2,340 million in 2006. The interest rates on mortgage loans vary between 12.7 per cent. to 16.8 per cent., depending on the underlying currency. Average rates are 13.5 to 14.2% on foreign currency loans and 12.21 per cent. to 16.2 per cent. on loans denominated in KZT. The loan term in years varies from 1 to 25 years, with an average of 8 to 18 years. According to the report of National Statistic Agency dated January 2006, the average house price in the Republic of Kazakhstan is US\$ 25,000 to US\$ 30,000, but is much higher in the Almaty region (US\$ 75,000 to US\$ 85,000). Due to the fact that most loans are used to improve current housing and not to buy new units, the average loan amount tends to be US\$ 12,000 to US\$ 18,000 throughout all regions except Almaty and Astana and US\$ 18,000 to US\$ 25,000 in Almaty and Astana. LTV usually does not exceed 70 % on long-term loans. The average weighted interest rate in 2006 was 13.6 per cent., with a weighted average duration of 186 months.

Trends and Challenges

Residential mortgage lending is offered by an increasing number of banks in the Republic of Kazakhstan. Given the recent legal improvements on the Civil Code, the Law on Mortgage of Immovable Property and the new Securitisation Law, it is therefore expected that mortgage financing will continue to show high growth rates. However, there is still some need for improvement in the regulatory, legal and organisational basis for mortgage lending. The establishment of one centralised credit bureau and mortgage risk insurance system is a further step that will develop the business. A major drawback is the relatively low level of income within large parts of the population. Residential

mortgage loans would usually not be available to individuals with a personal income below US\$ 4,000 per year. According to the National Statistic Agency report on 31 December 2006, average yearly per capita income was US\$ 3,741 in 2006. On the other hand, personal per capita indebtedness in the Republic of Kazakhstan is very low compared to Western Europe or the US.

The First Credit Bureau LLP, established in August 2004, commenced activity in February 2006. The First Credit Bureau is an initiative of the Association of Kazakhstan's Financiers and was established by seven commercial banks in Kazakhstan (the Alliance Bank, ATF, the Parent, Bank CentreCredit, Kazkommertsbank, Halyk Savings Bank and Tsenabank).

Banking and Other Relevant Reforms

Over the past few years, Kazakhstani banks and entities holding banking licenses undertook important steps towards developing more transparent business practices and more diversified portfolios of assets. As a result, confidence in local banks has gradually improved, as evidenced by substantial growth in the volume of private deposits in Kazakhstani banks between 2001 and 2006.

BTAI's understanding is that Kazakhstani legislators intend to make mortgage lending attractive to banks and other licensed entities holding banking licences and affordable to individuals by simplifying applicable procedures and making them more transparent and less costly. In addition, certain proposals aim to strengthen lenders' rights in case of default by simplifying foreclosure procedures on pledged housing. The new legislation also aims to improve regulation of mortgage-backed securities in order to make them more attractive to investors.

The Banking Sector in Kazakhstan

Introduction

Since mid-1994, Kazakhstan has adhered to a strict macro-economic stabilisation programme, combining tight budgetary discipline, stringent monetary policy and structural economic reforms, which has sharply reduced inflation and lowered interest rates. In addition, the government of the Republic of Kazakhstan and the NBK have undertaken structural reforms in the banking sector aimed at promoting consolidation and improving the overall viability of the system.

Legislation adopted in 1995 established the current legal framework of Kazakhstan's banking system. Kazakhstan has a two-tier banking system, with the NBK comprising the first tier and all other commercial banks the second tier. Generally, all credit institutions in Kazakhstan are required to be licensed and regulated by the NBK.

The National Bank of Kazakhstan

The NBK is the central bank of Kazakhstan. The NBK is an independent institution, but is subordinate to the President of Kazakhstan. The President has the power, amongst other things, to appoint, with the approval of Parliament, and remove the NBK's governor and deputy governors, to confirm the annual report of the NBK on the recommendation of the governor, to confirm the concept and design of the national currency, and to request information from the NBK. Anvar Saidenow was appointed governor of the NBK in January 2004, replacing Grigori Marchenko.

The principal task of the NBK is to ensure stability of prices in Kazakhstan. The NBK is also empowered to develop and conduct monetary policy, organise functioning of payment systems carrying out currency regulation and currency controls to ensure the stability of the financial system.

The principal governing bodies of the NBK are the executive board and the board of directors. The executive board, the highest governing body of the NBK, consists of nine members, including the governor, five other representatives of the NBK, a representative of the President of Kazakhstan and two representatives of the government of the Republic of Kazakhstan.

The NBK's reform of the banking sector started in 1996 with the introduction of international prudential standards such as capital adequacy requirements and liquidity ratios to regulate and protect the banking system, transparency requirements as to the auditing of banks by international auditors with local offices bringing accounting practices closer to IFRS, and personnel training programmes.

To strengthen the banking industry, promote stability and move towards internationally accepted practices, in December 1996 the NBK adopted a regulation requiring commercial banks to draft and adopt recapitalisation and corporate enhancement plans with the aim of ensuring that banks have reasonable plans and policies, enhancing their ability to attract long-term, private investors.

The NBK previously focused on ensuring financial solvency, protection of depositors and maintaining a stable monetary system. The objectives of reforms introduced in 1996 were to bring supervisory practices closer to international standards and allow for a more transparent view of Kazakhstan banks' capitalisation levels and exposure to financial risks. The NBK has adopted guidelines for bank inspections and analysis of periodic reports submitted by commercial banks to the NBK.

The NBK operated as a banking regulator until the end of 2003. However, with effect from 1 January 2004, a new state agency, the Agency of the Republic of Kazakhstan for Regulation and Supervision of Financial Market and Financial Organizations (the "**FMSA**") was created. The FMSA has, amongst other supervisory functions previously performed by the NBK the following responsibilities with respect to banks operating in Kazakhstan: issuance of permits for their formation, issuance of licences for their operation, approval of prudential rules for their activities (e.g., credit limits and limits on certain types of transactions) and inspection of their operations. The purpose of this shift of responsibilities was to prevent the problems and conflicts of interest inherent in having the NBK regulate itself, since it is a key player in the financial market of Kazakhstan. In its role as the country's central bank, the NBK will continue to regulate activities of banks to the extent that they involve currency matters or affect fiscal policy. The FMSA is entirely separate from the NBK and reports directly to the President of the Republic of Kazakhstan.

The NBK also works closely with domestic banks to enhance the overall viability and solvency of the system. In July 1997, a number of amendments to Kazakhstani banking legislation were adopted to enable banks to diversify their activities in the financial services sector, including the ability to manage pension and investment funds and establish leasing and insurance companies.

In March 2001, new legislation was introduced in relation to the holding of shares in Kazakhstan banks. As a result, any shareholding of 10% or more (whether held independently or jointly with another legal entity) now requires the approval of the FMSA. Furthermore, a foreign entity holding 10% or more of a Kazakhstan bank must have a credit rating equal to or better than that of the Republic of Kazakhstan.

Commercial Banks

The NBK and FMSA have taken measures to strengthen the banking industry and regularly monitors compliance with capital adequacy (in accordance with international standards set by the Basel Accord), current liquidity ratios, maximum credit exposure to single borrowers, maximum creditor exposure to single borrowers for bank insiders, maximum investments in fixed and other non-financial assets and contingent obligations. It also limits foreign exchange positions. Additionally, the NBK has adopted regulations on problem asset classifications and contingent obligations (similar to the World Bank's Guidelines for Asset Classifications) and loan loss reserves.

As at 31 December 2006, there were 34 banks operating in Kazakhstan, excluding the NBK. Commercial banks operating in Kazakhstan can be divided into four groups: large banks including Kazkommertsbank, Halyk Savings Bank of Kazakhstan and Bank TuranAlem; state-owned banks, including ZhylstroySberbank and the Development Bank of Kazakhstan; subsidiaries of foreign banks, such as ABN AMRO Bank Kazakhstan, Citibank Kazakhstan and HSBC Kazakhstan; and smaller banks. The banking industry has been consolidating in recent years and the current number of banks operating in Kazakhstan represents a significant reduction from 210 banks in mid-1993. This decrease was largely a result of the NBK's stringent policy towards increased capitalisation and liquidity of the banking system. This general reduction in the number of banks has largely been at the expense of small and medium-sized banks.

Foreign Capital in the Banking Sector

The liberalisation of the economy in Kazakhstan in recent years has resulted in a number of foreign companies, including banks, establishing operations in Kazakhstan through direct investment and otherwise participating in the banking and financial services sector. A foreign bank may not open a branch in Kazakhstan. To operate as a bank, a Kazakhstan legal entity must be created; which may be a subsidiary or a joint venture.

Under relevant legislation, a "bank with foreign participation" is defined as a second-tier bank, more than one third of whose placed shares are possessed, owned and/or managed by (a) non-residents, (b) resident legal entities, more than 30 per cent. of whose placed shares or participatory interest in share capital are possessed, owned and/or managed by non-residents or analogous resident legal entities, or (c) residents who are managing funds (trustees) of non-residents or entities listed in item (b). Other banks are considered domestic banks. As at 31 December 2006 there were 14 banks with foreign participation operating in Kazakhstan, including ABN AMRO Bank Kazakhstan, Citibank Kazakhstan and HSBC Kazakhstan.

A number of foreign banks have opened representative offices in Kazakhstan, including Dresdner Bank AG, Deutsche Bank AG, American Express Bank Ltd., Commerzbank N.A., ING Bank N.V., Bankgesellschaft Berlin and Société Générale. Foreign banks bring international experience in servicing customers and also target the best corporate customers of Kazakhstani banks, as well as foreign companies.

Industry Trends

According to the NBK, the total capital of domestic, commercial banks increased 44.9 per cent. in 2003, 62.4 per cent. in 2004 and, as at 1 January 2005, amounted to approximately US\$ 2.1 billion. During such period, the total assets of such banks increased by 77.7 per cent. and, as at 1 January 2005, amounted to approximately US\$20.7 billion. In 2004, the aggregate liabilities of such banks increased by 79.6 per cent. and amounted to approximately US\$ 18.6 billion as at 1 January 2005 and their aggregate net income increased 38.6 per cent. The share of the total assets of the second-tier banks in Kazakhstan's GDP as at 31 December 2004 amount to 50.7 per cent. as compared to 37.7 per cent. at the end of 2003.

Kazakhstan Mortgage Loans Guarantee Fund (the "KMGF")

The fund was established in November 2003 by the NBK to facilitate mortgage lending market operations. It provides Kazakhstani banks with a guarantee of around 30-50 per cent. of a bank's individual risks. Typically, a mortgage loan will only be guaranteed if the relevant mortgage loan has been provided for an existing property, and the principal amount of the loan does not exceed US\$ 180,000. All fees for the guarantees provided are transferred to the reserve capital of the KMGF which, as at 10 June 2005, consists of 88.3 million KZT. The members of the system of mortgage loan guarantees are 20 banks and mortgage companies located in Kazakhstan. On 1 June 2006 the KMGF guaranteed mortgage loans in amount exceeding 2,150 billion KZT.

Kazakhstan Mortgage Company

The Kazakhstan Mortgage Company (the "KMC") was established by the NBK in 2000, and acts as a mortgage agency for 14 Kazakh banks and non-banking institutions. It acquires mortgage portfolios that have been originated in accordance with the KMC's detailed policy guidelines. As at 1 January 2006 the total loan portfolio of the KMC accounted for approximately US\$ 275 million. In addition to its acquisition of mortgage portfolios, the KMC also funds the state programme of developing housing construction. The budget dedicated to this programme is US\$ 1.1 billion.

SELECTED ASPECTS OF LAWS OF THE REPUBLIC OF KAZAKHSTAN RELEVANT TO THE MORTGAGE LOANS AND THE TRANSFER OF THE MORTGAGE LOANS

Law on Mortgage of Immovable Property

Kazakhstan's Law On Mortgage of Immovable Property is the primary law regulating the activities of a mortgage company, creation and enforcement of security interest in real estate, issuance and transfer of mortgage certificates, and other relevant issues.

Under the Law On Mortgage of Immovable Property, rights under mortgage agreements are transferred by way of assignment. The law allows a mortgagor to issue to the lender a mortgage certificate, which represents the right of the lender to the principal, interest and other amounts payable under the relevant mortgage loan and to a security interest in the mortgaged property securing the mortgage loan. The mortgage certificate, once issued, must be registered by the relevant Property Registry and is considered as an order security. Mortgage certificates are transferred by endorsement and delivery, which transfer must be registered with the Property Registry as described below.

The Property Registry normally completes the registration of transfer of a mortgage certificate within five (5) business days from the filing of the application with all necessary documents.

Securitisation Law

In line with Kazakhstan's plans for further development of its financial and securities markets, on 20 February 2006 Kazakhstan adopted the Law On Securitisation. The primary purpose of such law is to develop financing in Kazakhstan and regulate domestic securitisation transactions (i.e. not cross-border securitisations, such as the subject securitisation).

Although the Law On Securitisation regulates only domestic securitisations it introduces fundamental concepts required for securitisation, such as true sale and bankruptcy remoteness, and it defines parties to securitisation transactions. It states that securitised assets may be used only for repayment of the bonds, as well as for payment of expenses related to securitisation. It also provides that securitised assets may be recovered only for purposes of protecting the rights of bondholders and payment of securitisation expenses; recovery for any other purpose (including as a result of bankruptcy or liquidation of the SPV) is expressly prohibited.

Assignment of Related Security

The Mortgage Loans are secured by Related Security consisting of the underlying Mortgage over the Property and Guarantees provided by spouses of the Debtors and by third parties securing payment of such Mortgage Loan (but only to the extent agreed). Under a general rule of Kazakhstani civil law, the assignee accepting an assignment of a claim also takes as a matter of law an assignment of any security interest attached to such claim and other related rights. Thus, upon the assignment of the Mortgage Loan to the Loan Notes Issuer, the Related Security securing the Mortgage Loan will be transferred to the Loan Notes Issuer by operation of law.

In addition to the Related Security, the Originator agreed in the Mortgage Sale Agreement to sell and assign to the Loan Notes Issuer the Ancillary Rights in respect of any Mortgage Loan.

Banking laws and Regulation

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

The principal task of the NBK is to ensure the stability of prices in Kazakhstan. The NBK is also empowered to develop and conduct monetary policy, organize banking settlements and foreign exchange systems with a view to the integration of Kazakhstan into the international economy and to ensure the stability of the financial system.

The principal governing bodies of the NBK are the Executive Board and the Board of Directors. The Executive Board, the highest governing body of the NBK, consists of nine members, including the Governor, five other representatives of the NBK, a representative of the President of Kazakhstan and two representatives of the Government of Kazakhstan.

The NBK's reform of the financial sector started in 1996 with the introduction of international prudential standards such as capital adequacy requirements and liquidity ratios to regulate and protect the banking system, transparency requirements as to the auditing of banks by local and international auditors, bringing accounting practices closer to IFRS, and personnel training programs.

However, following the changes in the legislation in July 2003, effective 1 January 2004, the FMSA was created. The FMSA took responsibility for most of the supervisory and regulatory functions in the financial sector previously performed by the NBK.

The FMSA is an independent institution reporting directly to the President of Kazakhstan. The FMSA is responsible for, among other functions issuing licenses for lending transactions of mortgage companies and managing receivables under mortgage loans, setting forth prudential rules for their activities (e.g., credit limits and limits on certain types of transactions) and carrying out inspections of their operations. All of these functions were previously exercised by the NBK. The purpose of this shift of responsibilities was to prevent the problems and conflicts inherent in having the NBK regulate itself, since it is a key player in the financial market of Kazakhstan.

Data protection and data privacy law

The transaction will require that information on the Mortgage Certificates and the Debtors be, or, potentially be, disclosed to various parties at different stages of the transaction. It is unclear under Kazakhstani law how bank secrecy and personal data protection rules intersect with the general right of the Originator to assign its claims under the Mortgage Certificates, the Related Security and the Ancillary Rights. While the disclosure of such information should not affect the validity of the Mortgage Sale Agreement, this issue is not entirely clear. Although the Originator believes that the disclosure of information on the Mortgage Certificate, the Related Security, the Ancillary Rights and the Debtors in connection with this transaction should not breach bank secrecy and personal data protections laws, there can be no assurance that Kazakhstani courts would not take another view. Sanctions for improper disclosure of restricted information may include, among other things, compensation, fines and revocation of license. If applied to the Originator, such sanctions may adversely affect the ability of the Loan Notes Issuer to make payments under the Loan Notes, which would adversely affect the ability of the Issuer to make payments under the Offered Notes.

Consumer protection laws

The Kazakhstani Law On Protection of Consumer Rights provides general protection for consumers, although it is not entirely clear how this law may be applied to the Mortgage Loans. Currently, the Republic of Kazakhstan has no consumer protection law specifically concerning mortgage loans or their collection. However, there is no guarantee that such laws will not be enacted in the future, that certain regulatory agencies will not start to regulate such mortgage loans or that a court of the Republic of Kazakhstan will not apply the Law On Protection of Consumer Right to mortgage loans in an unexpected manner. Such laws or interpretations may make the collections of defaulted loans or penalties more difficult and thus may adversely affect the ability of the Loan Notes Issuer to make payments of principal and interest in respect of the Loan Notes, which would adversely affect the ability of the Issuer to make payments under the Offered Notes.

In addition, the Mortgage Loan Agreements entered into by the Originator with the Debtors constitute "contracts of adhesion" for Kazakhstani law purposes (that is contracts that the Debtors may execute only in accordance with the Originator's standard form and whose terms they may not negotiate). Under Kazakhstani law, a Debtor may demand termination or amendment of its Mortgage Loan Agreement if it contains terms that the Debtor would not have accepted had he had the opportunity to negotiate them. There is a lack of court practice in regard to contracts of adhesion. Any potential challenges by the Debtors of the aforementioned basis could adversely affect the ability of the Loan Notes Issuer to make payments under the Loan Notes, which would adversely affect the ability of the Issuer to make payments under the Offered Notes.

Bankruptcy law

Under Kazakhstan's bankruptcy law, a Kazakhstani company (including the Originator) is considered insolvent when it has failed to make payments on its debts within three months after such debts have become due. At such time a creditor is entitled to file a petition of bankruptcy against the company. A court would generally declare a company bankrupt when the court finds that the company cannot fulfil its payment obligations.

In the course of bankruptcy proceedings of the Originator, the obligations of the Originator under the documents, to which the Originator is a party, may be challenged on the following insolvency specific grounds: preference, undervalue and executory contract. The insolvency specific grounds for challenge would be in addition to the general civil law grounds for invalidating the transactions (e.g., on the basis that transactions contradict law, have aims specifically conflicting with fundamental principles of legal order and morality, are fictitious, sham transactions or ultra vires transactions, etc.).

Preference: this applies to any transfer of property by the Originator to a third party in discharge of the Originator's obligations if (i) it occurred within 3 years before the initiation of bankruptcy proceedings against the Originator or initiation of an out-of-court liquidation procedure; (ii) the relevant obligation was discharged before it fell due; and (iii) it infringed the rights of other creditors. A preference transaction is voidable rather than void *ab initio*, i.e., it remains valid and binding unless invalidated by a court.

Undervalue: this applies to a transaction that has been concluded within 3 years prior to the initiation of bankruptcy proceedings against the Originator or the initiation of the out-of-court liquidation procedure provided that the conditions of such transaction are materially less favourable for the Originator than those of analogous transactions concluded in similar circumstances.

Executory contract: this applies in the course of rehabilitation to transactions (i) which are long term (more than 1 year) or under which the Originator would receive benefits in the long term future; or (ii) which will entail losses for the Originator; or (iii) which contain burdensome terms for the Originator when compared to analogous transactions concluded in similar circumstances; or (iv) where there are other grounds for assuming that their execution by the Originator would entail unfavourable consequences for the other creditors. On the grounds of *executory contract* the rehabilitation manager would be permitted to refuse to perform future (yet unperformed) obligations of the Originator, such as continuing obligations under the Mortgage Sale Agreement (e.g., to repurchase certain Mortgage Certificates) and continuing obligations under the Servicing Agreement.

SUMMARY OF PROVISIONS RELATING TO OFFERED NOTES

Each Class of Offered Notes will initially be in the form of a Temporary Global Note which will be deposited on or around the Closing Date with a Common Depository for Euroclear and Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable in whole or in part for interests in the related Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Offered Notes cannot be collected until certification of non-U.S. beneficial ownership is received by the Principal Paying Agent.

The Permanent Global Notes will become exchangeable in whole, but not in part, for Offered Notes in definitive form in the denomination of US\$ 100,000 each and integral multiples of US\$ 10,000 in excess thereof in relation to each of the Offered Notes at the request of the bearer of a Permanent Global Note against presentation and surrender of the Permanent Global Note to the Principal Paying Agent if either of the following events (each, an "**Exchange Event**") occurs:

- (a) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or
- (b) as a result of any amendment to, or change in, the laws or regulations of Luxembourg, the Issuer is or will be required to make any Tax Deduction which would not be required if the Offered Notes were in definitive form.

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Receipts, Coupons and Talons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note, to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Notes and the Permanent Global Notes will contain provisions which modify the Terms and Conditions of the Offered Notes as they apply to the Temporary Global Notes and the Permanent Global Notes. The following is a summary of certain of those provisions:

Payments:

All payments in respect of the Temporary Global Notes and the Permanent Global Notes will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of a Temporary Global Note or (as the case may be) a Permanent Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Offered Notes.

A record of each payment made on a Global Note, distinguishing between any payment of interest and principal, will be endorsed on such Global Note by the Principal Paying Agent to which such Global Note was presented for the purpose of making such payment and such record shall be *prima facie* evidence that the payment in question has been made.

Notices:

For so long as the Offered Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange require publication of such notices, notices to the holders of Offered Notes shall be valid if published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any such notice shall be deemed to have been given on the date the notice first appears on the website. Receiptholders and Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Offered Notes.

Transfers:

For so long as the Offered Notes are represented by the relevant Global Notes, the Offered Notes so represented by such Global Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear, or, as the case may be, Clearstream, Luxembourg and the Issuer, the Paying Agents and the Trustee may treat each person who is for the time being shown in the records

of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of Class A Notes or Class B Notes or Class C Notes (as the case may be) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of the Offered Notes standing to the account of any person shall be conclusive and binding for all purposes) as the holder of such principal amount of such Offered Notes for all purposes, other than with respect to the payment of interest and repayment of principal on such Offered Notes, the right to which shall be vested solely in the bearer of the relevant Global Note and in accordance with its terms.

Meetings:

The holder of each Global Note will be treated as being two persons for the purposes of any quorum requirement of, or the right to demand a poll at, a meeting of holders of each Class of the Offered Notes, as the case may be, and, at any such meeting, as having one vote in respect of each US\$ 100,000 principal amount of each Class of the Offered Notes for which the Global Note may be exchanged.

TERMS AND CONDITIONS OF THE OFFERED NOTES

If the Offered Notes were to be issued in definitive form, the terms and conditions set out on the reverse of each of such Offered Note will be as stated below. While the Offered Notes are represented by Global Notes, they will be governed by the same terms and conditions except to the extent that such terms and conditions are appropriate only to securities in definitive form or are expressly varied by the terms of such Global Notes.

1. GENERAL

- 1.1 The Issuer has agreed to issue the Offered Notes subject to the terms of the Trust Deed on or about the Closing Date.
- 1.2 The Paying Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Offered Notes.
- 1.3 Certain provisions of these Conditions are summaries of the Trust Deed and the Paying Agency Agreement and are subject to their detailed provisions.
- 1.4 The holders of Offered Notes are entitled to be beneficiaries of, are bound by and are deemed to have notice of all the provisions of the Transaction Documents which are relevant to them.
- 1.5 Copies of the Transaction Documents are available for inspection by holders of Offered Notes during normal business hours at the principal office for the time being of the Trustee and at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. DEFINITIONS

In these Conditions the following defined terms have the meanings set out below:

"ABN AMRO Bank" means ABN AMRO Bank N.V.;

"Accounts Agreement" means the agreement to be entered into on the Closing Date and made between the Issuer Account Bank, the Transaction Manager, the Issuer and the Trustee;

"Business Day" means a TARGET day (other than a Saturday or a Sunday) on which banks are open for business in Almaty, the Republic of Kazakhstan, New York, United States, London, United Kingdom and Amsterdam, The Netherlands;

"Calculation Date" means the date falling two (2) Business Days before a Payment Date;

"Call Date" means the Payment Date falling in March 2014;

"Class" means the Class A Notes, the Class B Notes or the Class C Notes;

"Class A Coupons" means the interest coupons related to the Class A Definitive Notes in or substantially in the form set out in Part 2 of Schedule 4 to the Trust Deed and for the time being outstanding or, as the context may require, a specific number of such coupons;

"Class A Definitive Notes" means any Class A Notes issued in definitive bearer form;

"Class A Notes" means the US\$ 123,000,000 Class A Mortgage Backed Floating Rate Notes due 2029 issued by the Issuer on or about the Closing Date;

"Class A Loan Notes" means the US\$ 123,000,000 Class A Mortgage Backed Floating Rate Loan Notes due 2029 issued by the Loan Notes Issuer on or about the Closing Date;

"Class A Loan Note Margin" means 1.25 per cent. per annum;

"Class A Permanent Global Note" means any permanent global note representing any Class A Notes in, or substantially in, the form set out in Schedule 3 to the Trust Deed;

"Class A Receipts" means the principal receipts related to the Class A Definitive Notes;

"Class A Temporary Global Note" means any temporary global note representing any Class A Notes in, or substantially in, the form set out in Schedule 2 to the Trust Deed;

"Class B Coupons" means the interest coupons related to the Class B Definitive Notes in or substantially in the form set out in Part 2 of Schedule 4 to the Trust Deed and for the time being outstanding or, as the context may require, a specific number of such coupons;

"Class B Definitive Notes" means any Class B Notes issued in definitive bearer form;

"Class B Notes" means the US\$ 11,300,000 Class B Mortgage Backed Floating Rate Notes due 2029 issued by the Issuer on or about the Closing Date;

"Class B Loan Notes" means the US\$ 11,300,000 Class B Mortgage Backed Floating Rate Loan Notes due 2029 issued by the Loan Notes Issuer on or about the Closing Date;

"Class B Loan Note Margin" means 2.0 per cent. per annum;

"Class B Permanent Global Note" means any permanent global note representing any Class B Notes in, or substantially in, the form set out in Schedule 3 to the Trust Deed;

"Class B Receipts" means the principal receipts related to the Class B Definitive Notes;

"Class B Temporary Global Note" means any temporary global note representing any Class B Notes in, or substantially in, the form set out in Schedule 2 to the Trust Deed;

"Class C Coupons" means the interest coupons related to the Class C Definitive Notes in or substantially in the form set out in Part 2 of Schedule 4 to the Trust Deed and for the time being outstanding or, as the context may require, a specific number of such coupons;

"Class C Definitive Notes" means any Class C Notes issued in definitive bearer form;

"Class C Notes" means the US\$ 7,100,000 Class C Mortgage Backed Floating Rate Notes due 2029 issued by the Issuer on or about the Closing Date;

"Class C Loan Notes" means the US\$ 7,100,000 Class C Mortgage Backed Floating Rate Loan Notes due 2029 issued by the Loan Notes Issuer on or about the Closing Date;

"Class C Loan Note Margin" means 3.75 per cent. per annum;

"Class C Permanent Global Note" means any permanent global note representing any Class C Notes in, or substantially in, the form set out in Schedule 3 to the Trust Deed;

"Class C Receipts" means the principal receipts related to the Class C Definitive Notes;

"Class C Temporary Global Note" means any temporary global note representing any Class C Notes in, or substantially in, the form set out in Schedule 2 to the Trust Deed;

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

"Closing Date" means 29 March 2007;

"Collection Accounts Bank" means JSC "Bank TuranAlem";

"Collection Accounts Security Deed" means the Collection Accounts security deed entered into in the form of a deed between the Collection Accounts Bank, the Loan Notes Trustee, the Loan Notes Issuer and the Originator dated 20 January 2006 as amended and restated on the Signing Date;

"Collection Period" means the period from and including the first day of the calendar month to, but excluding, the first day of the immediately following calendar month, or in the case of the first Collection Period, from and including the Closing Date to, but excluding, the first day of the calendar month following such date;

"Co-Manager" means Banco Finantia S.A.;

"Common Depository" means Societe Generale Bank & Trust;

"Conditions" means in relation to the Offered Notes, these terms and conditions set forth herein, which will be endorsed on the Offered Notes, as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Condition shall be construed in relation to the Offered Notes accordingly;

"Corporate Services Provider" means ATC Management B.V.;

"Couponholders" means the persons who for the time being are holders of the Coupons;

"Coupons" means the Class A Coupons, the Class B Coupons or the Class C Coupons;

"Custodian" means JSC "Bank CenterCredit" or any other entity acting as custodian pursuant to the Custodian Agreement;

"Custodian Agreement" means the custodian agreement entered into between the Loan Notes Issuer, the Loan Notes Trustee and the Custodian dated 16 February 2006 as amended and restated on the Closing Date;

"Day Count Fraction" means, in respect of an Interest Period, the actual number of days in such period divided by 360;

"Deed of Charge" means the deed of charge to be entered into between the Issuer, the Transaction Manager and the Trustee on the Closing Date;

"Definitive Notes" means any Offered Notes issued in definitive bearer form;

"Enforcement Notice" means a notice delivered by the Trustee to the Issuer in accordance with Condition 12 (*Events of Default*), which declares the Offered Notes to be immediately due and payable;

"Euro Corporate Account" means an account established by the Issuer Account Bank in the name of the Issuer;

"Euroclear" means Euroclear Bank S.A./N.V.;

"Event of Default" means any one of the events specified in Condition 12 (*Events of Default*);

"Exchange Date" means, in relation to each Temporary Global Note, the first day following the expiry of forty days after the date of issue of such Offered Note;

"Extraordinary Resolution" means a resolution passed at a Meeting duly convened and held in accordance with Condition 15 (*Meetings of Holders of Offered Notes*) of the holders of Offered Notes by not less than three quarters of the votes cast;

"Final Legal Maturity Date" means the Payment Date falling in February 2029;

"Fitch" means Fitch Ratings Ltd.;

"Global Notes" means the Permanent Global Notes and the Temporary Global Notes;

"Insolvency Official" means, in connection with any Insolvency Proceedings, in relation to a company a liquidator, provisional liquidator, administrator, examiner, receiver or manager, nominee, supervisor, trustee, conservator, guardian, rehabilitation manager, bankruptcy manager or other similar official in respect of such company or in respect of all (or

substantially all) of the company's assets or in respect of any arrangement or composition with creditors;

"Insolvency Proceedings" means, in respect of a company, the winding-up, liquidation, rehabilitation, sanation, dissolution or examinership of such company or any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or of any jurisdiction in which such company carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, examinership, arrangement, adjustment, protection or relief of debtors;

"Interest" means, for any Interest Period, the Interest Amount and if applicable, the Subordinated Step-up Margin;

"Interest Amount" means:

- (a) in respect of a Loan Note for any Interest Period, the aggregate of:
 - (i) the amount of interest calculated on the related Calculation Date in respect of such Loan Note for such Interest Period by multiplying the Principal Amount Outstanding of such Loan Note on the Payment Date next following such Calculation Date by the relevant Loan Note Rate and multiplying the amount so calculated by the relevant Day Count Fraction and rounding the resulting amount to the nearest US\$; and
 - (ii) in the case of each class of Loan Notes other than the Most Senior Class of Loan Notes, the Deferred Interest Amount Arrears in respect of such Loan Note on the preceding Payment Date, together with accrued interest on such arrears in accordance with Loan Notes Condition 7.12 (*Default Interest*); and
- (b) in relation to a class of Loan Notes for any Interest Period, the aggregate amount in paragraph (a) above, of all Loan Notes in such class of Loan Notes for such Interest Period excluding any Subordinated Step-up Margin due on Class A Loan Notes or Class B Loan Notes or Class C Loan Notes;

"Interest Period" means a period which commences on, and including, the immediately preceding Payment Date (or in the case of the first Interest Period, the Closing Date) and ends on, but excluding the day the next Payment Date;

"Issuer" means Kazakh Mortgage-Backed Securities 2007-1 B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam and its registered office at Fred Roeskestraat 123, 1076 EE Amsterdam, The Netherlands;

"Issuer Account" means an account established by the Issuer Account Bank in the name of the Issuer into which shall be deposited all amounts received by the Issuer relating to payments received on the Loan Notes;

"Issuer Account Bank" means ABN AMRO Bank in its capacity as issuer account bank under the Account Agreement;

"Issuer Agents" means the Principal Paying Agent and the Luxembourg Paying Agent named in the Paying Agency Agreement together with any successor or additional paying agents appointed from time to time in connection with the Offered Notes under the Paying Agency Agreement;

"Issuer Expenses" any transactional fees and expenses, including any corporate tax, audit and legal fees, secretarial fees, corporate administration and agent's fees (including in each case any VAT payable) due to be paid by the Issuer pursuant to the Transaction Documents or otherwise, the Minimum Required Issuer Payment Amount and any payments to be made by the Issuer pursuant to the Transaction Documents (other than any payments due to be made under the Offered Notes);

"Issuer Insolvency Event" means:

- (a) the Issuer is (or admits it is) unable to pay its debts as they fall due within the meaning of Section 1 of the Dutch Insolvency Act (*Faillissementswet*) or suspends making payments on any of its debts as they fall due;
- (b) a moratorium (*surseance van betaling*) is declared in respect of any indebtedness of the Issuer;
- (c) the Issuer otherwise becomes insolvent;
- (d) the initiation of or consent to Insolvency Proceedings by the Issuer or any other person or the presentation of a petition for the making of an administration order (unless (i) such proceedings are being disputed in good faith with a reasonable prospect of success; or (ii) are discharged, stayed or dismissed within sixty (60) days of commencement);
- (e) the making of an administration order or the appointment of an examiner in relation to the Issuer;
- (f) an encumbrancer (excluding the Trustee or any receiver) taking possession of the whole or (in the reasonable opinion of the Trustee) any substantial part of the undertaking or assets of the Issuer and such circumstance is not discharged within sixty (60) days;
- (g) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or (in the reasonable opinion of the Trustee) any substantial part of the undertaking or assets of the Issuer (excluding by the Trustee or any receiver) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days;
- (h) the making of an arrangement, composition, scheme of arrangement, rehabilitation, reorganisation with or conveyance to or assignment for the creditors of the Issuer generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally;
- (i) the passing by the Issuer of an effective resolution, the presentation of a petition, or the making of an order by a court of competent jurisdiction for the winding up, liquidation, dissolution or temporary administration of the Issuer or for the appointment of a judicial officer, administrator, an examiner (except, in the case of the Issuer, a winding up for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class of Offered Notes then outstanding) or any other person in relation to such or any of its respective assets or revenues; or
- (j) the appointment of an Insolvency Official in relation to the Issuer or in relation to the whole or, (in the reasonable opinion of the Trustee), any substantial part of the undertaking or assets of the Issuer (excluding, in relation to the Issuer, by the Trustee or a Receiver);

"Lead Manager" means ABN AMRO Bank N.V., London Branch;

"Liabilities" means in respect of any person, any losses, liabilities, damages, costs, awards, expenses (including properly incurred legal fees) and penalties incurred by that person together with any VAT thereon;

"Loan Note Rate" means, in respect of each class of Loan Notes for each Interest Period, the US\$ LIBOR determined as at the related Calculation Date plus the Relevant Senior Margin in respect of such class of Loan Notes;

"Loan Notes" means the Class A Loan Notes, the Class B Loan Notes and the Class C Loan Notes;

"Loan Notes Conditions" means, in relation to the Loan Notes, the terms and conditions of the Loan Notes, which will be endorsed on the Loan Notes, as any of the same may from time to time be modified in accordance with the Loan Notes Trust Deed and any reference to a particular numbered Loan Notes Condition shall be construed in relation to the Loan Notes accordingly;

"Loan Notes Deed of Charge" means the loan notes deed of charge entered into between the Loan Notes Issuer, the Transaction Manager and the Loan Notes Trustee dated on or about the Closing Date;

"Loan Notes Interest" means the amount received by the Issuer as holder of the Loan Notes as being the Interest paid on the Loan Notes for that Interest Period;

"Loan Notes Issuer" means First Kazakh Securitisation Company B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam and its registered office at Fred Roeskestraat 123, 1076 EE Amsterdam, The Netherlands;

"Loan Notes Minimum Required Issuer Payment Amount" shall mean the amount agreed to be paid by the Loan Notes Issuer into the Loan Notes Euro Corporate Account, for the purposes of paying the Loan Notes Issuer's ongoing operational costs and expenses and its Netherlands tax liabilities, including the costs of preserving the corporate existence of the Loan Notes Issuer which on the first Payment Date in May 2007 shall be EUR 25,000 and on each first Payment Date for each calendar year thereafter shall be EUR 15,000;

"Loan Notes Transaction Manager" means ATC Financial Services, B.V.;

"Loan Notes Trust Deed" means the loan notes trust deed entered into between the Loan Notes Issuer and the Loan Notes Trustee dated on or about the Closing Date;

"Loan Notes Trustee" means Stichting Trustee First Kazakh Securitisation Company;

"Loan Notes Subscription Agreement" means the loan notes subscription agreement entered into between the Issuer, the Loan Notes Issuer and the Managers dated on or about the Signing Date;

"Luxembourg Paying Agent" means Dexia Banque Internationale à Luxembourg;

"Luxembourg Stock Exchange" means the Luxembourg Stock Exchange;

"Managers" means the Lead Manager and the Co-Managers;

"Meeting" means a meeting of holders of Offered Notes of any Class or Classes (whether originally convened or resumed following an adjournment);

"Minimum Denomination" means US\$ 100,000;

"Minimum Required Issuer Payment Amount" shall mean the amount agreed to be paid into the Euro Corporate Account by the Issuer, for the purposes of paying the Issuer's ongoing operational costs and expenses and its Netherlands tax liabilities, including the costs of preserving the corporate existence of the Issuer which on the first Payment Date in May 2007 shall be EUR 25,000 and on each first Payment Date for each calendar year thereafter shall be EUR 15,000;

"Moody's" means Moody's Investors Service Ltd.;

"Most Senior Class" means, the Class A Notes whilst they remain outstanding and thereafter the Class B Notes whilst they remain outstanding and thereafter the Class C Notes whilst they remain outstanding;

"Offered Note Principal Payment" means, any payment to be made or made by the Issuer in accordance with Condition 8.2 (*Pro-Rata Mandatory Redemption in part of the Offered*

Notes), Condition 8.3 (*Sequential Mandatory Redemption in part of the Offered Notes*) and Condition 8.4 (*Post-Enforcement Sequential Mandatory Redemption of the Offered Notes*);

"Offered Notes" means the Class A Notes, the Class B Notes and the Class C Notes;

"Offered Notes Payments Priorities" means the Pre-Enforcement Offered Notes Payments Priorities and the Post-Enforcement Offered Notes Payments Priorities;

"Originator" means Hypothecary Organisation "BTA Ipoteka" JSC ("**BTAI**"), a company incorporated as a joint stock company under the laws of the Republic of Kazakhstan having its legal address at 16, Micro-District Samal-2, Almaty 050051, the Republic of Kazakhstan;

"outstanding" means, in relation to the Offered Notes, all the Offered Notes other than:

- (a) those which have been redeemed and cancelled in full in accordance with their respective Conditions;
- (b) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Trustee or the Principal Paying Agent in the manner provided for in the Paying Agency Agreement (and, where appropriate, notice to that effect has been given to the holders of Offered Notes in accordance with Condition 21 (Notices)) and remain available for payment in accordance with the Conditions;
- (c) those which have become void under the Conditions;
- (d) those mutilated or defaced Offered Notes which have been surrendered or cancelled and those Offered Notes which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Offered Notes have been issued pursuant to the Conditions; and
- (e) any Temporary Global Note, to the extent that it shall have been exchanged for a Permanent Global Note of the same class or any Permanent Global Note, to the extent that it shall have been exchanged for the related Definitive Notes pursuant to the provisions contained therein and their respective Conditions;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of holders of Offered Notes;
- (ii) the determination of how many and which Offered Notes are for the time being outstanding for the purposes of Clause 17 (*Waiver*), Clause 18 (*Modification*), Clause 21 (*Proceedings and Actions by the Trustee*), Clause 30 (*Appointment of Trustees*) and Clause 31 (*Notice of New Trustee*) of the Trust Deed and Condition 12 (*Events of Default*), Condition 13 (*Enforcement*) and Condition 15 (*Meetings of holders of Offered Notes*) and the Provisions for Meetings of holders of Offered Notes; and
- (iii) any discretion, power or authority, whether contained in the Trust Deed or provided by law, which the Trustee is required to exercise in or by reference to the interests of the holders of Offered Notes or any of them,

those Offered Notes (if any) which are for the time being held by or for the benefit of the Issuer, the Parent, the Custodian, the Transaction Manager or the Corporate Services Provider shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

"Parent" means JSC "Bank TuranAlem", a bank incorporated under the laws of the Republic of Kazakhstan in the form of a joint stock company having its legal address at 97 Zholdasbekov Street, Micro-District Samal-2, Almaty 050051, the Republic of Kazakhstan;

"Paying Agency Agreement" means the paying agency agreement entered into between the Issuer, the Principal Paying Agent, the Luxembourg Paying Agent and the Trustee dated on or about the Closing Date;

"Payment Date" means the 15th calendar day of the month or if such date is not a Business Day, the next following Business Day;

"Permanent Global Notes" means the Class A Permanent Global Note, the Class B Permanent Global Note and the Class C Permanent Global Note;

"Pledge of Account Agreement" means the Pledge of Account Agreement to be entered into between the Issuer and the Trustee on the Closing Date;

"Potential Event of Default" means any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) an Event of Default;

"Pre-Enforcement Offered Notes Interest Payments Priorities" means the priority of payments set out in Condition 4.6;

"Pre-Enforcement Offered Notes Payments Priorities" means the Pre-Enforcement Offered Notes Interest Payments Priorities and the Pre-Enforcement Offered Notes Principal Payments Priorities;

"Pre-Enforcement Offered Notes Principal Payments Priorities" means the priority of payments set out in Condition 4.7;

"Principal Amount Outstanding" means, on any day:

- (a) in respect of Offered Notes:
 - (i) in relation to an Offered Note, the principal amount of that Offered Note upon issue less the aggregate amount of any principal payments in respect of that Offered Note which have been paid; or
 - (ii) in relation to a Class of Offered Notes, the aggregate of the amount in (a) in respect of all Offered Notes outstanding in such Class;
 - (iii) in relation to the Offered Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Offered Notes outstanding, regardless of Class; and
- (b) in respect of Loan Notes:
 - (i) in relation to a Loan Note, the principal amount of that Loan Note upon issue less the aggregate amount of any principal payments in respect of that Loan Note which have been paid;
 - (ii) in relation to a class of Loan Notes, the aggregate of the amount in (b) in respect of all Loan Notes outstanding in such class;
 - (iii) in relation to the Loan Notes outstanding at any time, the aggregate of the amount in (b) in respect of all Loan Notes outstanding, regardless of class;

"Principal Amount Outstanding of the Class A Notes" means the Principal Amount Outstanding in respect of the Class A Notes only;

"Principal Amount Outstanding of the Class B Notes" means the Principal Amount Outstanding in respect of the Class B Notes only;

"Principal Amount Outstanding of the Class C Notes" means the Principal Amount Outstanding in respect of the Class C Notes only;

"Principal Paying Agent" means ABN AMRO Bank;

"Prospectus Directive" means Directive 2003/71/EC implemented by Commission Regulation (EC) No.809/2004;

"Provisions for Meetings of holders of Offered Notes" means the provisions contained in Schedule 9 of the Trust Deed;

"Rating" means the then current rating of each Class of Offered Notes given by the relevant Rating Agency and "Ratings" means all of such Ratings;

"Rating Agencies" means Fitch and Moody's as applicable;

"Ratings Confirmation" means the confirmation in writing to the Issuer and the Trustee from each of the Rating Agencies that its then current Rating of the Offered Notes will not be downgraded, qualified or withdrawn as a result of the modification, amendment, waiver, appointment, authorisation or action;

"Receiptholders" means the persons who for the time being are holders of the Receipts;

"Receipts" means the Class A Receipts, the Class B Receipts and the Class C Receipts;

"Receiver" or **"receiver"** means any receiver or administrative receiver who (in the case of an administrative receiver) is a qualified person and who is appointed by the Trustee under the Deed of Charge in respect of the Security and includes more than one such receiver and any substituted receiver;

"Reference Bank" means the principal Euro-zone office of four major banks selected by the Principal Paying Agent;

"Relevant Date" means, in respect of any Offered Notes, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after the date on which notice is duly given to the holders of Offered Notes in accordance with Condition 21 (*Notices*) that, upon further presentation of the Offered Notes being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

"Relevant Senior Margin" means the Class A Loan Note Margin, the Class B Loan Note Margin or the Class C Loan Note Margin, as the case may be;

"Reporting Date" means the date falling five (5) Business Days prior to a Payment Date;

"Reserved Matter" means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Offered Notes, to reduce the amount of principal or interest payable on any date in respect of the Offered Notes, to alter the method of calculating the amount of any payment in respect of the Offered Notes or the date for any such payment;
- (b) (except in accordance with Condition 20 (*Substitution of Issuer*)) to effect the exchange, conversion or substitution of the Offered Notes of any Class for, or the conversion of such Offered Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (c) to change the currency of payments under the Offered Notes;
- (d) to alter the priority of payment of interest or principal in respect of the Offered Notes;
- (e) to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution; or
- (f) to amend this definition;

"Secured Amounts" means the aggregate of all monies and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each of the Secured Creditors under the Offered Notes or the Transaction Documents;

"Secured Creditors" means the holders of Offered Notes, the Corporate Services Provider, the Transaction Manager, the Issuer Account Bank and the Issuer Agents;

"Secured Indebtedness" means all monies, obligations and Liabilities of any kind now or at any time in the future due, owing, incurred or payable by the Issuer to the Secured Creditors;

"Secured Property" has the meaning ascribed to such term in Clause 6 of the Deed of Charge;

"Security" means all assets owned by the Issuer, including present and future properties, revenues and rights of every description secured in accordance with the terms and conditions of the Deed of Charge and the Pledge of Account Agreement;

"Signing Date" means 27 March 2007;

"Specified Office" means, in relation to any Paying Agent, such office as such Paying Agent may specify in accordance with Clause 11.8 (*Changes in Specified Offices*) of the Paying Agency Agreement;

"Subordinated Step-up Margin" means, in respect of a Loan Note for any Interest Period, the amount of Subordinated Step-up Margin on Class A Loan Notes, Subordinated Step-up Margin on Class B Loan Notes or Subordinated Step-up Margin on Class C Loan Notes (as the case may be) payable on such a Loan Note;

"Subordinated Step-up Margin on Class A Notes" means 1.25 per cent. per annum on the Call Date and thereafter;

"Subordinated Step-up Margin on Class B Notes" means 2.0 per cent. per annum on the Call Date and thereafter;

"Subordinated Step-up Margin on Class C Notes" means 3.75 per cent. per annum on the Call Date and thereafter;

"Subscription Agreement" means an agreement so named dated on or about the Signing Date between the Issuer, the Originator and the Managers;

"Substituted Obligor" means an obligor substituted in place of the Issuer as the principal debtor in respect of the Trust Documents, the Offered Notes and the other Secured Amounts in accordance with Condition 20 (*Substitution of Issuer*);

"Talon" and **"Talons"** means the talons for further Receipts and further Coupons attached to the Definitive Notes on issue;

"TARGET Day" means any day on which the TARGET System is open;

"TARGET System" means the Trans-European Automated Real-time Gross Settlement Express Transfer system;

"Tax" shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any Tax Authority and **"Taxes"**, **"taxation"**, **"taxable"** and comparable expressions shall be construed accordingly;

"Tax Authority" means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function;

"Tax Deduction" means any deduction or withholding on account of Tax;

"Temporary Global Notes" means the Class A Temporary Global Note and the Class B Temporary Global Note and the Class C Temporary Global Note;

"Transaction Documents" means the Trust Deed, the Deed of Charge, the Paying Agency Agreement, the Subscription Agreement, the Loan Notes Subscription Agreement, the Transaction Management Agreement, the Accounts Agreement, the Corporate Services Agreement, the Pledge of Account Agreement, the Prospectus and any other agreement or document entered into from time to time by the Transaction Parties pursuant thereto;

"Transaction Manager" means ATC Financial Services B.V.,

"Transaction Party" means the Lead Manager, the Transaction Manager, the Trustee, the Issuer Account Bank, the Issuer Agents, the Issuer and the Corporate Services Provider (together the **"Transaction Parties"**);

"Trust Deed" means the trust deed entered into between the Issuer and the Trustee on or about the Closing Date;

"Trust Documents" means the Trust Deed, the Deed of Charge and the Pledge of Account Agreement and (unless the context otherwise requires) includes any deed or other document executed in accordance with the provisions of the Trust Deed, the Deed of Charge or (as applicable) the Pledge of Account Agreement and expressed to be supplemental to the Trust Deed, the Deed of Charge or (as applicable) the Pledge of Account Agreement;

"Trustee" means Stichting Trustee Kazakh Mortgage-Backed Securities 2007-1;

"US\$ LIBOR" means the London Inter-Bank Offered Rate being the rate for Dollars which appears on the display page designated 3750 or, in relation to any other currency, the display page designated 3740 on the Telerate Service (or such other page as may replace the relevant page on that service, or such other market service as may be nominated by the Issuer for the purpose of displaying comparable rates) as of 11:00 a.m. (London time) on the Quotation Day and if no such rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuer at its request quoted by the Reference Banks to leading banks in the London interbank market; and

"\$" or **"US\$"** means the lawful currency of the United States of America.

3. FORM, DENOMINATION AND TITLE

- 3.1 *Temporary Global Notes:* The Offered Notes of each Class will initially be represented by a Temporary Global Note in bearer form. The Temporary Global Note will be deposited on behalf of the subscribers of the Offered Notes with a Common Depository for Euroclear and Clearstream, Luxembourg on the Closing Date. Upon deposit of the Temporary Global Note, Euroclear or Clearstream, Luxembourg will credit each subscriber of the Offered Notes with the principal amount of the Offered Notes for which it has subscribed and paid.
- 3.2 *Permanent Global Notes:* Interests in each Temporary Global Note will be exchangeable 40 days after the Closing Date (the **"Exchange Date"**), provided that certification of non-U.S. beneficial ownership by the relevant holders of Offered Notes has been received, for interests in a Permanent Global Note. The expression **"Global Note"** shall be read and construed to mean a Temporary Global Note or a Permanent Global Note, as the context may require. On the exchange of each Temporary Global Note for the relevant Permanent Global Note, such Permanent Global Note will remain deposited with the Common Depository.
- 3.3 *Form and Title:* Each Global Note shall be issued in bearer form without receipts for the payment of principal (**"Receipts"**), coupons for the payment of interest (**"Coupons"**) or, if applicable, talons for further Receipts and Coupons (**"Talons"**).
- 3.4 *Title to the Global Notes will pass by delivery:* Offered Notes represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

For so long as the Offered Notes are represented by a Global Note, the Issuer and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of the Offered Notes (each an "**Accountholder**") as the holder of such principal amount of the Offered Notes, other than for the purposes of payment of principal and interest on such Global Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to the terms of the Trust Deed.

- 3.5 *Issue of Definitive Notes:* A Permanent Global Note will only be exchanged (in whole but not in part) for Definitive Notes if at any time after the Exchange Date any of the following apply:
- (a) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or
 - (b) as a result of any amendment to, or change in, the laws or regulations of The Netherlands the Issuer will be required to make any Tax Deduction which would not be required if the Offered Notes were in definitive form.
- 3.6 *Title to and Transfer of Definitive Notes:* Each Definitive Note shall be issued in bearer form with Receipts, Coupons and (if applicable) Talons attached.
- 3.7 *Title to the Definitive Notes will pass by delivery:* The Issuer, the Issuer Agents and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Definitive Note, Receipt or Coupon as the absolute owner for all purposes (whether or not the Definitive Notes, Receipts or Coupons shall be overdue and notwithstanding any notice of ownership or writing on the Definitive Note, Receipt or Coupon or any notice of previous loss or theft of the Definitive Note, Receipt or Coupon).
- 3.8 *Denomination:* The Offered Notes will be issued in bearer form and, whilst represented by a Global Note, will have a minimum denomination of US\$ 100,000. For so long as the Offered Notes are represented by a Global Note, and Euroclear and Clearstream, Luxembourg so permit, the Offered Notes shall be tradable in minimum nominal amounts of US\$ 100,000 and in integral multiples of US\$ 10,000 thereafter. Each Class of Offered Notes will be exchangeable for Offered Notes in definitive form in the limited circumstances specified in Condition 3.5 above. If the Offered Notes are required to be issued in definitive form they will only be printed and issued in denominations of US\$ 100,000. Accordingly, an holder of Offered Notes holding a nominal amount, the whole of which cannot be represented by Definitive Notes in the denomination of US\$ 100,000, will not be able to receive a definitive Offered Note in respect of such portion of this holding as cannot be represented by a definitive Offered Note in the denomination of US\$ 100,000, and will not be able to receive interest or principal in respect of such portion. In addition, if Definitive Notes are required to be issued, thereafter trading in the Offered Notes may be limited to Offered Notes actually represented by Definitive Notes of US\$ 100,000 nominal amount.

4. STATUS, RANKING AND PRIORITIES

- 4.1 *Status:* The Offered Notes and, where Definitive Notes are issued, the Receipts and Coupons constitute direct, secured (as set out in Condition 5 below), limited recourse (as set out in Condition 9 below) and unconditional obligations of the Issuer.
- 4.2 *Ranking:* The Offered Notes in each Class will at all times rank *pari passu* without preference or priority amongst themselves.
- 4.3 *Sole Obligations:* The Offered Notes and, where Definitive Notes are issued, the Receipts and the Coupons, are obligations solely of the Issuer and not the obligations of or guaranteed by any other party or entity.
- 4.4 *Priority of Interest Payments:* Payments of interest on the Class A Notes will at all times rank in priority to payments of interest on the Class B Notes and payments of interest on the Class B Notes will at all times rank in priority to payments of interest on the Class C Notes, and in

each case in accordance with the Pre-Enforcement Offered Notes Interest Payments Priorities.

4.5 *Priority of Principal Payments:* All payments of principal due on the Class A Notes will rank in priority to payments of principal due on the Class B Notes and the Class C Notes. All payments of principal on the Class B Notes will rank in priority to payments of principal on the Class C Notes.

4.6 *Pre-Enforcement Offered Notes Interest Payments Priorities:* Prior to the delivery of an Enforcement Notice, all payments received by the Issuer under the Loan Notes (other than payments of principal) and the Loan Notes Subscription Agreement, which will consist of all:

- (a) payments of Issuer Expenses received from the Loan Notes Issuer in accordance with the terms of the Loan Notes Subscription Agreement; and;
- (b) the Loan Notes Interest paid to the Issuer

will be applied by the Transaction Manager on such Payment Date in making the following payments or provisions (the "**Pre-Enforcement Offered Notes Interest Payments Priorities**"), but only to the extent that all payments or provisions of a higher priority that fall due to be paid or provided for on such Payment Date have been made in full:

- (a) *first*, from receipt of Issuer Expenses to pay *pari passu* and *pro rata* when due any fees, costs liabilities and expenses (plus VAT if any) payable by the Issuer to the Trustee (and its appointees) at such time;
- (b) *second*, from receipt of the Issuer Expenses to pay *pari passu* and *pro rata* when due any fees, costs, liabilities and expenses (plus VAT, if any) payable at such time by the Issuer without breach by the Issuer of the Trust Deed;
- (c) *third*, from receipt of Loan Notes Interest on the Class A Loan Notes, to pay *pari passu* and *pro rata* interest due on the Class A Notes;
- (d) *fourth*, from receipt of Loan Notes Interest on the Class B Loan Notes, to pay *pari passu* and *pro rata* interest due on the Class B Notes; and
- (e) *fifth*, from receipt of Loan Notes Interest on the Class C Loan Notes, to pay *pari passu* and *pro rata* interest due on the Class C Notes.

4.7 *Pre-Enforcement Offered Notes Principal Payments Priorities:* Prior to the delivery of an Enforcement Notice, all payments of principal received by the Issuer under the Loan Notes will be applied by the Transaction Manager on such Payment Date in making the following payments or provisions (the "**Pre-Enforcement Offered Notes Principal Payments Priorities**"), but only to the extent that all payments or provisions of a higher priority that fall due to be paid or provided for on such Payment Date have been made in full:

- (a) *first*, from receipt of principal on the Class A Loan Notes, to pay *pari passu* and *pro rata* principal due on the Class A Notes;
- (b) *second*, from receipt of principal on the Class B Loan Notes, to pay *pari passu* and *pro rata* principal due on the Class B Notes; and
- (c) *third*, from receipt of principal on the Class C Loan Notes, to pay *pari passu* and *pro rata* all principal due on the Class C Notes.

5. SECURITY

5.1 As continuing security for the payment or discharge of the Secured Indebtedness and, subject always to the right of redemption of the Issuer, the Issuer will, in favour of the Trustee, for itself and on trust for the Secured Creditors, in accordance with the terms of the Deed of Charge to be entered into on, or about the Closing Date:

- (a) charge with full title guarantee and by way of first fixed charge all monies held from time to time in the Issuer Account (such charge to be effected for the purposes of the law of The Netherlands by way of the Pledge of Account Agreement) and all monies standing to the credit of any bank or other account (except for the Euro Corporate Account) in which the Issuer has or may at any time have or acquire any right, title, interest or benefit, which may take effect as a floating charge;
- (b) charge with full title guarantee and by way of first fixed charge all monies all of its rights, title, interest and benefit in, to and under the Transaction Documents to which it is a party and all sums derived therefrom;
- (c) charge with full title guarantee and by way of first fixed charge all of its rights, title, interest and benefit in and under the Loan Notes Deed of Charge;
- (d) charge by way of a first floating charge the whole of the Issuer's undertaking and all the Issuer's property, assets and rights whatsoever and wheresoever present and future including, without limitation, the Issuer's uncalled capital, except to the extent otherwise charged or secured under the Trust Documents.

5.2 *Enforcement:* The Security shall become enforceable upon the delivery by the Trustee of an Enforcement Notice in accordance with and subject to Condition 12 (*Events of Default*).

5.3 *Post-Enforcement Offered Notes Payments Priorities:* Following the delivery of an Enforcement Notice, all amounts received or recovered by the Issuer and/or the Trustee will be applied by the Transaction Manager or the Trustee in making the following payments in the following order of priority (the "**Post Enforcement Offered Notes Payments Priorities**") but in each case only to the extent that all payments of a higher priority have been made in full:

- (a) *first*, to pay *pari passu* and *pro rata* any remuneration due to any insolvency professional and the remuneration of, and any costs and expenses incurred by, the Trustee and/or any Receiver appointed including any VAT;
- (b) *second*, to pay *pari passu* and *pro rata*, and to the extent secured, any other fees, costs, liabilities and expenses (plus VAT, if any) payable or expected to become due and payable after such enforcement;
- (c) *third*, to pay *pari passu* and *pro rata* all interest and all principal due and outstanding on the Class A Notes;
- (d) *fourth*, to pay *pari passu* and *pro rata* all interest and all principal due and outstanding on the Class B Notes;
- (e) *fifth*, to pay *pari passu* and *pro rata* all interest and all principal due and outstanding on the Class C Notes; and
- (f) *sixth*, any surplus to the Loan Notes Issuer.

6. COVENANTS OF THE ISSUER

So long as any Offered Note remains outstanding, the Issuer shall comply with all the covenants of the Issuer, as set out in the Transaction Documents.

7. INTEREST

7.1 *Accrual:* Each Offered Note bears interest on its Principal Amount Outstanding from the Closing Date.

7.2 *Cessation of Interest:* Each Offered Note shall cease to bear interest from its due date for final redemption unless, upon due presentation, payment of the principal is improperly withheld or refused. In such event, Interest will continue to accrue thereon in accordance with this Condition (both before and after judgment) until whichever is the earlier of:

- (a) the day on which all sums due in respect of such Offered Note up to that day are received by or on behalf of the relevant holder of Offered Notes; and
- (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the holders of Offered Notes of such Class that it has received all sums due in respect of the Offered Notes of such Class up to such seventh day (except to the extent that there is any subsequent default in payment).

7.3 *Interest Payments:* Interest on each Offered Note is payable in arrear on each Payment Date, commencing on the Payment Date falling in May 2007.

The rate of interest payable from time to time in respect of each Class of Offered Notes will be the amount of Loan Notes Interest received by the Issuer on each class of Loan Notes.

7.4 *Notification of Interest and Payment Date:* As soon as practicable after each Calculation Date, the Loan Notes Transaction Manager will cause:

- (a) the Loan Note Rate for each class of Loan Notes for the related Interest Period;
- (b) the Interest Amount for each class of Loan Notes for the related Interest Period;
- (c) the Subordinated Step-up Margin for each class of Loan Notes for the related Interest Period; and
- (d) the next Payment Date following the related Interest Period;

to be notified to the Issuer, the Trustee, the Transaction Manager, the Rating Agencies, the Principal Paying Agent and, for so long as the Offered Notes are listed on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange.

7.5 *Publication of Interest and Payment Date:* As soon as practicable after receiving notification of the Loan Note Rate, the Interest Amount, Subordinated Step-up Margin and the Payment Date in accordance with Condition 7.4 (*Notification of Interest and Payment Date*) the Issuer will cause such Loan Note Rate, Interest Amount and Subordinated Step-up Margin received for each Class of the Offered Notes and the next following Payment Date to be published in accordance with Condition 21 (*Notices*).

7.6 *Amendments to Publications:* The Loan Note Rate, the Interest Amount and the Subordinated Step-up Margin received for each Class of the Offered Notes and the Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

7.7 *Determination or Calculation by Trustee:* If the Loan Notes Transaction Manager does not at any time for any reason determine the Loan Note Rate, the Interest Amount or the Subordinated Step-up Margin for each class of the Loan Notes in accordance with the Loan Notes Conditions, the Loan Notes Trustee may (but without any liability accruing to the Loan Notes Trustee as a result):

- (a) determine the Loan Note Rate for each class using the rate calculated by the Reference Banks, having regard to the procedure described in this Loan Notes Conditions; and/or
- (b) calculate the Interest Amount for each class in the manner specified in the Loan Notes Conditions, and any such determination and/or calculation shall be deemed to have been made by the Loan Notes Transaction Manager; and/or
- (c) calculate the Subordinated Step-up Margin for each class in the manner specified in the Loan Notes Conditions, and any such determination and/or calculation shall be deemed to have been made by the Loan Notes Transaction Manager,

and shall notify such determinations and calculations to the Issuer, the Trustee, the Transaction Manager, the Rating Agencies, the Principal Paying Agent and, for so long as the

Offered Notes are listed on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange.

8. FINAL REDEMPTION AND MANDATORY REDEMPTION IN PART OF THE OFFERED NOTES

8.1 *Final Redemption:* Unless previously redeemed as provided in this Condition, the Issuer shall redeem the Offered Notes in each Class at their Principal Amount Outstanding on the Final Legal Maturity Date.

8.2 *Mandatory Redemption in part of the Offered Notes:* The Issuer shall redeem in full or part the Class A Notes at their Principal Amount Outstanding together with any accrued interest thereon applied to each Offered Note on a *pro rata* basis, and such Offered Notes will be redeemed on the due date for any for any early mandatory redemption in full or part of the Class A Loan Notes, in accordance with Loan Notes Conditions 8.2 (*Pro-Rata Redemption in part of the Loan Notes*) and 8.3 (*Sequential Redemption in part of the Loan Notes*), or such later date on which the mandatory early redemption amounts due under the Class A Loan Notes are actually received by or on behalf of the Issuer. The Issuer shall redeem in full the Class B Notes at their Principal Amount Outstanding together with any accrued interest thereon applied to each Offered Note on a *pro rata* basis, and such Offered Notes will be redeemed on the due date for any for any early mandatory redemption in part of the Class B Loan Notes, in accordance with Loan Notes Conditions 8.2 (*Pro-Rata Redemption in part of the Loan Notes*) and 8.3 (*Sequential Redemption in part of the Loan Notes*), or such later date on which the mandatory early redemption amounts due under the Class B Loan Notes are actually received by or on behalf of the Issuer. The Issuer shall redeem in full the Class C Notes at their Principal Amount Outstanding together with any accrued interest thereon applied to each Offered Note on a *pro rata* basis, and such Offered Notes will be redeemed on the due date for any for any early mandatory redemption in part of the Class C Loan Notes, in accordance with Loan Notes Conditions 8.2 (*Pro-Rata Redemption in part of the Loan Notes*) and 8.3 (*Sequential Redemption in part of the Loan Notes*), or such later date on which the mandatory early redemption amounts due under the Class C Loan Notes are actually received by or on behalf of the Issuer.

If any Offered Notes are to be redeemed under this Condition 8.2, the Issuer shall, as soon as practicable following it having received notice of the relevant Loan Notes being redeemed, give irrevocable notice to the relevant holders of Offered Notes of the redemption of the Offered Notes under this Condition 8.2.

8.3 *Post-Enforcement Sequential Mandatory Redemption of the Offered Notes:* After the delivery of an Enforcement Notice, the Issuer will cause all amounts received or recovered by the Issuer and/or the Trustee and not already applied towards payment of items appearing earlier in the Post-Enforcement Offered Notes Payments Priorities to be applied in the redemption in full of each Class of Offered Notes in the following sequential order of priority, in each case the relevant amount being applied to each Class divided by the number of Offered Notes outstanding in such Class:

- (a) in the case of each Class A Note, in an amount equal to the Principal Amount Outstanding of the Class A Notes;
- (b) in the case of each Class B Note, in an amount equal to the Principal Amount Outstanding of the Class B Notes; and
- (c) in the case of each Class C Note, in an amount equal to the Principal Amount Outstanding of the Class C Notes,

in each case in an amount rounded down to the nearest US\$ of the relevant Class of Offered Notes.

8.4 *Mandatory Redemption in whole:* The Issuer shall redeem in full the Class A Notes at their Principal Amount Outstanding on the due date for any option all redemption in full of the Class A Loan Notes, in accordance with Loan Notes Conditions 8.8 (*Optional Redemption in whole*), or such later date on which the optional early redemption amounts due under the Class A Loan Notes are actually received by or on behalf of the Issuer. The Issuer shall redeem in full

the Class B Notes at their Principal Amount Outstanding on the due date for any option redemption in full of the Class B Loan Notes, in accordance with Loan Notes Conditions 8.8 (*Optional Redemption in whole*), or such later date on which the optional early redemption amounts due under the Class B Loan Notes are actually received by or on behalf of the Issuer. The Issuer shall redeem in full the Class C Notes at their Principal Amount Outstanding on the due date for any option redemption in full of the Class C Loan Notes, in accordance with the Loan Notes Conditions 8.8 (*Optional Redemption in whole*), or such later date on which the optional early redemption amounts due under the Class C Loan Notes are actually received by or on behalf of the Issuer.

8.5 *Mandatory Redemption in whole for Loan Notes taxation reasons:* The Issuer shall redeem in full all the Class A Notes at their outstanding nominal amount on the due date for any early redemption in full of all the Class A Loan Notes, in accordance with Loan Notes Condition 8.9 (*Optional Redemption in whole for taxation reasons*). The Issuer shall redeem in full all the Class B Notes at their outstanding nominal amount on the due date for any early redemption in full of all the Class B Loan Notes, in accordance with Loan Notes Condition 8.9 (*Optional Redemption in whole for taxation reasons*). The Issuer shall redeem in full all the Class C Notes at their outstanding nominal amount on the due date for any early redemption in full of all the Class C Loan Notes, in accordance with Loan Notes Condition 8.9 (*Optional Redemption in whole for taxation reasons*). If any Offered Notes are to be redeemed under this Condition, the Issuer shall, as soon as practicable following it having received notice of the relevant Loan Notes being redeemed, give irrevocable notice to the relevant holders of Offered Notes of the redemption of the Offered Notes under this Condition.

8.6 *Optional Redemption in whole for taxation reasons:* The Issuer may redeem all (but not some only) of the Offered Notes in each Class at their Principal Amount Outstanding on any Payment Date:

- (a) after the date on which, by virtue of a change in Tax law of any applicable jurisdiction (or the application or official interpretation of such Tax law), the Issuer would be required to make a Tax Deduction from any payment in respect of the Offered Notes (other than by reason of the relevant holder of Offered Notes having some connection with The Netherlands, other than the holding of the Offered Notes); or
- (b) after the date on which, by virtue of a change in the Tax law of any applicable jurisdiction (or the application or official interpretation of such Tax law), the Issuer would not be entitled to relief for the purposes of such Tax law for any material amount which it is obliged to pay, or the Issuer would be treated as receiving for the purposes of such Tax law any material amount which it is not entitled to receive, in each case under the Transaction Documents;

subject to the following:

- (i) that the Issuer has given not more than 60 nor less than 30 days' notice to the Trustee and the holders of Offered Notes in accordance with Condition 21 (*Notices*) of its intention to redeem all (but not some only) of the Offered Notes in each Class; and
- (ii) that the Issuer has provided to the Trustee:
 - (1) in the case of subparagraphs (a) to (b) above, a legal opinion (in form and substance satisfactory to the Trustee) from a firm of lawyers in the relevant jurisdiction, opining on the relevant change in Tax law (or the application or official interpretation of such Tax law); and
 - (2) a certificate signed by two directors of the Issuer to the effect that the obligation to make a Tax Deduction cannot be avoided; and
 - (3) a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Payment Date, not subject to the interest of any other person, required to redeem the Offered Notes pursuant to this Condition and meet its payment obligations of a

higher priority under the Pre-Enforcement Offered Notes Payments Priorities.

8.7 *Notice of Calculation:* The Issuer will cause each calculation of all amounts received under this Condition in relation to each Class of Offered Notes to be notified immediately after calculation to the Trustee, the Issuer Agents, and, for so long as the Offered Notes are listed on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange and will immediately cause details of such amount to be published in accordance with Condition 21 (*Notices*) by not later than three (3) Business Days prior to each Payment Date.

8.8 *Notice irrevocable:* Any such notice as is referred to in Condition 8.7 (*Notice of Calculation*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Offered Notes to which such notice relates at their Principal Amount Outstanding if effected pursuant to Condition 8.2 (*Mandatory Redemption in part of the Offered Notes*), Condition 8.3 (*Post-Enforcement Sequential Mandatory Redemption of the Offered Notes*), Condition 8.4 (*Mandatory Redemption in whole*), Condition 8.5 (*Mandatory Redemption in whole for Offered Notes taxation reasons*) and Condition 8.6 (*Mandatory Redemption in whole for taxation reasons*).

8.9 *No Purchase:* The Issuer may not at any time purchase any of the Offered Notes.

9. LIMITED RECOURSE

9.1 *Limited Recourse:* The ability of the Issuer to meet its obligations under the Offered Notes will depend upon receipt by it of amounts due and payable under the Loan Notes. The Offered Notes are limited recourse obligations of the Issuer only. If the net proceeds of the Security after enforcement are not sufficient to cover all payments due in respect of the Offered Notes after payment of all other claims ranking in priority to the Offered Notes, no other assets of the Issuer will be available for payment of any shortfall.

9.2 *Limitation on action by holders of Offered Notes:* Each of the holders of Offered Notes agrees with the Issuer that, notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the holders of Offered Notes are limited in recourse as set out below:

- (a) it will have a claim only in respect of the Security and will not have any claim, by operation of law or otherwise, against, or recourse to any of the Issuer's other assets or its contributed capital; and
- (b) sums payable to each holder of Offered Notes in respect of the Issuer's obligations to such holder of Offered Notes shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such holder of Offered Notes and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the Issuer in respect of the Security, whether pursuant to enforcement of the Security or otherwise, net of any sums which are payable by the Issuer in accordance with the Payments Priorities in priority to or *pari passu* with sums payable to such holder of Offered Notes; and
- (c) upon the Trustee giving written notice to the holders of Offered Notes that it has determined in its sole reasonable opinion, and the Transaction Manager having certified to the Trustee, that there is no reasonable likelihood of there being any further realisations in respect of the Security (whether arising from an enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the Transaction Documents and the Offered Notes, the holders of Offered Notes shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full.

10. PAYMENTS

10.1 *Principal:* Payments of principal shall be made only against:

- (a) (in the case of final redemption, provided that payment is made in full) presentation and surrender of the relevant Offered Notes; and

- (b) in respect of any Offered Note Principal Payment which becomes due on a Payment Date, presentation and (in the case of payment in full) surrender of the relevant Offered Notes or, where Definitive Notes have been issued, the appropriate Receipts,

at the Specified Office of any Issuer Agent outside the United States by cheque drawn in US\$ or by transfer to an account in US\$ maintained by the payee with a bank in a city in which banks have access to the TARGET System.

- 10.2 *Interest:* Payments of interest shall, subject to Condition 10.6 (*Payments on Business Days*) below, be made only against presentation and (provided that payment is made in full) surrender of the relevant Offered Notes or, where Definitive Notes have been issued, the appropriate Coupons, at the specified office of any Issuer Agent outside the United States in the manner described in Condition 10.1 (*Principal*).
- 10.3 *Payments subject to fiscal laws:* All payments in respect of the Offered Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 11 (*Taxation*), no commissions or expenses shall be charged to the holders of Offered Notes or (where Definitive Notes have been issued) the Couponholders in respect of such payments.
- 10.4 *Unmatured Receipts Void:* On the due date for final redemption of any Offered Note pursuant to Condition 8.1 (*Final Redemption*) or early redemption of such Offered Note pursuant to Condition 8.2 (*Mandatory Redemption in part of the Offered Notes*), Condition 8.3 (*Post-Enforcement Sequential Mandatory Redemption of the Offered Notes*), Condition 8.4 (*Mandatory Redemption in whole*), Condition 8.5 (*Mandatory Redemption in whole for taxation reasons*) or Condition 12 (*Events of Default*), all unmatured Receipts relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- 10.5 *Unmatured Coupons Void:* On the due date for final redemption of any Offered Note pursuant to Condition 8.2 (*Mandatory Redemption in part of the Offered Notes*), Condition 8.3 (*Post-Enforcement Sequential Mandatory Redemption of the Offered Notes*), Condition 8.4 (*Mandatory Redemption in whole*), Condition 8.5 (*Mandatory Redemption in whole for taxation reasons*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- 10.6 *Payments on Business Days:* If the due date for payment of any amount in respect of any Offered Notes (or where Definitive Notes have been issued, any Coupon) is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in the place of presentation on which banks are open for business in such place of presentation and shall not be entitled to any further interest or other payment in respect of any such delay.
- 10.7 *Business Days:* In this Condition 10, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to an account in US\$, as referred to above, on which dealings in foreign currencies may be carried on in London, Amsterdam and in such place in which the TARGET System is open unless such day would fall into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day.
- 10.8 *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Offered Notes at the specified office of any Issuer Agent outside the United States.
- 10.9 *Endorsement of payments:* If an Issuer Agent makes a payment in respect of any Offered Note (otherwise than against presentation and surrender of a Coupon) or a partial payment in respect of any Coupon presented to it for payment, such Issuer Agent will endorse on such Offered Notes or Coupon (as the case may be) a statement indicating the amount and date of such payment.

- 10.10 *Exchange of Talons*: Where Definitive Notes have been issued, on or after the Payment Date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Offered Notes (each, a "**Coupon Sheet**"), the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 17 (*Prescription*)). Upon the due date for redemption of any Offered Note, any unexchanged Talon relating to such Offered Note shall become void and no Coupon will be delivered in respect of such Talon.
- 10.11 *Notifications to be final*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them), the Issuer Agents or the Trustee shall (in the absence of any gross negligence, wilful default, fraud or manifest error) be binding on the Issuer and all holders of Offered Notes and Couponholders and (in the absence of any gross negligence, wilful default, fraud or manifest error) no liability to the Trustee, the holders of Offered Notes or the Couponholders shall attach to the Reference Banks, the Issuer Agents, or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 10.

11. TAXATION

- 11.1 *Payments free of Tax*: All payments in respect of the Offered Notes shall be made free and clear of, and without withholding or deduction for, any Taxes unless the Issuer, the Trustee or any Issuer Agent (as the case may be) is required by law to make any such payment subject to any such withholding or deduction. In that event, the Issuer, the Trustee or any Issuer Agent (as the case may be) shall be entitled to withhold or deduct the required amount for or on account of Tax from such payment and shall account to the relevant Tax Authorities for the amount so withheld or deducted.
- 11.2 *No payment of additional amounts*: Neither the Trustee, the Issuer nor the Issuer Agents will be obliged to pay any additional amounts to holders of Offered Notes in respect of any Tax Deduction made in accordance with Condition 11.1 (*Taxation - Payments Free of Tax*) above.
- 11.3 *Tax Deduction not Event of Default*: Notwithstanding that the Trustee, the Issuer or any Paying Agent is required to make a Tax Deduction in accordance with Condition 11.1 (*Taxation - Payments Free of Tax*) above, this shall not constitute an Event of Default.

12. EVENTS OF DEFAULT

- 12.1 *Events of Default*: The following shall be Events of Default in respect of the Offered Notes:
- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Offered Notes within five (5) Business Days of the due date for payment of such principal or fails to pay any amount of interest in respect of the Class A Notes, or, if there are no Class A Notes outstanding, the Class B Notes, or, if there are no Class A Notes or Class B Notes outstanding, the Class C Notes within ten (10) Business Days of the due date for payment of such interest; or
 - (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Offered Notes or the Trust Documents and such default remains unremedied for thirty (30) days or such longer period as the Trustee may agree after the Trustee has given written notice thereof to the Issuer; or
 - (c) *Issuer Insolvency*: an Issuer Insolvency Event occurs, or
 - (d) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Offered Notes or the Trust Documents or
 - (e) *Loan Notes Event of Default*: a Loan Notes Event of Default occurs.

- 12.2 *Delivery of Enforcement Notice:* If an Event of Default occurs and is continuing, the Trustee may at its discretion and shall if so requested in writing by the holders of at least 60 per cent. of the Principal Amount Outstanding of the Most Senior Class of outstanding Offered Notes deliver an Enforcement Notice to the Issuer.
- 12.3 *Conditions to delivery of Enforcement Notice:* Notwithstanding Conditions 12.1 and 12.2 above, the Trustee shall not be obliged to deliver an Enforcement Notice unless:
- (a) in the case of the occurrence of any of the events mentioned in Condition 12.1 above, the Trustee shall have certified in writing that the happening of such event is in its reasonable opinion materially prejudicial to the interests of the holders of Offered Notes; and
 - (b) it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13. ENFORCEMENT

- 13.1 *Consequences of delivery of Enforcement Notice:* Upon the delivery of an Enforcement Notice, the Offered Notes of each class shall become immediately due and payable without further action or formality at their Principal Amount Outstanding together with any accrued interest and any Deferred Interest Amount Arrears.
- 13.2 *Proceedings:* The Trustee may at its discretion and without further notice, institute such proceedings as it thinks fit to enforce its rights under these Conditions and the Trust Deed in respect of the Offered Notes of each Class and under the other Transaction Documents, but it shall not be bound to do so unless it is so requested in writing by the holders of at least 60 per cent. of the Principal Amount Outstanding of the Most Senior Class of outstanding Offered Notes, and only if it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.
- 13.3 *Restrictions on disposal of Security.* If an Enforcement Notice has been delivered by the Trustee otherwise than by reason of non-payment of any amount due in respect of the Offered Notes, the Trustee will not be entitled to dispose of the Security or any part thereof unless either:
- (a) a sufficient amount would be realised to allow payment in full of all amounts owing to the holders of Offered Notes and the Couponholders of each class after payment of all other claims ranking in priority to the Offered Notes in accordance with the Post-Enforcement Offered Notes Payments Priorities; or
 - (b) the Trustee is of the reasonable opinion, which shall be binding on the holders of Offered Notes and the other Secured Creditors, reached after considering at any time and from time to time the advice of an investment bank or other financial adviser selected by the Trustee, (and if the Trustee is unable to obtain such advice having made reasonable efforts to do so this Condition shall not apply) that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the holders of Offered Notes and Couponholders after payment of all other claims ranking in priority to the Offered Notes in accordance with the Post-Enforcement Offered Notes Payments Priorities; and
 - (c) the Trustee shall not be bound to make the determination contained in Condition 13.3(b) above unless the Trustee shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

14. NO ACTION BY HOLDERS OF OFFERED NOTES, RECEIPHOLDERS AND COUPONHOLDERS

- 14.1 None of the holders of Offered Notes, Receiptholders and Couponholders or any other Secured Creditor (other than the Trustee) (nor any person on its or their behalf) are entitled

until the expiry of two (2) years and one (1) day after the payment of all sums outstanding and owing in respect of the latest maturing Offered Note:

- (a) otherwise than as permitted by these Conditions, to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- (b) to take any corporate action or other steps or legal proceedings for the winding-up, dissolution or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of the Issuer or of any or all of the Issuer's revenues and assets; or
- (c) have any right to take any steps for the purpose of obtaining payment of any amounts payable to them by the Issuer and shall not until such time take any steps to recover any debts whatsoever owing to them by the Issuer; or
- (d) to initiate or join any person in initiating any Issuer Insolvency Event; or
- (e) to take any steps or join in the taking of steps which would result in the Offered Notes Payments Priorities not being observed.

14.2 If the Trustee, having become bound to do so, fails:

- (a) to deliver an Enforcement Notice; and/or
- (b) to take any steps to enforce the Security in accordance with the Trust Deed or the Deed of Charge,

within a reasonable time and such failure is continuing, any holder of Offered Notes, Couponholder or other Secured Creditor shall be entitled to take any such steps as the Trustee would be entitled to take if such holder of Offered Notes, Couponholder or other Secured Creditor considers such action necessary or desirable (but not including, initiating or joining in the initiating of Insolvency Proceedings).

15. MEETINGS OF HOLDERS OF OFFERED NOTES

15.1 *Meetings of holders of Offered Notes:* The Trust Deed contains provisions for convening meetings of holders of Offered Notes of any Class to consider matters relating to the Offered Notes, including, among other things, the sanctioning by an Extraordinary Resolution of such holders of Offered Notes of the relevant Class of the modification of any provision of these Conditions or the Trust Deed (subject to Condition 15.4). Any such modification may be made if sanctioned by an Extraordinary Resolution (subject to Condition 15.4) *provided that* where the modification of these Conditions or the Trust Deed would be materially prejudicial to the interests of a Secured Creditor, such Secured Creditor shall be given written notice of the proposed Extraordinary Resolution.

15.2 *Request of holders of Offered Notes:* A meeting of holders of Offered Notes of any Class may be convened by the Trustee or the Issuer at any time and must be convened by the Trustee (subject to its being indemnified to its satisfaction) upon request in writing of holders of Offered Notes of any Class holding not less than ten per cent. of the aggregate Principal Amount Outstanding of the outstanding Offered Notes of the relevant Class or Classes.

15.3 *Quorum:* The quorum at any meeting of holders of Offered Notes of any Class convened to vote on:

- (a) an Extraordinary Resolution other than regarding a Reserved Matter will be two or more persons holding or representing one half of the aggregate Principal Amount Outstanding of the relevant Class of Offered Notes or, at any adjourned meeting, two or more persons being or representing holders of Offered Notes of the relevant Class whatever the Principal Amount Outstanding of the Offered Notes of that Class held or represented;
- (b) an Extraordinary Resolution in relation to a Reserved Matter (which must be proposed separately to each Class of holders of Offered Notes) will be two or more

persons holding or representing not less than in the aggregate 75 per cent. or, at any adjourned meeting, 50 per cent. of the aggregate Principal Amount Outstanding of the outstanding Offered Notes of the relevant Class.

Subject to Condition 15.4 any Extraordinary Resolution duly passed at any such meeting shall be binding on all the holders of Offered Notes, Receiptholders and Couponholders of such Class whether present or not.

- 15.4 *Effectiveness of Extraordinary Resolutions:* An Extraordinary Resolution passed at any meeting of any Class of holders of Offered Notes shall be binding on all holders of Offered Notes, whether or not they are present at the meeting, subject to:
- (a) An Extraordinary Resolution of the holders of the Class C Notes shall not be effective for any purpose unless either the Trustee is of the reasonable opinion that it will not be materially prejudicial to the interests of the holders of the Class A Notes and the Class B Notes or it is sanctioned by an Extraordinary Resolution of the holders of the Class A Notes and the Class B Notes.
 - (b) An Extraordinary Resolution of the holders of the Class B Notes shall not be effective for any purpose unless either the Trustee is of the reasonable opinion that it will not be materially prejudicial to the interests of the holders of the Class A Notes or it is sanctioned by an Extraordinary Resolution of the holders of the Class A Notes. An Extraordinary Resolution passed at any meeting of the holders of the Class B Notes will only be binding on the holders of the Class B Notes and the Class C Notes.
 - (c) An Extraordinary Resolution passed at any meeting of the holders of Class A Notes will be binding on all other holders of Offered Notes, irrespective of the effect upon them.

16. MODIFICATION AND WAIVER

- 16.1 *Modification:* The Trustee may, at any time and from time to time, without the consent or sanction of the holders of Offered Notes or any other Secured Creditors concur with the Issuer and any other relevant parties in making:
- (a) any modification to these Conditions, the Trust Documents, the Offered Notes or the other Transaction Documents (other than in respect of a Reserved Matter or any provisions of the Trust Documents, Conditions, Offered Notes or other Transaction Documents referred to in the definition of a Reserved Matter in relation to which its consent is required) which, in the reasonable opinion of the Trustee, will not be materially prejudicial to the interests of holders of the Offered Notes or any other Secured Creditor; or
 - (b) any modification to these Conditions, the Trust Documents and the other Transaction Documents in relation to which its consent is required if, in the reasonable opinion of the Trustee, such modification is of a formal, minor or technical nature, is made to correct a manifest error or is necessary or desirable for the purposes of clarification,
- provided that any modification pursuant to Condition 16.1 (a) is notified to the Rating Agencies.
- 16.2 *Waiver:* In addition, the Trustee may, without the consent of the holders of Offered Notes or any other Secured Creditor, waive any proposed breach or breach of the covenants or provisions contained in the Trust Documents, the Offered Notes, the other Transaction Documents (including an Event of Default or Potential Event of Default) if, in the reasonable opinion of the Trustee, the holders of Offered Notes or any other Secured Creditor then outstanding will not be materially prejudiced by such waiver, provided that such authorisation or waiver is notified to the Rating Agencies.
- 16.3 *Restriction on power to waive:* The Trustee shall not exercise any powers conferred upon it by Condition 16.2 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class of Offered Notes then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. in the

Principal Amount Outstanding of the Most Senior Class of Offered Notes then outstanding, but so that no such direction or request (a) shall affect any authorisation, waiver or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the holders of each Class of Offered Notes outstanding has, by Extraordinary Resolution, so authorised its exercise.

16.4 *Notification:* Unless the Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the holders of Offered Notes, the other Secured Creditors and the Rating Agencies in accordance with Condition 21 (*Notices*) and the relevant Transaction Documents, as soon as practicable after it has been made.

16.5 *Binding Nature:* Any authorisation, waiver, determination or modification referred to in Condition 16.1 (*Modification*) or Condition 16.2 (*Waiver*) shall be binding on the holders of Offered Notes and the other Secured Creditors.

17. PRESCRIPTION

17.1 Claims for principal shall become void unless the relevant Offered Notes are presented for payment within ten years of the appropriate Relevant Date.

17.2 Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

18. REPLACEMENT OF OFFERED NOTES AND COUPONS

If any Offered Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent or, so long as the Offered Notes are listed on the Luxembourg Stock Exchange, the Luxembourg Paying Agent, subject to all applicable laws and Luxembourg Stock Exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Offered Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

19. TRUSTEE AND AGENTS

19.1 *Trustee's right to indemnity:* Under certain Transaction Documents, 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 holders of Offered Notes. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

19.2 *Trustee not responsible for loss or for monitoring:* The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Security or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Transaction Manager or by any person on behalf of the Trustee. The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.

19.3 *Regard to classes of holders of Offered Notes:* In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will:

(a) have regard to the interests of each class of holders of Offered Notes as a class and will not be responsible for any consequence for individual holders of Offered Notes as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and

(b) have regard only to the holders of the Most Senior Class of outstanding Offered Notes and will not have regard to any lower ranking Class of Offered Notes nor to the interests of the other Secured Creditors, except (i) to ensure the application of the Issuer's funds after the delivery of an Enforcement Notice in accordance with the

Post-Enforcement Offered Notes Payments Priorities; or (ii) if a Secured Creditor, acting reasonably, informs the Trustee in writing that such exercise of its powers and discretions would be materially prejudicial to its interest, in which case the prior written consent of such Secured Creditor must be provided.

- 19.4 *Issuer Agents solely agents of Issuer.* In acting under the Paying Agency Agreement and in connection with the Offered Notes, the Issuer Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the holders of Offered Notes.
- 19.5 *Initial Issuer Agents:* The initial Issuer Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Issuer Agent and to appoint a successor principal paying agent and additional or successor paying agents at any time, having given not less than 30 days notice to such Issuer Agent.
- 19.6 *Maintenance of Issuer Agents:* The Issuer shall at all times maintain a paying agent with its Specified Office in any city where a stock exchange on which the Offered Notes are listed requires there to be a paying agent. Notice of any change in any of the Issuer Agents or in their Specified Offices shall promptly be given to the holders of Offered Notes in accordance with Condition 21 (*Notices*).

20. SUBSTITUTION OF ISSUER

- 20.1 *Substitution of Issuer.* The Trustee may agree, without the consent of the holders of Offered Notes or any other Secured Creditor subject to:
- (a) the consent of the Issuer;
 - (b) such further conditions as are specified in the Trust Deed (including the receipt of a Ratings Confirmation),

to the substitution of a Substituted Obligor in place of the Issuer as the principal debtor in respect of the Trust Documents, the Offered Notes and the other Secured Amounts.

- 20.2 *Notice of Substitution of Issuer.* Not later than fourteen days after any substitution of the Issuer in accordance with this Condition, the Substituted Obligor shall cause notice of such substitution to be given to the holders of Offered Notes and the other Secured Creditors in accordance with Condition 21 (*Notices*).
- 20.3 *Change of Law.* In the case of a substitution pursuant to this Condition, the Trustee may in its absolute discretion agree, without the consent of the holders of Offered Notes or the other Secured Creditors, to a change of the law governing the Offered Notes and/or any of the Transaction Documents provided that such change would not, in the reasonable opinion of the Trustee, be materially prejudicial to the interests of the holders of the Most Senior Class of outstanding Offered Notes, provided that the Rating Agencies are notified.
- 20.4 *No indemnity.* No holder of Offered Notes shall, in connection with any such substitution, be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon individual holders of Offered Notes.

21. NOTICES

For so long as the Offered Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange require publication of such notices, notices to the holders of Offered Notes shall be valid if published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any such notice shall be deemed to have been given on the date the notice first appears on the website. Receiptholders and Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Offered Notes.

22. THIRD PARTY RIGHTS

No person shall have any right to enforce any Condition or provision of the Trust Documents under the Contract (Rights of Third Parties) Act 1999.

23. GOVERNING LAW AND JURISDICTION

23.1 *Governing Law:* The Offered Notes and the Trust Documents are governed by English law.

23.2 *Jurisdiction:* The Issuer has in the Trust Deed (i) submitted irrevocably to the jurisdiction of the courts of England for the purposes of hearing and determining any suit, action or proceedings or settling any disputes arising out of or in connection with the Trust Documents or the Offered Notes, (ii) waived any objection which it might have to any such courts being nominated as the forum to hear and determine any such suit, action or proceedings or to settle any such disputes and agreed not to claim that any such court is not a convenient or appropriate forum and (iii) designated a person in England to accept service of any process on its behalf.

TERMS AND LOAN NOTES CONDITIONS OF THE LOAN NOTES

1. GENERAL

- 1.1 The Loan Notes Issuer has agreed to issue the Loan Notes subject to the terms of the Loan Notes Trust Deed on or about the Closing Date.
- 1.2 The Loan Notes Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Loan Notes.
- 1.3 Certain provisions of these Loan Notes Conditions are summaries of the Loan Notes Trust Deed and the Loan Notes Agency Agreement and are subject to their detailed provisions.
- 1.4 The holders of Loan Notes are entitled to be beneficiaries of, are bound by and are deemed to have notice of all the provisions of the Loan Notes Transaction Documents which are relevant to them.
- 1.5 Copies of the Loan Notes Transaction Documents are available for inspection by holders of Loan Notes during normal business hours at the principal office for the time being of the Loan Notes Trustee and at the Specified Office of the Loan Notes Agent, the initial Specified Office of which are set out below.

2. DEFINITIONS

In these Loan Notes Conditions the following defined terms have the meanings set out below:

"ABN AMRO Bank" means ABN AMRO Bank N.V.;

"Adverse Claim" means any ownership interest, charge, encumbrance, proprietary or security interest, right of retention, retention of title, lien or other right or claim in, over or on any person's assets or properties in favour of any other person (but excluding the rights of a Debtor under any Underlying Origination Agreement in respect of the use or possession of Property that is the subject of such Underlying Origination Agreement);

"Aggregate Minimum Principal Outstanding Amount" means at any time the aggregate of the Minimum Principal Outstanding Amount of each Mortgage Loan as evidenced by a Mortgage Certificate;

"Aggregate Principal Outstanding Amount" means at any time the aggregate of the Outstanding Mortgage Loan Principal Amounts of each Mortgage Loan as evidenced by a Mortgage Certificate;

"Ancillary Rights" means, with respect to any Mortgage Loan and to the extent such is assignable:

- (a) all Adverse Claims of the Originator on any property from time to time, if any, purporting to secure payment of such Mortgage Loan, whether pursuant to the Underlying Origination Agreement related to such Mortgage Loan or otherwise, together with all financing statements signed by a Debtor describing any collateral security securing such Mortgage Loans;
- (b) all other agreements or arrangements of whatever character from time to time supporting or securing payment of such Mortgage Loan, whether pursuant to the Underlying Origination Agreement related to such Mortgage Loan or otherwise;
- (c) all Records related to such Mortgage Loan; and
- (d) all proceeds at any time, arising in any way, out of the resale, redemption or other disposal of (net of collection costs), or dealing with, or judgments relating to, any of the foregoing, any debts represented thereby, and all rights of action against any person in connection therewith.

"Available Interest Distribution Amount" means, in respect of any Payment Date, the amount calculated by the Loan Notes Transaction Manager on the Calculation Date immediately preceding such Payment Date equal to the sum of:

- (a) the Collections (other than any Principal Receipts) during the Collection Period immediately preceding such Payment Date;
- (b) payment (if any) to be received from the Interest Rate Swap Counterparty on such Payment Date under the Interest Rate Swap Agreement;
- (c) the amount of any Liquidity Drawing made or to be made on such Payment Date;
- (d) the amount of any Cash Reserve Drawing made or to be made on such Payment Date or any amount released from the Cash Reserve Account as a result of the Cash Reserve Account Required Balance being reduced on such Payment Date;
- (e) interest accrued and credited to the Loan Notes Accounts during the relevant Collection Period;
- (f) all amounts received or recovered in respect of any Realised Losses;
- (g) any amounts received from the Political Risk Payor under the Political Risk Interest Payment Contract;
- (h) all Collections and other amounts received or recovered under any Mortgage Loan after a Deemed Principal Loss is recorded with respect to such Mortgage Loan; and
- (i) any portion of the Available Principal Distribution Amount remaining after the redemption in full of the Class A Loan Notes, Class B Loan Notes and the Class C Loan Notes;

"Available Principal Distribution Amount" means, in respect of any Payment Date, the amount calculated by the Loan Notes Transaction Manager as at the Calculation Date immediately preceding such Payment Date as being equal to:

- (a) the Principal Receipts as received during the Collection Period immediately preceding such Payment Date; and
- (b) such amount of the Available Interest Distribution Amount as is credited to the Loan Notes Issuer Principal Account and which is applied by the Loan Notes Transaction Manager on such Payment Date in reducing the debit balance on the Principal Deficiency Ledger;

"Back-up Servicer" means JSC Halyk Bank or any other entity acting as a back-up servicer;

"Back-up Servicing Agreement" means a back-up servicing agreement entered into between the Servicer, the Loan Notes Issuer, the Loan Notes Trustee and the Back-up Servicer dated 24 April 2006 and amended and restated on the Closing Date;

"Breach of Duty" means in relation to any person, a wilful default, fraud, negligence or breach of any agreement or trust by such person;

"Business Day" means a TARGET day (other than a Saturday or a Sunday) on which banks are open for business in Almaty, the Republic of Kazakhstan, New York, United States, London, United Kingdom and Amsterdam, The Netherlands;

"Calculation Date" means the date falling two (2) Business Days before a Payment Date;

"Call Date" means the Payment Date falling in March 2014;

"Cash Reserve Account" means the cash reserve account established with the Loan Notes Account Bank in the name of the Loan Notes Issuer and operated by the Loan Notes Transaction Manager;

"Cash Reserve Account Required Balance" means (a) on the Closing Date, [2.5] per cent. of the aggregate Principal Amount Outstanding of the Class A Loan Notes, the Class B Loan Notes and the Class C Loan Notes and (b) following the date which is twenty-four (24) calendar months after the Closing Date, an amount corresponding to the higher of (i) [5]% of the Aggregate Minimum Principal Outstanding Amount of the Mortgage Loans as determined by the Loan Notes Transaction Manager and (ii) [US\$ 1,000,000] provided that the cash reserve account required balance shall not be reduced on any payment date if:

- (a) the Aggregate Minimum Principal Outstanding Amount of Mortgage Loans which are more than 90 days in arrears on the relevant Calculation Date exceeds 3% of the Aggregate Minimum Principal Amount Outstanding of the Mortgage Loans;
- (b) the Trigger Ratio is not satisfied;
- (c) a drawing has been made on the Cash Reserve Account; or
- (d) a Potential Servicer Termination Event has occurred and is continuing;

"Cash Reserve Drawing" means a cash reserve account drawing drawn down, or to be drawn down, from time to time under the terms and subject to the Loan Notes Conditions and the Loan Notes Transaction Management Agreement;

"Class A Notes" means the US\$ 123,000,000 Class A Mortgage Backed Floating Rate Notes due 2029 issued by the Issuer on or about the Closing Date;

"Class A Loan Note Margin" means 1.25 per cent. per annum;

"Class A Loan Notes" means the US\$ 123,000,000 Class A Mortgage Backed Floating Rate Loan Notes due 2029 issued by the Loan Notes Issuer on or about the Closing Date;

"Class A Principal Deficiency Ledger" means the principal deficiency ledger created and maintained by the Loan Notes Transaction Manager in accordance with the Loan Notes Transaction Management Agreement, so that the debit balance on such principal deficiency ledger is not greater than the aggregate Principal Amount Outstanding of the Class A Loan Notes;

"Class B Notes" means the US\$ 11,300,000 Class B Mortgage Backed Floating Rate Notes due 2029 issued by the Issuer on or about the Closing Date;

"Class B Loan Note Margin" means 2.00 per cent. per annum;

"Class B Loan Notes" means the US\$ 11,300,000 Class B Mortgage Backed Floating Rate Loan Notes due 2029 issued by the Loan Notes Issuer on or about the Closing Date;

"Class C Notes" means the US\$ 7,100,000 Class C Mortgage Backed Floating Rate Notes due 2029 issued by the Issuer on or about the Closing Date;

"Class B Principal Deficiency Ledger" means the principal deficiency ledger created and maintained by the Loan Notes Transaction Manager in accordance with the Loan Notes Transaction Management Agreement, so that the debit balance on such principal deficiency ledger is not greater than the aggregate Principal Amount Outstanding of the Class B Loan Notes;

"Class C Loan Note Margin" means 3.75 per cent. per annum;

"Class C Loan Notes" means the US\$ 7,100,000 Class C Mortgage Backed Floating Rate Loan Notes due 2029 issued by the Loan Notes Issuer on or about the Closing Date;

"Class C Principal Deficiency Ledger" means the principal deficiency ledger created and maintained by the Loan Notes Transaction Manager in accordance with the Loan Notes Transaction Management Agreement, so that the debit balance on such principal deficiency ledger is not greater than the aggregate Principal Amount Outstanding of the Class C Loan Notes;

"Closing Date" means 29 March 2007;

"Collection Accounts" means the accounts opened in the name of the Originator with the Collection Accounts Bank as set out in Schedule 2 of the Servicing Agreement and utilised for the time being by the Originator and/or the Servicer in relation to the Collections received from the Mortgage Certificates representing Mortgage Loans purchased under the Mortgage Sale Agreement and in relation to the Insurance Proceeds received from the Insurance Provider and any other accounts used for the same purpose from time to time;

"Collection Accounts Bank" means JSC "Bank TuranAlem";

"Collection Accounts Security Deed" means the collection accounts security deed entered into in the form of a deed between the Collection Accounts Bank, the Loan Notes Trustee, the Loan Notes Issuer and the Originator dated 20 January 2006 as amended and restated on the Signing Date;

"Collection Period" means the period from and including the first day of the calendar month to, but excluding, the first day of the immediately following calendar month, or in the case of the first Collection Period, from and including the Closing Date to, but excluding, the first day of the calendar month following such date;

"Collections" means, with respect to any Mortgage Loan, all amounts received in respect of such Mortgage Loan including the following:

- (i) cash collections, finance, interest, late payment or similar charges;
- (ii) all cash proceeds of Related Security and the Ancillary Rights with respect to such Mortgage Loan; and
- (iii) Insurance Proceeds received from the Insurance Provider under the Insurance Contracts;

"Co-Manager" means Banco Finantia S.A.;

"Corporate Services Provider" means ATC Management B.V.;

"Covered Risks" means an Expropriation and Transfer Restriction Event (as defined in the Political Risk Interest Payment Contract) for which the Political Risk Payor has agreed to provide payment subject to certain conditions under the Political Risk Interest Payment Contract;

"Credit and Collection Policies" means the credit and collection policies and practices of the Originator, including rules for granting Mortgage Loans and product lines, rules for recovery and enforcement of Mortgage Loans, rules for payment and repayment of Mortgage Loans from time to time applied by the Originator and notified in writing to the Loan Notes Issuer in relation to the Mortgage Loans in accordance with the laws of the Republic of Kazakhstan and any other jurisdiction in which the Originator originates or administers Mortgage Loans;

"Custodian" means JSC "Bank CenterCredit" or any other entity acting as custodian pursuant to the Custodian Agreement;

"Custodian Agreement" means the custodian agreement entered into between the Loan Notes Issuer, the Loan Notes Trustee and the Custodian dated 16 February 2006 as amended and restated on the Closing Date;

"Day Count Fraction" means, in respect of an Interest Period, the actual number of days in such period divided by 360;

"Debtor" means a person set out in the records of the Originator, in respect of the Mortgage Loans, as being obliged to make payments for the provision of goods or services evidenced by an Underlying Origination Agreement for which an invoice has been issued (or, if different, the person so obliged) and includes any person obliged to make payment under or in

connection with any Related Security and the Ancillary Rights and "Debtors " means all of them;

"Deemed Principal Loss" means in relation to any Mortgage Loan on any Calculation Date in respect of which the liquidation proceeds have not yet been realised by the Servicer, on the date on which that Mortgage Loan became a Defaulted Mortgage Loan, an amount equal to 100 per cent. of the Outstanding Mortgage Loan Principal Amount determined as at such Calculation Date;

"Defaulted Mortgage Loan" means any Mortgage Loan in respect of which:

- (a) the Servicer has not been paid by the relevant Debtor (including, without limitation, payments made by third parties on behalf of the Debtor) by the end of the Collection Period during which such Mortgage Loan becomes more than one hundred and twenty (120) days overdue for its scheduled monthly annuity payment from its Mortgage Loan Instalment Payment Date;
- (b) the related Debtor is a Debtor against or by whom an application for the institution of bankruptcy, composition or any other insolvency procedure has been or will have been made within the meaning of any applicable insolvency law;
- (c) the payment has been rescheduled and which has not been taken into account under (a) or (b) above; or
- (d) is owed by a Debtor which has been classified as a Category 5 Doubtful Loan (as defined in the Problem Loan Procedures) under the Credit and Collection Policies of the Originator and which has not been taken into account under (a), (b) or (c) above;

"Deferred Interest Amount Arrears" means, in respect of each class of Loan Notes which is not the Most Senior Class of Loan Notes on any Payment Date, any Interest Amount in respect of such class of Loan Notes which is due but not paid as at such date;

"Eligibility Criteria" means in respect of a Mortgage Loan, a Mortgage Loan which:

- (a) was originated by the Originator and is legally and beneficially owned by the Originator;
- (b) was duly executed by the Originator and constitutes legal, valid, binding and enforceable obligations of the Originator;
- (c) was duly executed by the relevant Debtor or Debtors and constitutes the legal, valid, binding and enforceable obligations of the relevant Debtor or Debtors;
- (d) is governed by and subject to the laws of the Republic of Kazakhstan;
- (e) is in compliance with the laws of the Republic of Kazakhstan;
- (f) was entered into in the ordinary course of the Originator's business, on arms' length commercial terms;
- (g) benefits from a first priority mortgage in the Property and such security interest is properly registered in the Property Registry;
- (h) is represented by a valid Mortgage Certificate issued in accordance with the Law on Mortgage of Immovable Property as an order security confirming the Originator's rights under the Mortgage Loan;
- (i) is denominated in KZT without any deduction, rebate or discount and is indexed to the US\$/KZT exchange rate, with daily indexation;
- (j) bears a fixed interest which ranges from 10 per cent. to 21 per cent. per annum;

- (k) has interest accruing on the outstanding balance of the Mortgage Loan from the date immediately following the date of disbursement and up to the date of the Mortgage Loan Instalment Payment Date on the basis of a thirty (30) day month and a three hundred and sixty (360) day year;
- (l) has a Current LTV not higher than 90 per cent.;
- (m) is insured under the Insurance Contracts;
- (n) in respect of each Mortgage Loan with an Original LTV between 70 per cent. and 85 per cent., the Original LTV excess over 70 per cent. is guaranteed by the Kazakhstan Mortgage Guarantee Fund or benefits from private insurance acceptable to the Loan Notes Issuer, and in respect of each Mortgage Loan with an Original LTV between 85 per cent. and 90 per cent., the Original LTV excess over 70 per cent. is guaranteed by the Kazakhstan Mortgage Guarantee Fund;
- (o) if originated after 1 March, 2005 benefits from title insurance;
- (p) has a Principal Outstanding Amount that does not exceed US\$300,000;
- (q) has a maturity date at the time of origination that does not exceed two hundred and forty (240) months;
- (r) is not the subject of any dispute (in whole or in part, with or without justification), right of set-off, counterclaim, defence or claim existing or pending against the Originator;
- (s) allows for an unconditional assignment of the benefit of any right, title and interest to the relevant Mortgage Loans to a third party, such as the Loan Notes Issuer;
- (t) is free and clear of any encumbrance, except for the mortgage under the Mortgage Agreement;
- (u) is not in arrears in respect of more than two (2) instalment payments and has not been in arrears in respect of more than two (2) monthly instalment payments at any time in the last twelve (12) months;
- (v) is fully disbursed;
- (w) can be segregated and identified on any day;
- (x) the Originator has not received with respect to it, prior to the relevant Offer Date or the Closing Date, notice of early repayment of such Mortgage Loan;
- (y) does not contain any restriction on assignment of the benefit of any right, title and interest to the relevant Mortgage Loan;
- (z) in respect of it, at least one instalment due thereunder has been paid prior to the Closing Date;
- (aa) does not contain provisions which may give rise to a liability on the part of the Originator to make further advances, pay money or perform any other onerous act;
- (bb) does not contain provisions permitting the deferral of payment of interest thereunder;
- (cc) is granted in accordance with the Credit and Collection Policies;
- (dd) is entered into with an Eligible Debtor; and
- (ee) is a loan in respect of which interest and principal repayments are paid periodically on an annual basis.

"Eligible Debtor" means any Debtor which at any relevant time:

- (a) is an individual (i) resident of the Republic of Kazakhstan or (ii) classified by the Originator as resident of the Republic of Kazakhstan by reason of his domicile or residence or by any other criterion of a similar nature, who has entered into respective Underlying Origination Agreement with the Originator;
- (b) has (or the relevant mortgagor has) full and undisputed title in the Property;
- (c) fully meets the lending criteria as per the Credit and Collection Policies;
- (d) has no right of set-off;
- (e) must have been at least 18 years of age at the time of entering into the respective Underlying Origination Agreement;
- (f) whose credit and, where applicable, employment history has been assessed at the time of entering into the Underlying Origination Agreement in accordance with the Credit and Collection Policies;
- (g) is a primary Debtor under the Mortgage Loan;
- (h) is not dead or untraceable;
- (i) is not bankrupt or insolvent; and
- (j) is not an employee of the Originator.

"Eligible Mortgage Certificate" means any Mortgage Certificate with respect to Eligible Mortgage Loans;

"Eligible Mortgage Loan" means any Mortgage Loan which on the relevant Offer Date and on the Closing Date meets the Eligibility Criteria;

"Encumbrance" means:

- (a) a mortgage, charge, pledge, lien, security interest or other encumbrance securing any obligation of any person;
- (b) any arrangement under which money or claims to, or for the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

"Expropriation" means a Covered Risk described in Section 4.1 of the Political Risk Interest Payment Contract;

"Final Legal Maturity Date" means the Payment Date falling in February 2029;

"Fitch" means Fitch Ratings Ltd.;

"Guarantee" means the standard form of guarantee issued by a spouse or other third party guaranteeing obligations of an Eligible Debtor under the relevant Loan Agreements, the standard form of which is attached as Schedule 7 of the Mortgage Sale Agreement;

"Insolvency Event" in respect of a company means:

- (a) such company is (or admits it is) unable to pay its debts as they fall due within the meaning of Section 1 of the Dutch Insolvency Act (*Faillissementswet*) or Section 1, Article 4 of the Law of the Republic of Kazakhstan "On Insolvency (Bankruptcy)" or suspends making payments on any of its debts as they fall due other than, in the

case of the Loan Notes Issuer, the circumstances are such that the Loan Notes Issuer would be able to make a Liquidity Drawing under the Liquidity Facility Agreement and would as a result of such Liquidity Drawing be able to pay such debts;

- (b) a moratorium (*surseance van betaling*) is declared in respect of any indebtedness of such company;
- (c) such company otherwise becomes insolvent;
- (d) the initiation of or consent to Insolvency Proceedings by such company or any other person or the presentation of a petition for the making of an administration order (unless, other than in the case of the Issuer or the Issuer or the Loan Notes Issuer (i) such proceedings are being disputed in good faith with a reasonable prospect of success; or (ii) are discharged, stayed or dismissed within sixty (60) days of commencement);
- (e) the making of an administration order or the appointment of an examiner in relation to such company;
- (f) an encumbrancer (excluding, in relation to the Issuer, the Trustee or any receiver and in relation to the Loan Notes Issuer, the Loan Notes Trustee or any receiver) taking possession of the whole or (in the reasonable opinion of the Trustee or the Loan Notes Trustee, as applicable) any substantial part of the undertaking or assets of such company and such circumstance is not discharged within sixty (60) days;
- (g) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or (in the reasonable opinion of the Trustee or the Loan Notes Trustee, as applicable) any substantial part of the undertaking or assets of such company (excluding, in relation to the Issuer, the Trustee or any receiver and in relation to the Loan Notes Issuer, the Loan Notes Trustee or any receiver) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days;
- (h) the making of an arrangement, composition, scheme of arrangement, rehabilitation, reorganisation with or conveyance to or assignment for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally;
- (i) the passing by such company of an effective resolution, the presentation of a petition, or the making of an order by a court of competent jurisdiction for the winding up, liquidation, dissolution or temporary administration of such company or for the appointment of a judicial officer, administrator, an examiner (except, in the case of the Issuer or the Loan Notes Issuer, a winding up for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Trustee or the Loan Notes Trustee (as applicable) or by a Loan Notes Extraordinary Resolution of the holders of the Most Senior Class of Loan Notes then outstanding) or any other person in relation to such or any of its respective assets or revenues; or
- (j) the appointment of an Insolvency Official in relation to such company or in relation to the whole or, (in the reasonable opinion of the Issuer or the Loan Notes Trustee), any substantial part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Loan Notes Trustee or Receiver and in relation to Loan Notes Issuer, by the Loan Notes Trustee or a Receiver);

"Insolvency Official" means, in connection with any Insolvency Proceedings, in relation to a company a liquidator, provisional liquidator, administrator, examiner, receiver or manager, nominee, supervisor, trustee, conservator, guardian, rehabilitation manager, bankruptcy manager or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors;

"Insolvency Proceedings" means, in respect of a company, the winding-up, liquidation, rehabilitation, sanation, dissolution or examinership of such company or any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or of any jurisdiction in which such company carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, examinership, arrangement, adjustment, protection or relief of debtors;

"Insurance Contracts" means the voluntary property insurance contracts, life insurance contracts, title insurance contracts, mortgage insurance contracts, civil liability insurance contracts, business and commercial insurance and/or any other insurance contracts, as applicable, entered into by the Debtor or any other person who has provided security with regard to the Mortgage Loans and any insurance contracts in replacement, addition or substitution thereof from time to time which relate to the Mortgage Loan, maintained by the Insurance Provider, to provide cover for the maximum amount of the value of each Property determined by an independent valuer approved by the Originator, against fire, destruction and other risks;

"Insurance Proceeds" means any payment of proceeds (including the right to receive the Insurance Proceeds of any claims under such Insurance Contracts in so far as they relate to such Mortgage Loans) paid or due to be paid by the Insurance Provider to the Originator or other party named as beneficiary, designated and appointed by the Debtor under the terms of an Insurance Contract.

"Insurance Provider" means JSC BTA Insurance, BTA Life Insurance or another reputable insurance provider, (as approved from time to time by the Loan Notes Issuer) which has entered into the Insurance Contracts with the Debtors in respect of the Property;

"Interest" means, for any Interest Period, the Interest Amount and, if applicable, the Subordinated Step-up Margin;

"Interest Amount" means:

- (a) in respect of a Loan Note for any Interest Period, the aggregate of:
 - (i) the amount of interest calculated on the related Calculation Date in respect of such Loan Note for such Interest Period by multiplying the Principal Amount Outstanding of such Loan Note on the Payment Date next following such Calculation Date by the relevant Loan Note Rate and multiplying the amount so calculated by the relevant Day Count Fraction and rounding the resulting amount to the nearest US\$; and
 - (ii) in the case of each class of Loan Notes other than the Most Senior Class of Loan Notes, the Deferred Interest Amount Arrears in respect of such Loan Note on the preceding Payment Date, together with accrued interest on such arrears in accordance with Loan Notes Condition 7.12 (*Default Interest*); and
- (b) in relation to a class of Loan Notes for any Interest Period, the aggregate amount in paragraph (a) above, of all Loan Notes in such class of Loan Notes for such Interest Period excluding any Step-up Margin due on Class A Loan Notes or Class B Loan Notes or Class C Loan Notes;

"Interest Period" means a period which commences on, and including, the immediately preceding Payment Date (or in the case of the first Interest Period, the Closing Date) and ends on, but excluding the day the next Payment Date;

"Interest Rate Swap Agreement" means the hedging agreement entered into between the Loan Notes Issuer and the Interest Rate Swap Counterparty dated on or about the Closing Date;

"Interest Rate Swap Counterparty" means ABN AMRO Bank N.V., London Branch;

"Interest Receipts" means, in respect of any Collection Period, the net sum of all moneys received or recovered by the Loan Notes Issuer in respect of the Mortgage Loans (other than

Principal Receipts for such Collection Period), including all insurance moneys received or recovered in respect of the Mortgage Loans and their Related Security to which the Loan Notes Issuer is beneficially entitled (but only to the extent that such amounts are paid by way of compensation for amounts which would otherwise have fallen within this definition), and all other revenues derived from the Loan Notes Issuer's business to which the Loan Notes Issuer is beneficially entitled (including, without limitation, the costs, fees and expenses payable by a Debtor to the extent the Loan Notes Issuer is reimbursed by such Debtor for and is beneficially entitled to the same) and includes (without limitation) those amounts which are credited to the Accounts prior to each Payment Date;

"Issuer" means Kazakh Mortgage-Backed Securities 2007-1 B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam and its registered office at Fred Roeskestraat 123, 1076 EE Amsterdam, The Netherlands;

"Issuer Expenses" any transactional fees and expenses, including any corporate tax, audit and legal fees, secretarial fees, corporate administration and agent's fees (including in each case any VAT payable) due to be paid by the Issuer pursuant to the Transaction Documents or otherwise, the Minimum Required Issuer Payment Amount and any payments to be made by the Issuer pursuant to the Transaction Documents (other than any payments due to be made under the Offered Notes);

"Kazakhstani Account Bank" means "SJSB ABN AMRO Bank Kazakhstan" JSC;

"Law on Mortgage of Immovable Property" means Kazakhstani law No. 2723 applicable to the creation of a mortgage over property dated 23 December 1995;

"Lead Manager" means ABN AMRO Bank, London Branch;

"Liabilities" means in respect of any person, any losses, liabilities, damages, costs, awards, expenses (including properly incurred legal fees) and penalties incurred by that person together with any VAT thereon;

"Liquidity Drawing" means a drawing made by the Loan Notes Issuer under the Liquidity Facility Agreement in order to address a Payment Shortfall where the balance of the Cash Reserve Account is zero;

"Liquidity Facility Agreement" means the liquidity facility agreement between the Loan Notes Issuer, Liquidity Facility Provider and the Loan Notes Trustee dated on or about the Closing Date;

"Liquidity Facility Provider" means ABN AMRO Bank;

"Loan Agreement" means, in relation to each Mortgage Loan, the Kazakhstani law governed agreement between the Originator and the Debtor, in which the Originator in its capacity as lender provides the Debtor with a loan to finance the Debtor's purchase of a Property, the standard form of which is enclosed in Schedule 7 Part A of the Mortgage Sale Agreement;

"Loan Notes Issuer Assets" means all the assets owned by the Loan Notes Issuer, including present and future properties, revenues and rights of every description secured for the benefit of the Loan Notes Secured Creditors under the terms of the Loan Notes Deed of Charge;

"Loan Note Principal Payment" means, any payment to be made or made by the Loan Notes Issuer in accordance with Loan Notes Condition 8.2 (*Pro-Rata Mandatory Redemption in part of the Loan Notes*), Loan Notes Condition 8.3 (*Sequential Mandatory Redemption in part of the Loan Notes*) and Loan Notes Condition 8.4 (*Post-Enforcement Sequential Mandatory Redemption of the Loan Notes*);

"Loan Note Rate" means, in respect of each class of Loan Notes for each Interest Period, the US\$ LIBOR determined as at the related Calculation Date plus the Relevant Senior Margin in respect of such class;

"Loan Notes" means the Class A Loan Notes, the Class B Loan Notes and the Class C Loan Notes;

"Loan Notes Accounts" means the Loan Notes Issuer Accounts, the Loan Notes Euro Corporate Account, the Cash Reserve Account and the Operating Accounts;

"Loan Notes Accounts Agreement" means the agreement to be entered into on the Closing Date and made between the Loan Notes Account Bank, the Kazakhstani Account Bank, the Loan Notes Transaction Manager, the Loan Notes Issuer and the Loan Notes Trustee;

"Loan Notes Account Bank" means ABN AMRO Bank in its capacity as Loan Notes Account Bank under the Loan Notes Accounts Agreement;

"Loan Notes Agent" means ABN AMRO Bank;

"Loan Notes Agency Agreement" means the Loan Notes Agency Agreement entered into between the Loan Notes Issuer, the Loan Notes Agent, the Registrar and the Loan Notes Trustee dated on the Closing Date;

"Loan Notes Conditions" means in relation to the Loan Notes, these terms and conditions set forth herein, which will be endorsed on the Loan Notes, as any of the same may from time to time be modified in accordance with the Loan Notes Trust Deed and any reference to a particular numbered Loan Notes Condition shall be construed in relation to the Loan Notes accordingly;

"Loan Notes Corporate Services Agreement" means the corporate services agreement entered into between the Corporate Services Provider, the Loan Notes Trustee and the Loan Notes Issuer dated 20 January 2006;

"Loan Notes Deed of Charge" means the loan notes deed of charge entered into between the Loan Notes Issuer, the Loan Notes Transaction Manager and the Loan Notes Trustee on the Closing Date;

"Loan Notes Enforcement Notice" means a notice delivered by the Loan Notes Trustee to the Loan Notes Issuer in accordance with Loan Notes Condition 12 (*Loan Notes Events of Default*), which declares the Loan Notes to be immediately due and payable;

"Loan Notes Euro Corporate Account" means an account established by the Loan Notes Account Bank in the name of the Loan Notes Issuer;

"Loan Notes Event of Default" means any one of the events specified in Loan Notes Condition 12 (*Loan Notes Events of Default*);

"Loan Notes Extraordinary Resolution" means a resolution passed at a Loan Notes Meeting duly convened and held in accordance with Loan Notes Condition 15 (*Meetings of Holders of Loan Notes*) of the holders of the Loan Notes, the Mezzanine Notes and/or the Subordinated Notes by not less than three quarters of the votes cast;

"Loan Notes Issuer" means First Kazakh Securitisation Company B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam and its registered office at Fred Roeskestraat 123, 1076 EE Amsterdam, The Netherlands;

"Loan Notes Issuer Accounts" means the Loan Notes Issuer Interest Account and the Loan Notes Issuer Principal Account;

"Loan Notes Issuer Interest Account" means the interest account established in the Loan Notes Issuer's name with the Loan Notes Account Bank;

"Loan Notes Issuer Principal Account" means the principal account established in the Loan Notes Issuer's name with the Loan Notes Account Bank;

"Loan Notes Minimum Required Issuer Payment Amount" shall mean the amount agreed to be paid by the Loan Notes Issuer into the Loan Notes Euro Corporate Account, for the purposes of paying the Loan Notes Issuer's ongoing operational costs and expenses and its Netherlands tax liabilities, including the costs of preserving the corporate existence of the Loan Notes Issuer which on the first Payment Date in May 2007 shall be EUR 25,000 and on each first Payment Date for each calendar year thereafter shall be EUR 15,000;

"Loan Notes Payments Priorities" means the Pre-Enforcement Loan Notes Payments Priorities and the Post-Enforcement Loan Notes Payments Priorities;

"Loan Notes Reserved Matter" means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Loan Notes, to reduce the amount of principal or interest payable on any date in respect of the Loan Notes, to alter the method of calculating the amount of any payment in respect of the Loan Notes or the date for any such payment;
- (b) (except in accordance with Loan Notes Condition 20 (*Substitution of Loan Notes Issuer*)) to effect the exchange, conversion or substitution of the Loan Notes of any class for, or the conversion of such Loan Notes into, shares, bonds or other obligations or securities of the Loan Notes Issuer or any other person or body corporate formed or to be formed;
- (c) to change the currency of payments under the Loan Notes;
- (d) to alter the priority of payment of interest or principal in respect of the Loan Notes;
- (e) to change the quorum requirements relating to meetings or the majority required to pass a Loan Notes Extraordinary Resolution; or
- (f) to amend this definition;

"Loan Notes Secured Amounts" means the aggregate of all monies and Liabilities which from time to time are or may become due, owing or payable by the Loan Notes Issuer to each of the Loan Notes Secured Creditors under the Loan Notes or the Loan Notes Transaction Documents;

"Loan Notes Secured Creditors" means the Issuer in its capacity as holder of the Loan Notes, any other holders of Loan Notes from time to time, the holders of Mezzanine Notes and Subordinated Notes, the Servicer, the Back-up Servicer, the Corporate Services Provider, the Loan Notes Transaction Manager, the Custodian, the Kazakhstani Account Bank, the Loan Notes Account Bank, the Liquidity Facility Provider, the Interest Rate Swap Counterparty and the Political Risk Payor;

"Loan Notes Secured Property" has the meaning ascribed to such term in Clause 6 of the Loan Notes Deed of Charge;

"Loan Notes Security" means all Loan Notes Issuer Assets of the Loan Notes Issuer secured in accordance with the terms and Loan Notes Conditions of the Loan Notes Deed of Charge and the Pledge of Loan Notes Accounts Agreement;

"Loan Notes Subscription Agreement" means the loan notes subscription agreement entered into between the Loan Notes Issuer, the Issuer and the Managers dated on or about the Signing Date;

"Loan Notes Transaction Documents" means the Loan Notes Trust Deed, the Loan Notes Deed of Charge, the Loan Notes Agency Agreement, the Loan Notes Subscription Agreement, the Loan Notes Transaction Management Agreement, the Loan Notes Accounts Agreement, the Interest Rate Swap Agreement, the Corporate Services Agreement, the Servicing Agreement, the Back-up Servicing Agreement, the Mortgage Sale Agreement, the Custodian Agreement, the Collection Accounts Security Deed, the Pledge of Loan Notes Accounts Agreement, the Mezzanine Notes Purchase Agreement, the Subordinated Notes Purchase Agreement, the Liquidity Facility Agreement, the Master Framework Agreement, the

Political Risk Interest Payment Contract, the Prospectus and any other agreement or document entered into from time to time by the Loan Notes Transaction Parties pursuant thereto;

"Loan Notes Transaction Management Agreement" means the loan notes transaction management agreement between the Loan Notes Issuer, the Loan Notes Transaction Manager, the Loan Notes Account Bank, the Kazakhstani Account Bank and the Loan Notes Trustee entered into on or about the Closing Date;

"Loan Notes Transaction Manager" means ATC Financial Services B.V.,

"Loan Notes Transaction Party" means the Arranger, the Lead Manager, the Co-Manager, the Originator, the Loan Notes Transaction Manager, the Loan Notes Trustee, the Loan Notes Account Bank, the Kazakhstani Account Bank, the Loan Notes Agent, the Registrar, the Political Risk Payor, the Servicer, the Back-up Servicer, the Custodian, the Loan Notes Issuer, the Corporate Services Provider, the Mezzanine Notes Purchaser, the Subordinated Notes Purchaser, the Liquidity Facility Provider, the Interest Rate Swap Counterparty and the Parent (together the **"Loan Notes Transaction Parties"**);

"Loan Notes Trust Deed" means the loan notes trust deed entered into between the Loan Notes Issuer and the Loan Notes Trustee on or about the Closing Date;

"Loan Notes Trust Documents" means the Loan Notes Trust Deed, the Loan Notes Deed of Charge and the Pledge of Loan Notes Accounts Agreement and (unless the context otherwise requires) includes any deed or other document executed in accordance with the provisions of the Loan Notes Trust Deed, the Loan Notes Deed of Charge or (as applicable) the Pledge of Loan Notes Accounts Agreement and expressed to be supplemental to the Loan Notes Trust Deed, the Loan Notes Deed of Charge or (as applicable) the Pledge of Loan Notes Accounts Agreement;

"Loan Notes Trustee" means Stichting Trustee Kazakh Mortgage-Backed Securities 2007-1;

"Loan Notes Trustee's Fees" means the remuneration payable to the Loan Notes Trustee (plus value added tax, if any) under the terms of the Loan Notes Trust Deed;

"Managers" means the Lead Manager and the Co-Manager;

"Material Adverse Effect" means an event which would have a material adverse effect on:

- (a) the validity of the assignment, servicing or enforceability of the Mortgage Certificates, the Related Security, the Ancillary Rights or the Collections arising thereunder; or
- (b) the ability of the Servicer to collect the payments on the Mortgage Certificates or the Collections arising thereunder; or
- (c) the ability of the Originator, the Parent, the Loan Notes Issuer to observe and perform its obligations under any of the Loan Notes Transaction Documents or the ability of the Issuer to perform its obligations under any of the Transaction Documents; or
- (d) the Ratings of the Offered Notes; or
- (e) the rights, interests or remedies of any Loan Notes Transaction Party under any Loan Notes Transaction Document or any Transaction Party under any Transaction Document; or
- (f) the business or financial condition of any Transaction Party or Loan Notes Transaction Party;

"Meeting of holders of Loan Notes" means a meeting of holders of Loan Notes of any class or classes (whether originally convened or resumed following an adjournment);

"Mezzanine Notes" means the US\$ [●●●] mezzanine notes due 2029 issued by the Loan Notes Issuer on or about the Closing Date and sold to the Mezzanine Notes Purchaser under the Mezzanine Notes Purchase Agreement;

"Mezzanine Note Interest" means the Interest Amount payable on the Mezzanine Notes as set out in Loan Notes Condition 7.4 of the Mezzanine Notes;

"Mezzanine Notes Purchase Agreement" means the mezzanine notes purchase agreement entered into between the Loan Notes Issuer, the Loan Notes Trustee and the Mezzanine Notes Purchaser;

"Mezzanine Notes Purchaser" means the purchaser of the Mezzanine Notes;

"Minimum Denomination" means US\$ 100,000;

"Minimum Principal Outstanding Amount" means, with respect to the Mortgage Loans on any day, the aggregate of the Principal Outstanding Amount of each Mortgage Loan expressed in US\$ as determined by the higher of the KZT / US\$ exchange rate applicable on the date of calculation and the KZT / US\$ exchange rate on the date on which the relevant Mortgage Loan was originated;

"Minimum Required Issuer Payment Amount" shall mean the amount agreed to be paid into the Euro Corporate Account by the Issuer, for the purposes of paying the Issuer's ongoing operational costs and expenses and its Netherlands tax liabilities, including the costs of preserving the corporate existence of the Issuer which on the first Payment Date in May 2007 shall be EUR 25,000 and on each first Payment Date for each calendar year thereafter shall be EUR 15,000.

"Moody's" means Moody's Investors Service Ltd.;

"Mortgage" means, in respect of any Mortgage Loan, the charge by way of legal mortgage over the relevant Property together with all other Encumbrances or Guarantees, the benefit of which is vested in the Originator as security for the repayment of that Mortgage Loan;

"Mortgage Agreement" means an agreement ancillary to each Loan Agreement between the Originator and the Debtor in which the Debtor grants security over the acquired Property to the Originator, the unofficial translation of the original Russian language version of the standard form of which is enclosed in Schedule 5 Part B of the Mortgage Sale Agreement;

"Mortgage Certificates" means order securities, issued in accordance with the Law on Mortgage of Immovable Property, representing the rights to payments under a Mortgage Loan and which confirm the Originator's right to the Mortgage Loans under the Loan Agreement and the right to enforce the mortgage (security interest) over the Property under the Mortgage Agreement;

"Mortgage Loan" means any and all present and future indebtedness coming or having come into existence prior to the termination of the Mortgage Sale Agreement and owed or purported to be owed to the Originator by a Debtor under the Loan Agreement secured by the Mortgage Agreement;

"Mortgage Loan Instalment Payment Date" in relation to any Mortgage Loan, means the dates on which instalments on such Mortgage Loan are due and payable by the Debtor;

"Mortgage Sale Agreement" means the mortgage sale agreement dated 20 January 2006 and entered into between the Originator, the Loan Notes Trustee and the Loan Notes Issuer as amended and restated on the Closing Date;

"Most Senior Class of Loan Notes" means, the Class A Loan Notes whilst they remain outstanding and thereafter the Class B Loan Notes whilst they remain outstanding and thereafter the Class C Loan Notes whilst they remain outstanding;

"Offer" means a written offer in substantially the same form set out in Schedule 2 of the Mortgage Sale Agreement;

"Offer Date" means the date on which the Originator made an offer pursuant to the terms and conditions of the Mortgage Sale Agreement;

"Offered Notes" means the Class A Notes, the Class B Notes and the Class C Notes;

"Operating Accounts" means the US\$ Operating Accounts and the KZT Operating Accounts;

"Original LTV" of a Property is calculated by dividing the Aggregate Minimum Principal Outstanding under each Mortgage Loan at origination secured on the same property as at the date such Mortgage Loans were originated by the appraised value of the relevant Property completed when each Mortgage Loan was originated;

"Originator" means Hypothecary Organisation "BTA Ipoteka" JSC ("**BTAI**"), a company incorporated as a joint stock company under the laws of the Republic of Kazakhstan having its legal address at 16, Micro-District Samal-2, Almaty 050051, the Republic of Kazakhstan;

"outstanding" means, in relation to the Loan Notes, all the Loan Notes other than:

- (a) those which have been redeemed and cancelled in full in accordance with their respective Loan Notes Conditions;
- (b) those in respect of which the date for redemption, in accordance with the provisions of the Loan Notes Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Loan Notes Trustee or the Loan Notes Agent in the manner provided for in the Loan Notes Agency Agreement (and, where appropriate, notice to that effect has been given to the holders of Loan Notes in accordance with Loan Notes Condition 21 (*Notices*)) and remain available for payment in accordance with the Loan Notes Conditions;
- (c) those which have become void under the Loan Notes Conditions; and
- (d) those mutilated or defaced Loan Notes which have been surrendered or cancelled and those Loan Notes which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Loan Notes have been issued pursuant to the Loan Notes Conditions;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of holders of Loan Notes;
- (ii) the determination of how many and which Loan Notes are for the time being outstanding for the purposes of Clause 18 (*Waiver*), Clause 19 (*Modification*), Clause 22 (*Proceedings and Actions by the Loan Notes Trustee*), Clause 31 (*Appointment of Loan Notes Trustees*) and Clause 32 (*Notice of New Loan Notes Trustee*) of the Loan Notes Trust Deed and Loan Notes Condition 12 (*Loan Notes Events of Default*), Loan Notes Condition 13 (*Enforcement*) and Loan Notes Condition 15 (*Meetings of holders of Loan Notes*) and the Provisions for Meetings of holders of Loan Notes; and
- (iii) any discretion, power or authority, whether contained in the Loan Notes Trust Deed or provided by law, which the Loan Notes Trustee is required to exercise in or by reference to the interests of the holders of Loan Notes or any of them,

those Loan Notes (if any) which are for the time being held by or for the benefit of the Loan Notes Issuer, the Originator, the Servicer, the Custodian, the Loan Notes Transaction Manager or the Corporate Services Provider shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

"Outstanding Mortgage Loan Principal Amount" means, at any time, with respect to any Mortgage Loan, the Principal Amount of such Mortgage Loan, less the amount of Collections

received by the Loan Notes Issuer and applied to the Principal Amount of such Mortgage Loan, provided that such Outstanding Mortgage Loan Principal Amount shall be restored in the amount and to the extent of any Collections so received and applied if at any time the distribution of such Collections is rescinded or must otherwise be returned for any reason. For the purpose of determining the Outstanding Mortgage Loan Principal Amount, Collections shall not be treated as "received" by the Loan Notes Issuer until they have been credited to the Operating Accounts or other accounts designated by the Loan Notes Issuer (as agreed from time to time with the Servicer);

"Parent" means JSC "Bank TuranAlem", a bank incorporated under the laws of the Republic of Kazakhstan in the form of a joint stock company having its legal address at 97 Zholdasbekov Street, Micro-District Samal-2, Almaty 050051, the Republic of Kazakhstan;

"Payment Date" means the 15th calendar day of the month or if such date is not a Business Day, the next following Business Day;

"Payment Shortfall" means the amount of any shortfall in the Available Interest Distribution Amount which is available to be applied in making payment or provision in full for items (a) to (n) in the Pre-Enforcement Loan Notes Interest Payments Priorities on any Payment Date prior to the making of a Liquidity Drawing or a Cash Reserve Drawing;

"Pledge of Loan Notes Accounts Agreement" means the pledge of loan notes accounts agreement entered into between the Loan Notes Issuer and the Loan Notes Trustee entered into on the Closing Date;

"Political Risk Interest Payment Contract" means the contract entered into between the Political Risk Payor and the Loan Notes Issuer, whereby the Political Risk Payor will provide payments in respect of the inability of the Loan Notes Issuer to convert KZT into US\$ in Kazakhstan and the inability of the Loan Notes Issuer to transfer sums in US\$ from Kazakhstan in relation to payments received by the Loan Notes Issuer under the Mortgage Certificates, the Related Security and the Ancillary Rights as transferred pursuant to the Mortgage Sale Agreement;

"Political Risk Payor" means the Multilateral Investment Guarantee Agency;

"Post-Enforcement Loan Notes Payments Priorities" means the priority of payments set out in Loan Notes Condition 5.3;

"Potential Loan Notes Event of Default" means any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) a Loan Notes Event of Default;

"Pre-Enforcement Loan Notes Interest Payments Priorities" means the priority of payments set out in Loan Notes Condition 4.6;

"Pre-Enforcement Loan Notes Payments Priorities" means the Pre-Enforcement Loan Notes Interest Payments Priorities and the Pre-Enforcement Loan Notes Principal Payments Priorities;

"Pre-Enforcement Loan Notes Principal Payments Priorities" means the priority of payments set out in Loan Notes Condition 4.7;

"Principal Amount" means, with respect to any Mortgage Loan, the principal amount of such Mortgage Loan as reflected in the books of the Originator;

"Principal Amount Outstanding" means, on any day:

- (a) in respect of Offered Notes:
 - (i) in relation to an Offered Note, the principal amount of that Offered Note upon issue less the aggregate amount of any principal payments in respect of that Offered Note which have been paid; or

- (ii) in relation to a Class of Offered Notes, the aggregate of the amount in (a) in respect of all Offered Notes outstanding in such Class;
 - (iii) in relation to the Offered Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Offered Notes outstanding, regardless of Class; and
- (b) in respect of Loan Notes:
- (i) in relation to a Loan Note, the principal amount of that Loan Note upon issue less the aggregate amount of any principal payments in respect of that Loan Note which have been paid;
 - (ii) in relation to a class of Loan Notes, the aggregate of the amount in (b) in respect of all Loan Notes outstanding in such class;
 - (iii) in relation to the Loan Notes outstanding at any time, the aggregate of the amount in (b) in respect of all Loan Notes outstanding, regardless of class;

"Principal Amount Outstanding of the Class A Loan Notes" means the Principal Amount Outstanding in respect of the Class A Loan Notes only;

"Principal Amount Outstanding of the Class B Loan Notes" means the Principal Amount Outstanding in respect of the Class B Loan Notes only;

"Principal Amount Outstanding of the Class C Loan Notes" means the Principal Amount Outstanding in respect of the Class C Loan Notes only;

"Principal Deficiency Ledger" means a principal deficiency ledger established by the Loan Notes Issuer comprising three sub-ledgers (the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger and the Class C Principal Deficiency Ledger).

The Principal Deficiency Ledger shall, on each Payment Date, be debited with:

- (a) the amount of the Defaulted Mortgage Loans recorded in the Collection Period immediately preceding that Payment Date;
- (b) any positive difference between:
 - (i) the sum of (a) the aggregate Principal Amount Outstanding of Loan Notes on such Payment Date and (b) the total amount of credits to the Principal Deficiency Ledger in respect of Defaulted Mortgage Loans since the Closing Date; and
 - (ii) the current Aggregate Minimum Principal Outstanding Amount,

and shall be credited with sums to be credited to the Principal Deficiency Ledger until the debit balance, if any, on the Principal Deficiency Ledger is reduced to zero;

"Principal Outstanding Amount" means:

- (a) with respect to a Mortgage Loan, the Outstanding Mortgage Loan Principal Amount of such Mortgage Loan as evidenced by a Mortgage Certificate; and
- (b) with respect to a Defaulted Mortgage Loan, the Outstanding Mortgage Loan Principal Amount of such Defaulted Mortgage Loan;

"Principal Receipts" means, in respect of any Collection Period, all principal received or recovered in respect of the Mortgage Loans in the Mortgage Loans Portfolio and their Related Security (excluding all amounts of interest owing in respect thereof for such Collection Period) and Ancillary Rights, including, without limitation, repayments or prepayments of principal by Debtors, principal recovered upon enforcement of the Related Security and all insurance moneys received or recovered in respect of the Mortgage Loans, their Related Security and

the Ancillary Rights to which the Loan Notes Issuer is beneficially entitled (but only to the extent that such amounts are paid by way of compensation for amounts which would otherwise have fallen within this definition);

"Problem Loan Procedures" a detailed procedure of the Originator, approved by the president of the Originator, which contains procedural steps that the Originator has to follow when dealing with any delinquent Mortgage Loans and classifications of the same;

"Property" means an apartment or other building which serves as the Related Security for any Mortgage Loan and/or constituting the subject matter of the Mortgage Agreement;

"Property Registry" means the unified state registry of rights to immovable property, such as Property, or the unified state registry of rights to movable property, such as monies in Collection Accounts, maintained by the Centres Immovable Property of the Registration Committee of the Ministry of Justice of the Republic of Kazakhstan.

"Pro-Rata Conditions" means the following conditions:

- (a) the Trigger Ratio is satisfied; and
- (b) the balance of the Principal Deficiency Ledger is zero; and
- (c) the balance of the Cash Reserve Account is at least at the Cash Reserve Account Required Balance; and
- (d) no amount (other than any amount standing to the credit of the Liquidity Ledger) is outstanding under the Liquidity Facility Agreement;
- (e) the aggregate of the Principal Outstanding Amount of the Mortgage Loans that are 90 days or more in arrears on the relevant Reporting Date as a percentage of the aggregate of the Principal Amount Outstanding of all of the Mortgage Loans does not exceed 5 per cent. (or such greater percentage as is agreed between the Loan Notes Issuer and the Rating Agencies);
- (f) the aggregate Principal Amount Outstanding under the Loan Notes is greater than 10 per cent. of the aggregate initial Principal Amount Outstanding under the Loan Notes; and
- (g) twenty-four (24) months have passed following the Closing Date;
- (h) a Loan Notes Enforcement Notice has not been delivered by the Loan Notes Trustee to the Loan Notes Issuer;

"Prospectus Directive" means Directive 2003/71/EC implemented by Commission Regulation (EC) No.809/2004;

"Provisions for Meetings of holders of Loan Notes" means the provisions contained in Schedule 6 of the Loan Notes Trust Deed;

"Rating" means the then current rating of each class of Offered Notes given by the relevant Rating Agency and **"Ratings"** means all of such Ratings;

"Rating Agencies" means Fitch and Moody's as applicable;

"Ratings Confirmation" means the confirmation in writing to the Loan Notes Issuer and the Loan Notes Trustee from each of the Rating Agencies that its then current Rating of the Offered Notes will not be downgraded, qualified or withdrawn as a result of the modification, amendment, waiver, appointment, authorisation or action;

"Realised Losses" means in relation to any Mortgage Loan on any Calculation Date in respect of which a Deemed Principal Loss has been declared on any Calculation Date, in respect of which liquidation proceeds have been realised by the Servicer, the Outstanding Mortgage Loan Principal Amount (which shall not be deemed to be zero) of such Mortgage

Loan less the sum of all Collections, Repurchase Price and other recoveries, if any, on such Mortgage Loan, which will be applied first to outstanding expenses incurred with respect to such Mortgage Loan, then to accrued and unpaid interest and, finally, to principal;

"Receiver" or **"receiver"** means any receiver or administrative receiver who (in the case of an administrative receiver) is a qualified person and who is appointed by the Loan Notes Trustee under the Loan Notes Deed of Charge in respect of the Loan Notes Security and includes more than one such receiver and any substituted receiver;

"Records" means, in respect of any Mortgage Loan, all Underlying Origination Agreements, correspondence, notes of dealings and other documents, books, books of account, registers, records and other information (including, without limitation, computer programmes, tapes, discs, punch cards, data processing software and related property and rights) maintained (and recreated in the event of destruction of the originals thereof) with respect to such Mortgage Loan and the related Debtor;

"Reference Bank" means the principal Euro-zone office of four major banks selected by the Loan Notes Agent;

"Registrar" means ATC Financial Services B.V.;

"Related Security" means the primary underlying Mortgage relating to each Mortgage Certificate and any corresponding Guarantee that is transferred to the Loan Notes Issuer (such transfer taking place by operation of law) together with the relevant Mortgage Certificate;

"Relevant Date" means, in respect of any Loan Notes, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after the date on which notice is duly given to the holders of Loan Notes in accordance with Loan Notes Condition 21 (*Notices*) that, upon further presentation of the Loan Notes being made in accordance with the Loan Notes Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

"Relevant Senior Margin" means the Class A Loan Note Margin, the Class B Loan Note Margin or the Class C Loan Note Margin, as the case may be;

"Reporting Date" means the date falling five (5) Business Days prior to a Payment Date;

"Senior Expenses" means the expenses of the Loan Notes Issuer incurred in the normal course of its business insofar as such business comprises the ownership of the Mortgage Certificates and is consistent with the activity of a special purpose vehicle in a structured debt transaction of the nature contemplated by the Loan Notes Transaction Documents, including, without limitation:

- (a) any taxation due from the Loan Notes Issuer to any taxation authority (other than any Netherlands corporate income tax, which shall be paid from the Loan Notes Euro Corporate Account);
- (b) any fees payable together with VAT thereon to the Corporate Services Provider;
- (c) any fees together with VAT thereon due from the Loan Notes Issuer to the auditors of the Loan Notes Issuer;
- (d) any fees payable together with VAT thereon to the Loan Notes Account Bank or the Kazakhstani Account Bank;
- (e) any fees associated with filing or registration of any Loan Notes Transaction Documents;
- (f) any amounts payable due to any law or any regulatory direction with whose directions the Loan Notes Issuer is accustomed to comply;

- (g) any fees together with VAT thereon due from the Loan Notes Issuer to the professional advisors of the Loan Notes Issuer (other than any Loan Notes Transaction Party); and
- (h) all out of pocket costs and expenses associated with maintaining the licences and registrations necessary for the purposes of the Loan Notes Issuer's business, which are not paid by the Corporate Services Provider from the Loan Notes Euro Corporate Account,

but excluding those other costs and expenses otherwise specified in the Loan Notes Payments Priorities.

"Servicer" means JSC Hypothecary Organisation "BTA Ipoteka" in its capacity as servicer under the Servicing Agreement;

"Servicing Agreement" means the servicing agreement entered into between the Servicer, the Parent, the Loan Notes Issuer and the Loan Notes Trustee dated 20 January 2006 and amended and restated on the Closing Date;

"Specified Office" means, in relation to the Loan Notes Agent, the office as the Loan Notes Agent may specify in accordance with Clause 19.8 (*Changes in Specified Office*) of the Loan Notes Agency Agreement;

"Subordinated Note Interest" means the Interest Amount payable on the Subordinated Notes as set out in Loan Notes Condition 7.4 of the Subordinated Notes;

"Subordinated Note Variable Margin" means an amount payable pursuant to item (x) of the Pre-Enforcement Loan Notes Interest Payment Priorities;

"Subordinated Notes" means the US\$ 3,600,000 subordinated notes due 2029 issued by the Loan Notes Issuer and sold to the Subordinated Notes Purchaser under the Subordinated Notes Purchase Agreement;

"Subordinated Notes Mandatory Outstanding Amount" means US\$ 500,000 until such time as the Loan Notes have been paid in full and, thereafter means US\$ 0.00;

"Subordinated Notes Principal Amount" means US\$ 100,000 until such time as the Loan Notes Trustee reasonably believes and confirms in writing that no more collections will be received on the Mortgage Loans and all of the Loan Notes Security has been released in full following the satisfaction of all Loan Notes Secured Obligations, whereupon the subordinated notes principal amount shall be US\$ 0.00;

"Subordinated Notes Purchase Agreement" means an agreement entered into between the Loan Notes Issuer, the Loan Notes Trustee and the Subordinated Notes Purchaser in regards to the issue and purchase of the Subordinated Note;

"Subordinated Notes Purchaser" means the purchaser of the Subordinated Notes;

"Subordinated Step-up Margin" means, in respect of a Loan Note for any Interest Period, the amount of Subordinated Step-up Margin on Class A Loan Notes, Subordinated Step-up Margin on Class B Loan Notes or Subordinated Step-up Margin on Class C Loan Notes (as the case may be) payable on such a Loan Note;

"Subordinated Step-up Margin on Class A Loan Notes" means 1.25 per cent. per annum on the Call Date and thereafter;

"Subordinated Step-up Margin on Class B Loan Notes" means 2.0 per cent. per annum on the Call Date and thereafter;

"Subordinated Step-up Margin on Class C Loan Notes" means 3.75 per cent. per annum on the Call Date and thereafter;

"Substituted Obligor" means an obligor substituted in place of the Loan Notes Issuer as the principal debtor in respect of the Loan Notes Trust Documents, the Loan Notes and the other Loan Notes Secured Amounts in accordance with Loan Notes Condition 20 (*Substitution of Loan Notes Issuer*);

"TARGET Day" means any day on which the TARGET System is open;

"TARGET System" means the Trans-European Automated Real-time Gross Settlement Express Transfer system;

"Tax" shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any Tax Authority and **"Taxes"**, **"taxation"**, **"taxable"** and comparable expressions shall be construed accordingly;

"Tax Authority" means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function;

"Tax Deduction" means any deduction or withholding on account of Tax;

"Transaction" means the transaction under the Transaction Documents and the Loan Notes Transaction Documents pursuant to which the Loan Notes Issuer issues Loan Notes by which to fund the purchase of Eligible Mortgage Certificates and the Issuer purchases such Loan Notes and issues Offered Notes;

"Transaction Documents" means the Trust Deed, the Deed of Charge, the Paying Agency Agreement, the Subscription Agreement, the Loan Notes Subscription Agreement, the Transaction Management Agreement, the Accounts Agreement, the Corporate Services Agreement, the Pledge of Account Agreement, the Prospectus and any other agreement or document entered into from time to time by the Transaction Parties pursuant thereto;

"Transfer Restriction" means a Covered Risk described in Section 3.1 of the Political Risk Interest Payment Contract;

"Treaty" means the treaty establishing the European Communities, as amended by the Treaty on European Union;

"Trigger Ratio" means a ratio which shall be satisfied if X/Y (expressed as a percentage) is less than $P/2Q$ (expressed as a percentage),

where

X = the Principal Amount Outstanding of the Class A Loan Notes on the Calculation Date on which the Trigger Ratio is to be calculated;

Y = the aggregate of the Principal Amount Outstanding of the Class B Loan Notes and the Class C Loan Notes on the Calculation Date on which the Trigger Ratio is to be calculated;

P = the Principal Amount Outstanding of the Class A Loan Notes on the Closing Date; and

Q = the aggregate of the Principal Amount Outstanding of the Class B Loan Notes and the Class C Loan Notes on the Closing Date.

"Quotation Day" means, in relation to any Interest Period for which an interest rate is to be determined:

(a) if the currency is Euro, two (2) TARGET Days before the first (1st) day of that Interest Period;

- (b) if the currency is Sterling, the first (1st) day of the Interest Period; or
- (c) for any other relevant currency (including without limitation, US\$), two (2) business days before the first (1st) day of the Interest Period,

unless market practice differs in the Relevant Interbank Market for a currency, in which case the Quotation Day for that currency will be determined by the Loan Notes Issuer in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one (1) day, the Quotation Day will be the last of those days);

"Underlying Origination Agreements" means the Loan Agreement and the Mortgage Agreement between the Originator and a Debtor the standard form of which are enclosed in Schedule 5 of the Mortgage Sale Agreement or as otherwise approved by the Loan Notes Issuer, and each an **"Underlying Origination Agreement"**;

"US\$ LIBOR" means the London Inter-Bank Offered Rate being the rate for Dollars which appears on Reuters Page LIBOR01 (or such other page as may replace the relevant page on that service, or such other market service as may be nominated by the Issuer for the purpose of displaying comparable rates) as of 11:00 a.m. (Amsterdam time) on the Quotation Day and if no such rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuer at its request quoted by the Reference Banks to leading banks in the London interbank market;

"US\$ Operating Accounts" means the US\$ interest account and US\$ principal account held at the Loan Notes Account Bank in the Loan Notes Issuer's name;

"€", "EURO" or "euro" means the lawful currency of the member states of the European Union participating in Economic and Monetary Union as contemplated by the Treaty;

"\$" or "US\$" means the lawful currency of the United States of America; and

"KZT" or "Tenge" means the lawful currency of the Republic of Kazakhstan.

3. FORM, DENOMINATION AND TITLE

- 3.1 *Form and Denomination:* The Loan Notes are issued in registered form in the minimum nominal amounts of US\$ 100,000 and in integral multiples of US\$ 10,000 thereafter. A note certificate (each a **"Loan Notes Certificate"**) will be issued to each holder of Loan Notes in respect of its registered holding of Loan Notes. Each Loan Notes Certificate will be numbered serially with an identifying number, which will be recorded on the relevant Loan Notes Certificate and in the register of holders of Loan Notes. The Loan Notes Issuer will procure the register to be kept by the Loan Notes Agent in its capacity as registrar for the Loan Notes and at the registered office of the Loan Notes Issuer.
- 3.2 *Title:* Title to the Loan Notes passes only by registration in the register of holders of Loan Notes. The holder of any Loan Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Loan Notes Certificate issued in respect of it) and no person will be liable for so treating the holder.
- 3.3 *Transfers:* The Loan Notes are issued by the Loan Notes Issuer with the understanding that the initial holder of the Loan Notes does not intend to transfer the Loan Notes. However, any Loan Note may be transferred (by the initial holder of Loan Notes, or any subsequent holder) by depositing the Loan Notes Certificate issued in respect of that Loan Note, with the form of transfer on the back duly completed and signed, at the specified office of the Loan Notes Agent provided that the transfer of such Loan Notes has first received the consent of the Loan Notes Trustee which may, in its unfettered discretion, instruct the Loan Notes Agent not to register such transfer.
- 3.4 *Delivery of new Loan Notes Certificate:* Each new Loan Notes Certificate to be issued upon transfer of the Loan Notes will, within five Business Days of receipt by the Loan Notes Agent of the duly completed form of transfer endorsed on the relevant Loan Notes Certificate, be-

mailed by uninsured mail at the risk of the holder entitled to the Loan Note to the address specified in the form of transfer.

Where some but not all of the Loan Notes in respect of which a Loan Notes Certificate is issued are to be transferred, a new Loan Notes Certificate in respect of the Loan Notes not so transferred will, within five business days of receipt by the Loan Notes Agent of the original Loan Notes Certificate, be-mailed by uninsured mail at the risk of the holder of the Loan Notes not so transferred to the address of such holder appearing on the register of holders of Loan Notes or as specified in the form of transfer.

- 3.5 *Formalities free of charge:* Registration of transfer of Loan Notes will be effected without charge by or on behalf of the Loan Notes Issuer or the Loan Notes Agent but upon payment (or the giving of such indemnity as the Loan Notes Issuer or the Loan Notes Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.
- 3.6 *Closed Periods:* No holder of Loan Notes may require the transfer of a Loan Note to be registered during the period of five Business Days ending on the due date for any payment of principal, premium or interest on that Loan Note.

4. STATUS, RANKING AND PRIORITIES

- 4.1 *Status:* The Loan Notes constitute direct, secured (as set out in Loan Notes Condition 5 below), limited recourse (as set out in Loan Notes Condition 9 below) and unconditional obligations of the Loan Notes Issuer.
- 4.2 *Ranking:* Each class of the Loan Notes will at all times rank *pari passu* without preference or priority amongst themselves.
- 4.3 *Sole Obligations:* The Loan Notes are obligations solely of the Loan Notes Issuer and not the obligations of or guaranteed by any other party or entity.
- 4.4 *Priority of Interest Payments:* Payments of the Interest Amount on the Class A Loan Notes will at all times rank in priority to payments of the Interest Amount on the Class B Loan Notes and payments of the Interest Amount on the Class B Loan Notes will at all times rank in priority to payments of the Interest Amount on the Class C Loan Notes, and in each case in accordance with the Pre-Enforcement Loan Notes Interest Payments Priorities.

All payments of the Subordinated Step-up Margin will be subordinated to payment of the Interest Amount. All payments of the Subordinated Step-up Margin on Class A Loan Notes will rank in priority to payments of the Subordinated Step-up Margin on Class B Loan Notes and all payments of the Subordinated Step-up Margin on Class B Loan Notes will rank in priority to payments of the Subordinated Step-up Margin on Class C Loan Notes.

- 4.5 *Priority of Principal Payments:*
- (a) If the Pro-Rata Conditions are satisfied on any Payment Date, payments of principal of each class of the Loan Notes on such Payment Date will be made *pari passu* without preference or priority between each class of Loan Notes.
 - (b) If on any Payment Date the Pro-Rata Conditions have not been satisfied, payments of principal on the Loan Notes on such Payment Date will be made sequentially by redeeming all principal due on the Class A Loan Notes and thereafter by redeeming all principal due on the Class B Loan Notes and thereafter by redeeming all principal due on the Class C Loan Notes.
- 4.6 *Pre-Enforcement Loan Notes Interest Payments Priorities:* Prior to the delivery of a Loan Notes Enforcement Notice, the Available Interest Distribution Amount determined in respect of the Collection Period ending immediately preceding the relevant Payment Date will be applied by the Loan Notes Transaction Manager on such Payment Date in making the following payments or provisions in the following order of priority (the "**Pre-Enforcement Loan Notes Interest Payments Priorities**"), but in each case only to the extent that all

payments or provisions of a higher priority that fall due to be paid or provided for on such Payment Date have been made in full:

- (a) *first*, in or towards the Loan Notes Minimum Required Issuer Payment Amount (if payable on such date);
- (b) *second*, in or towards payment *pari passu* on a *pro rata* basis of the Senior Expenses and fees due to the Loan Notes Trustee and the Rating Agencies;
- (c) *third*, to pay to the Issuer when due any Issuer Expenses payable by the Issuer (or which are expected to become due and payable after that payment Date and prior to the following Payment Date) the amount of which is to be paid by the Loan Notes Issuer to the Issuer under the Loan Notes Subscription Agreement;
- (d) *fourth*, in or towards payment of the Back-up Servicer's Start-up Fee related to taking over the servicing duties under the Back-up Servicing Agreement;
- (e) *fifth*, in or towards payment *pari passu* on a *pro rata* basis fees due and payable to the Servicer, the Back-up Servicer, the Custodian, the Loan Notes Transaction Manager, the Loan Notes Account Bank, the Kazakhstani Account Bank and the Loan Notes Agent;
- (f) *sixth*, in or towards payment of amounts due to the Political Risk Payor under the Political Risk Interest Payment Contract;
- (g) *seventh*, in or towards payment of amounts due under the Liquidity Facility Agreement;
- (h) *eighth*, in or towards payment *pari passu* on a *pro rata* basis of any amounts due to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement other than any termination amount due to the Interest Rate Swap Counterparty where the Interest Rate Swap Counterparty has defaulted on its obligations under the Interest Rate Swap Agreement;
- (i) *ninth*, in or towards payment of any Interest Amount due to the Class A Loan Notes;
- (j) *tenth*, in or towards reduction of the debit balance on the Class A Principal Deficiency Ledger to zero;
- (k) *eleventh*, in or towards payment of any Interest Amount due to the Class B Loan Notes but so that interest that has accrued in the immediately preceding Interest Period will be paid prior to any Deferred Interest Amount Arrears, and any Deferred Interest Amount Arrears will be paid prior to any default interest (if applicable) on any such Deferred Interest Amount Arrears in accordance with Loan Notes Condition 7.4 (*Interest Payments*) and 7.14 (*Priority of Payment of Interest and Deferred Interest*);
- (l) *twelfth*, in or towards reduction of the debit balance on the Class B Principal Deficiency Ledger to zero;
- (m) *thirteenth*, in or towards payment of any Interest Amount due to the Class C Loan Notes that has accrued in the immediately preceding Interest Period will be paid prior to any Deferred Interest Amount Arrears, and any Deferred Interest Amount Arrears will be paid prior to any default interest on any such Deferred Interest Amount Arrears in accordance with Loan Notes Conditions 7.4 and 7.14 (*Priority of Payment of Interest and Deferred Interest*);
- (n) *fourteenth*, in or towards reduction of the debit balance on the Class C Principal Deficiency Ledger to zero;
- (o) *fifteenth*, in or towards payment of amounts necessary to achieve the Cash Reserve Account Required Balance;

- (p) *sixteenth*, in or towards payment of Subordinated Step-up Margin on Class A Loan Notes;
- (q) *seventeenth*, in or towards payment of Subordinated Step-up Margin on Class B Loan Notes;
- (r) *eighteenth*, in or towards payment of Subordinated Step-up Margin on Class C Loan Notes;
- (s) *nineteenth*, in or towards payment of amounts due to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement where the termination is due to the Interest Rate Swap Counterparty defaulting on its obligations under the Interest Rate Swap Agreement;
- (t) *twentieth*, in or towards payment of the Mezzanine Note Interest due on the Mezzanine Notes;
- (u) *twenty-first*, in or towards payment of the Subordinated Note Interest due on the Subordinated Notes;
- (v) *twenty-second*, in or towards repayment of principal due on the Mezzanine Notes;
- (w) *twenty-third*, in or towards repayment of principal due on the Subordinated Notes until the Principal Amount Outstanding of the Subordinated Notes is equal to the Subordinated Notes Mandatory Outstanding Amount; and
- (x) *twenty-fourth*, all other remaining amounts in payment of the Subordinated Note Variable Margin due under the Subordinated Notes.

4.7 *Pre-Enforcement Loan Notes Principal Payments Priorities*: Prior to the delivery of a Loan Notes Enforcement Notice, the Available Principal Distribution Amount determined by the Loan Notes Transaction Manager in respect of the Collection Period ending immediately preceding each Payment Date will be applied by the Loan Notes Transaction Manager on such Payment Date in making the following payments in the following order of priority (the "**Pre-Enforcement Loan Notes Principal Payments Priorities**"), but in each case only to the extent that all payments of a higher priority that fall due to be paid on such Payment Date have been made in full:

- (a) first,
 - (i) if the Pro-Rata Conditions are not satisfied on such Payment Date:
 - (1) first, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class A Loan Notes until the Class A Loan Notes have been redeemed in full;
 - (2) second, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class B Loan Notes until the Class B Loan Notes have been redeemed in full;
 - (3) third, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class C Loan Notes until the Class C Loan Notes have been redeemed in full;
 - (ii) if the Pro-Rata Conditions are satisfied on such Payment Date, in or towards on a *pari passu* and *pro rata* basis payment of the Principal Amount Outstanding of the Class A Loan Notes, the Principal Amount Outstanding of the Class B Loan Notes and the Principal Amount Outstanding of the Class C Loan Notes until the Class A Loan Notes, the Class B Loan Notes and the Class C Loan Notes have been redeemed in full; and
- (b) second, to be transferred to the Loan Notes Issuer Interest Account and to form part of the Available Interest Distribution Amount.

5. LOAN NOTES SECURITY

5.1 As continuing security for the payment or discharge of the Secured Indebtedness and, subject always to the right of redemption of the Loan Notes Issuer, the Loan Notes Issuer will, in favour of the Loan Notes Trustee, for itself and on trust for the Loan Notes Secured Creditors, in accordance with the terms of the Loan Notes Deed of Charge to be entered into on, or about the Closing Date:

- (a) charge with full title guarantee and by way of a first fixed charge all rights of the Loan Notes Issuer in respect of the Loan Notes Issuer Assets including, without limitation, all monies received in respect thereof, all principal, interest and other sums paid, distributed, accruing or offered at any time on, to or in respect of or in substitution thereof and the proceeds of sale, repayment and redemption thereof (which may take effect as a floating charge);
- (b) charge with full title guarantee and by way of first fixed charge all monies held from time to time in the Loan Notes Issuer Accounts and the Cash Reserve Account (such charge to be effected for the purposes of the law of The Netherlands by way of the Pledge of Loan Notes Accounts Agreement), all monies held from time to time in the Operating Accounts and all monies standing to the credit of any bank or other account in which the Loan Notes Issuer has or may at any time have or acquire any right, title, interest or benefit (including its security interest in the Collection Accounts and except for the Loan Notes Euro Corporate Account)), which may take effect as a floating charge;
- (c) assigns with full title guarantee, in favour of the Loan Notes Trustee for itself and on behalf of the Loan Notes Secured Creditors, all its right, title and interest in the Loan Notes Issuer Assets, all its right, title and interest in, to and under the Loan Notes Transaction Documents (other than the Loan Notes Trust Documents and this Prospectus), all its right, title and interest in the Loan Notes Accounts (other than the Loan Notes Euro Corporate Account) and the Collection Accounts and all sums derived therefrom; and
- (d) charge by way of a first floating charge the whole of the Loan Notes Issuer's undertaking and all the Loan Notes Issuer's property, assets and rights whatsoever and wheresoever present and future including, without limitation, the Loan Notes Issuer's uncalled capital, except to the extent otherwise charged or secured under the Trust Documents.

5.2 *Enforcement.* The Loan Notes Security shall become enforceable upon the delivery by the Loan Notes Trustee of a Loan Notes Enforcement Notice in accordance with and subject to Loan Notes Condition 12 (*Loan Notes Events of Default*).

5.3 *Post-Enforcement Loan Notes Payments Priorities:* Following the delivery of a Loan Notes Enforcement Notice, all amounts received or recovered by the Loan Notes Issuer and/or the Loan Notes Trustee will be applied by the Loan Notes Transaction Manager or the Loan Notes Trustee in making the following payments in the following order of priority (the "**Post-Enforcement Loan Notes Payments Priorities**") but in each case only to the extent that all payments of a higher priority have been made in full:

- (a) *first*, in or towards payment *pari passu* on a *pro rata* basis of (i) any remuneration then due and payable to any Receiver of the Loan Notes Issuer and all costs, expenses and charges incurred by such Receiver; (ii) the Loan Notes Trustee's Fees; (iii) the Senior Expenses and (iv) any amount due in respect of Issuer Expenses;
- (b) *second*, in or towards payment, only when due and *pari passu* with each other on a *pro rata* basis, of any fees, liabilities, costs or expenses payable by the Loan Notes Issuer to the Corporate Services Provider, the Rating Agencies, the Loan Notes Agent, the Custodian, the Luxembourg Paying Agent, the Loan Notes Transaction Manager, the Kazakhstani Account Bank, the Loan Notes Account Bank, the Issuer Account Bank the Issuer Agents, the Custodian, the Servicer and the Back-up Servicer;

- (c) *third*, in or towards payment, only when due and *pari passu* with each other, on a *pro rata* basis of any amounts due and payable by the Loan Notes Issuer to third parties (not being a Loan Notes Transaction Party) including any liabilities payable in connection with:
 - (i) any advertising, publication, communication and printing expenses including postage telephone and telex charges; and
 - (ii) any other amounts then due and payable to third parties and incurred without breach by the Loan Notes Issuer of the provisions of the Loan Notes Transaction Documents;
- (d) *fourth*, in or towards payment of amounts due to the Political Risk Payor under the Political Risk Interest Payment Contract;
- (e) *fifth*, in or towards payment of any amounts due and payable to the Liquidity Facility Provider;
- (f) *sixth*, in or towards payment of any amounts due to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement other than any termination amount due to the Interest Rate Swap Counterparty where the termination is due to the Interest Rate Swap Counterparty defaulting on its obligations under the Interest Rate Swap Agreement;
- (g) *seventh*, in or towards payment *pari passu* on a *pro rata* basis of any Interest Amount due on the Class A Loan Notes;
- (h) *eighth*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class A Loan Notes until all Class A Loan Notes have been redeemed in full;
- (i) *ninth*, in or towards payment of any Interest Amount due on the Class B Loan Notes *pari passu* on a *pro rata* basis, but so that interest that has accrued in the immediately preceding Interest Period will be paid prior to any Deferred Interest Amount Arrears, and any Deferred Interest Amount Arrears will be paid prior to any default interest (if applicable) on any such Deferred Interest Amount Arrears in accordance with Loan Notes Condition 7.14 (*Priority of Payment of Interest and Deferred Interest*);
- (j) *tenth*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class B Loan Notes until all Class B Loan Notes have been redeemed in full;
- (k) *eleventh*, in or towards payment of any Interest Amount due on the Class C Loan Notes *pari passu* on a *pro rata* basis, but so that interest that has accrued in the immediately preceding Interest Period will be paid prior to any Deferred Interest Amount Arrears, and any Deferred Interest Amount Arrears will be paid prior to any default interest (if applicable) on any such Deferred Interest Amount Arrears in accordance with Loan Notes Condition 7.14 (*Priority of Payment of Interest and Deferred Interest*);
- (l) *twelfth*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class C Loan Notes until all Class C Loan Notes have been redeemed in full;
- (m) *thirteenth*, in or towards payment of the Subordinated Step-up Margin on Class A Loan Notes;
- (n) *fourteenth*, in or towards payment of the Subordinated Step-up Margin on Class B Loan Notes;
- (o) *fifteenth*, in or towards payment of the Subordinated Step-up Margin on Class C Loan Notes;

- (p) *sixteenth*, in or towards payment of amounts due to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement where the Interest Rate Swap Counterparty has defaulted on its obligations under the Interest Rate Swap Agreement;
- (q) *seventeenth*, in or towards payment of the Mezzanine Note Interest;
- (r) *eighteenth*, in or towards payment of any Subordinated Note Interest, but so that current interest will be paid before interest that is past due;
- (s) *nineteenth*, in or towards payment of principal due on the Mezzanine Notes until the Mezzanine Notes have been redeemed in full;
- (t) *twentieth*, in or towards payment of principal due on the Subordinated Notes until the Principal Amount Outstanding of the Subordinated Notes is equal to the Subordinated Notes Principal Amount;
- (u) *twenty-first*, all other remaining amounts in payment of the Subordinated Note Variable Margin due under the Subordinated Notes.

6. COVENANTS OF THE LOAN NOTES ISSUER

So long as any Loan Note remains outstanding, the Loan Notes Issuer shall comply with all the covenants of the Loan Notes Issuer, as set out in the Loan Notes Transaction Documents.

7. INTEREST

- 7.1 *Accrual*: Each Loan Note bears interest on its Principal Amount Outstanding from the Closing Date.
- 7.2 *Cessation of Interest*: Each Loan Note shall cease to bear interest from its due date for final redemption unless, upon due presentation, payment of the principal is improperly withheld or refused. In such event, Interest will continue to accrue thereon in accordance with this Loan Notes Condition (both before and after judgment) until whichever is the earlier of:
 - (a) the day on which all sums due in respect of such Loan Note up to that day are received by or on behalf of the relevant holder of Loan Notes; and
 - (b) the day which is seven days after the Loan Notes Agent or the Loan Notes Trustee has notified the holders of Loan Notes of such class that it has received all sums due in respect of the Loan Notes of such class up to such seventh day (except to the extent that there is any subsequent default in payment).
- 7.3 *Calculation period of less than 1 year*: Whenever it is necessary to compute an amount of Interest in respect of any Loan Note for a period of less than a full year, such interest shall be calculated on the basis of the applicable Day Count Fraction.
- 7.4 *Interest Payments*: Interest on each Loan Note is payable in arrear on each Payment Date, commencing on the Payment Date falling in May 2007 (except in respect of the Subordinated Step-up Margin, which shall commence after the Call Date).

The rate of interest payable from time to time in respect of each class of Loan Notes will be determined by the Loan Notes Agent on the basis of the following provisions.

- (A) The Loan Notes Agent will at, or as soon as practicable after, 11:00 a.m. (London time) on the Calculation Date determine the Interest Amount applicable to, and calculate the amount of interest payable on each class of Loan Notes, for the Interest Period immediately following such Calculation Date. The Interest Amount applicable to the Loan Notes of each class for any Interest Period will be equal to (A) US\$ LIBOR (as determined in accordance with this Loan Notes Conditions 7.4), (b) the Relevant Senior Margin and, (C) following the Call Date, the Subordinated Step-up Margin.

For the purposes of determining the Interest Amount in respect of the Loan Notes, US\$ LIBOR will be determined by the Loan Notes Agent on the basis of the following provisions:

- (B) on each Calculation Date or, in the case of the first Interest Period, on the Closing Date, the Loan Notes Agent will determine the arithmetic mean of the offered quotation to leading banks in the London inter-bank market for one month dollar deposits (or, in the case of the first Interest Period, such rate shall be obtained by linear interpolation of the rate for 1 week and 1 month dollar deposits) by reference to the rate quoted by Reuters LIBOR 01 or such other service as may replace Reuters LIBOR for the purpose of displaying such information or, if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Loan Notes Trustee as may replace Telerate) as at or about 11.00 a.m. London time on that date (the "**Screen Rate**") (rounded to five decimal places with the mid-point rounded up);
 - (C) if, on the relevant Calculation Date, a Screen Rate is unavailable, the Loan Notes Agent will request the principal London office of each of the three Reference Banks to provide the Loan Notes Agent with its offered quotation as at or about 11.00 a.m. London time on that date offered by such Reference Bank to leading banks for one month dollar deposits (or, in the case of the first Interest Period, such rate shall be obtained by linear interpolation of the rate for 1 week and 1 month dollar deposits) and subject as provided in sub-paragraphs (C) and (D) below, the Loan Notes Agent will determine the arithmetic mean of such offered quotations (rounded to five decimal places with the mid-point rounded up) from the Reference Banks;
 - (D) if, on the relevant Calculation Date, a Screen Rate is unavailable and only two of the Reference Banks provide the Loan Notes Agent with such offered quotations, the Loan Notes Agent will determine the rate of interest in accordance with sub-paragraph (B) above on the basis of the quotations of the offered quotations of those Reference Banks providing such quotations; and
 - (E) if, on the relevant Calculation Date, a Screen Rate is unavailable and only one or none of the Reference Banks provides the Loan Notes Agent with such offered quotations, the Loan Notes Agent will forthwith consult with the Loan Notes Trustee and the Loan Notes Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Loan Notes Agent and the rate for the Interest Period in question will be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the rate for the relevant Interest Period will be the Screen Rate in effect for the last preceding Interest Period to which sub-paragraph (A) shall have applied,
- (i) For the purposes of these Loan Notes Conditions, the "**Relevant Senior Margin**" means, with respect to each class of Loan Notes:
 - Class A Loan Note Margin: means 1.25 per cent. per annum
 - Class B Loan Note Margin: means 2.0 per cent. per annum
 - Class C Loan Note Margin: means 3.75 per cent. per annum
 - (ii) For the purposes of these Loan Notes Conditions, the "**Subordinated Step-up Amount**" means, with respect to each Class of Loan Notes:
 - Subordinated Step-up Margin on Class A Loan Notes: means 1.25 per cent. per annum

Subordinated Step-up Margin on Class B Loan Notes: means 2.0 per cent. per annum

Subordinated Step-up Margin on Class C Loan Notes: means 3.75 per cent. per annum

- (iii) To the extent that funds available to the Loan Notes Issuer to pay interest on the Class B Loan Notes and/or the Class C Loan Notes on a Payment Date are insufficient to pay the full amount of such interest (an "**Interest Deferral Event**"), the amount that represents the difference between the amount of interest that would have been paid but for that Interest Deferral Event (the "**Deferred Interest Amount Arrears**") and the funds available will not fall due on the Payment Date but (after making such payments as the Loan Notes Issuer is obligated to make in priority to payments in respect of the relevant class of Loan Notes), shall become due and payable in order of priority (with any interest accrued on the B Notes being paid before any interest accrued on the C Notes) on the next Payment Date upon which funds are available to the Loan Notes Issuer.

Such Deferred Interest Amount Arrears will accrue interest at the rate of interest applicable from time to time to the Class B Loan Notes or the Class C Loan Notes, as the case may be, and payment of any such interest will also be deferred until the first Payment Date thereafter on which funds are available (subject to and in accordance with these Loan Notes Conditions) to the Loan Notes Issuer to pay such additional interest. Payment of any amount of Deferred Interest Amount Arrears shall not be deferred beyond the Final Legal Maturity Date or beyond any earlier date on which the Class B Loan Notes or the Class C Loan Notes fall to be redeemed in full in accordance with Loan Notes Condition 8 (*Final Redemption, Mandatory Redemption in Part and Optional Redemption*), and any such amount which has not then been paid in respect of the Class B Loan Notes or the Class C Loan Notes shall thereupon become due and payable in full.

7.5 *Calculation of Interest:* Upon or as soon as practicable after each Calculation Date, the Loan Notes Agent shall calculate (or shall cause the Loan Notes Transaction Manager to calculate) the Interest payable on each Loan Note for the related Interest Period.

7.6 *Notification of Loan Note Rate, Interest Amount, Subordinated Step-up Margin and Payment Date:* As soon as practicable after each Calculation Date, the Loan Notes Transaction Manager will cause:

- (a) the Loan Note Rate for each class of Loan Notes for the related Interest Period;
- (b) the Interest Amount for each class of Loan Notes for the related Interest Period;
- (c) the Subordinated Step-up Margin for each class of Loan Notes for the related Interest Period; and
- (d) the next Payment Date following the related Interest Period;

to be notified to the Loan Notes Issuer, the Loan Notes Transaction Manager, the Loan Notes Trustee, the Servicer, the Interest Rate Swap Counterparty, the Rating Agencies, and the Loan Notes Agent.

7.7 *Publication of Loan Note Rate, Interest Amount, Subordinated Step-up Margin and Payment Date:* As soon as practicable after receiving each notification of the Loan Note Rate, the Interest Amount, Subordinated Step-up Margin and the Payment Date in accordance with Condition 7.6 (*Notification of Loan Note Rate, Interest Amount, Subordinated Step-up Margin and Payment Date*) the Loan Notes Issuer will cause such Loan Note Rate, Interest Amount and Subordinated Step-up Margin for each Class of the Loan Notes and the next following Payment Date to be published in accordance with Condition 21 (*Notices*).

- 7.8 *Amendments to Publications:* The Loan Note Rate, the Interest Amount and the Subordinated Step-up Margin for each class of Loan Notes and the Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.
- 7.9 *Determination or Calculation by Loan Notes Trustee:* If the Loan Notes Transaction Manager does not at any time for any reason determine the Loan Note Rate, the Interest Amount or the Subordinated Step-up Margin for each class of Loan Notes in accordance with this Loan Notes Condition 7, the Loan Notes Trustee may (but without any liability accruing to the Loan Notes Trustee as a result):
- (a) determine the Loan Note Rate for each class of Loan Notes using the rate calculated by the Reference Banks, having regard to the procedure described in this Loan Notes Condition; and/or
 - (b) calculate the Interest Amount for each class of Loan Notes in the manner specified in this Loan Notes Condition, and any such determination and/or calculation shall be deemed to have been made by the Loan Notes Transaction Manager; and/or
 - (c) calculate the Subordinated Step-up Margin for each class of Loan Notes in the manner specified in this Loan Notes Condition, and any such determination and/or calculation shall be deemed to have been made by the Loan Notes Transaction Manager.
- 7.10 *Deferral of Interest Amount Arrears:* If there are any Deferred Interest Amount Arrears in respect of any class of Loan Notes other than the Most Senior Class on any Payment Date (other than the Final Legal Maturity Date), such amounts shall not be regarded as due on such date and shall accrue interest during the Interest Period in which such Payment Date falls in accordance with Loan Notes Condition 7.12 (*Default Interest*).
- 7.11 *Notification of Deferred Interest Amount Arrears:* If, on any Calculation Date, the Loan Notes Issuer shall determine that any Deferred Interest Amount Arrears will arise on the immediately succeeding Payment Date, notice to this effect shall be given by the Loan Notes Issuer in accordance with Loan Notes Condition 21 (*Notices*), specifying the amount of the Deferred Interest Amount Arrears in respect of the relevant class of the Loan Notes to be deferred on such following Payment Date in respect of each class of Loan Notes.
- 7.12 *Default Interest:* Any Deferred Interest Amount Arrears shall bear interest during the period from (and including) the Payment Date upon which such Deferred Interest Amount is deferred to (and excluding) the date upon which the obligations of the Loan Notes Issuer to pay any Deferred Interest Amount Arrears is discharged. Interest on such Deferred Interest Amount Arrears shall accrue from day to day at the Loan Note Rate from time to time applicable to the relevant class of Loan Notes and shall be due and payable in accordance with Loan Notes Condition 7.4 (*Interest Payments*) or on such other date or dates as the Loan Notes Trustee may specify by written notice to the Loan Notes Issuer.
- 7.13 *Notification of Availability for Payment:* The Loan Notes Issuer shall cause notice of the availability for payment of any Deferred Interest Amount Arrears in respect of a class of Loan Notes other than the Most Senior Class of Notes and interest thereon (and any payment date thereof) to be published in accordance with Loan Notes Condition 21 (*Notices*).
- 7.14 *Priority of Payment of Interest and Deferred Interest:* The Loan Notes Issuer shall pay the Interest Amount due and payable on any Payment Date prior to any Deferred Interest Amount Arrears payable on such Payment Date which shall, in turn, be paid prior to any default interest on any such Deferred Interest Amount Arrears arising under Loan Notes Condition 7.12 (*Default Interest*) which is payable on such Payment Date.

8. FINAL REDEMPTION, MANDATORY REDEMPTION IN PART AND OPTIONAL REDEMPTION

8.1 *Final Redemption:* Unless previously redeemed as provided in this Loan Notes Condition, the Loan Notes Issuer shall redeem the Loan Notes in each class of Loan Notes at their Principal Amount Outstanding on the Final Legal Maturity Date.

8.2 *Pro-Rata Mandatory Redemption in part of the Loan Notes:* On each Payment Date the Pro-Rata Conditions are satisfied, the Loan Notes Issuer will cause any Available Principal Distribution Amount on such Payment Date to be applied in accordance with the Pre-Enforcement Loan Notes Payments Priorities in or towards payment on a *pari passu* and *pro rata* basis of the Principal Amount Outstanding of the Loan Notes in each case in an amount rounded down to the nearest US\$ and as determined on the related Calculation Date.

8.3 *Sequential Mandatory Redemption in part of the Loan Notes:* On each Payment Date the Pro-Rata Conditions are not satisfied the Loan Notes Issuer will cause any Available Principal Distribution Amount on such Payment Date to be applied in accordance with the Pre-Enforcement Loan Notes Payments Priorities in the redemption in part of the Principal Amount Outstanding of each class of Loan Notes determined as at the related Calculation Date in the following amounts and in the following sequential order of priority, in each case the relevant amount being applied to each class of Loan Notes divided by the number of Loan Notes outstanding in such class:

(a) in the case of each Class A Note, in an amount equal to the lesser of the Available Principal Distribution Amount and the Principal Amount Outstanding of the Class A Loan Notes;

(b) in the case of each Class B Note, in an amount equal to the lesser of the Available Principal Distribution Amount (minus the amount to be applied in redemption of any Most Senior Class of Loan Notes (if any) on such Payment Date) and the Principal Amount Outstanding of the Class B Loan Notes; and

(c) in the case of each Class C Note, in an amount equal to the lesser of the Available Principal Distribution Amount (minus the amount to be applied in redemption of any outstanding Class A Loan Notes or Class B Loan Notes (if any) on such Payment Date) and the Principal Amount Outstanding of the Class C Loan Notes,

in each case in an amount rounded down to the nearest US\$ of the relevant class of Loan Notes.

8.4 *Post-Enforcement Sequential Mandatory Redemption of the Loan Notes:* After the delivery of a Loan Notes Enforcement Notice, the Loan Notes Issuer will cause all amounts received or recovered by the Loan Notes Issuer and/or the Loan Notes Trustee and not already applied towards payment of items appearing earlier in the Post-Enforcement Loan Notes Payments Priorities to be applied in the redemption in full of each class of Loan Notes in the following sequential order of priority, in each case the relevant amount being applied to each class of Loan Notes divided by the number of Loan Notes outstanding in such class:

(a) in the case of each Class A Note, in an amount equal to the Principal Amount Outstanding of the Class A Loan Notes;

(b) in the case of each Class B Note, in an amount equal to the Principal Amount Outstanding of the Class B Loan Notes; and

(c) in the case of each Class C Note, in an amount equal to the Principal Amount Outstanding of the Class C Loan Notes,

in each case in an amount rounded down to the nearest US\$ of the relevant Class of Loan Notes.

8.5 *Calculation of Loan Note Principal Payments and Principal Amount Outstanding:* On (or as soon as practicable) after each Calculation Date, the Loan Notes Issuer shall calculate (or cause the Loan Notes Transaction Manager to calculate):

- (a) the aggregate of any Loan Note Principal Payments due in relation to each class of Loan Notes on the Payment Date immediately succeeding such Calculation Date;
 - (b) the Principal Amount Outstanding of each class of Loan Note in each class of Loan Notes on the Payment Date immediately succeeding such Calculation Date (after deducting any Loan Note Principal Payment due to be made on that Payment Date in relation to such class of Loan Notes).
- 8.6 *Calculations final and binding:* Each calculation by or on behalf of the Loan Notes Issuer of any Loan Note Principal Payment or the Principal Amount Outstanding of a Loan Note of each class of Loan Notes shall in each case (in the absence of any Breach of Duty) be final and binding on all persons.
- 8.7 *Loan Notes Trustee to determine amounts in case of Loan Notes Issuer default:* If the Loan Notes Issuer does not at any time for any reason calculate (or cause the Loan Notes Transaction Manager to calculate) any Loan Note Principal Payment or the Principal Amount Outstanding in relation to each Class in accordance with this Loan Notes Condition, such amounts may be calculated by the Loan Notes Trustee (without any liability accruing to the Loan Notes Trustee as a result) in accordance with this Loan Notes Condition (based on information supplied to it by the Loan Notes Issuer or the Loan Notes Transaction Manager) and each such calculation shall be deemed to have been made by the Loan Notes Issuer.
- 8.8 *Optional Redemption in whole:* The Loan Notes Issuer may redeem all (but not some only) of the Loan Notes in each class of Loan Notes at their Principal Amount Outstanding on any Payment Date:
 - (a) when, on the related Calculation Date, the Aggregate Minimum Principal Outstanding Amount of the Mortgage Loans is equal to or less than 10 per cent. of the Aggregate Minimum Principal Outstanding Amount of the Mortgage Loans at the Closing Date; or
 - (b) falling on or after the Call Date but subject to the Pro-Rata Conditions being satisfied on such Payment Date:
 - (i) that the Loan Notes Issuer has given not more than 60 nor less than 30 days' notice to the Loan Notes Trustee and the holders of Loan Notes in accordance with Loan Notes Condition 21 (*Notices*) of its intention to redeem all (but not some only) of the Loan Notes in each class; and
 - (ii) that prior to giving any such notice, the Loan Notes Issuer shall have provided to the Loan Notes Trustee a certificate signed by two directors of the Loan Notes Issuer to the effect that it will have the funds on the relevant Payment Date, not subject to the interest of any other person, required to redeem the Loan Notes pursuant to this Loan Notes Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Loan Notes Payments Priorities.
- 8.9 *Optional Redemption in whole for taxation reasons:* The Loan Notes Issuer may redeem all (but not some only) of the Loan Notes in each class at their Principal Amount Outstanding on any Payment Date:
 - (a) after the date on which, by virtue of a change in Tax law of any applicable jurisdiction (or the application or official interpretation of such Tax law), the Loan Notes Issuer would be required to make a Tax Deduction from any payment in respect of the Loan Notes (other than by reason of the relevant holder of Loan Notes having some connection with The Netherlands, other than the holding of the Loan Notes); or
 - (b) after the date on which, by virtue of a change in Tax law of any applicable jurisdiction (or the application or official interpretation of such Tax law), either the Loan Notes Issuer or the Interest Rate Swap Counterparty would be required to make a Tax Deduction from any payment to be made by it in respect of the Interest Rate Swap Agreement as applicable; or

- (c) after the date on which, by virtue of a change in the Tax law of any applicable jurisdiction (or the application or official interpretation of such Tax law), the Loan Notes Issuer would not be entitled to relief for the purposes of such Tax law for any material amount which it is obliged to pay, or the Loan Notes Issuer would be treated as receiving for the purposes of such Tax law any material amount which it is not entitled to receive, in each case under the Loan Notes Transaction Documents; or
- (d) after the date on which, by virtue of a change in Tax law, the Servicer would be required to make a Tax Deduction from any payment it needs to make pursuant to the Servicing Agreement; or
- (e) if the total amount payable in respect of any Mortgage Loan ceases to be receivable by the Loan Notes Issuer including as a result of the Servicer or any of the Debtors being obliged to make a Tax Deduction in respect of any payment in relation to any Mortgage Loan;

subject to the following:

- (i) that the Loan Notes Issuer has given not more than 60 nor less than 30 days' notice to the Loan Notes Trustee and the holders of Loan Notes in accordance with Loan Notes Condition 21 (*Notices*) of its intention to redeem all (but not some only) of the Loan Notes in each class; and
- (ii) that the Loan Notes Issuer has provided to the Loan Notes Trustee:
 - (A) in the case of subparagraphs (a) to (c) above, a legal opinion (in form and substance satisfactory to the Loan Notes Trustee) from a firm of lawyers in the relevant jurisdiction, opining on the relevant change in Tax law (or the application or official interpretation of such Tax law); and
 - (B) a certificate signed by two directors of the Loan Notes Issuer to the effect that the obligation to make a Tax Deduction cannot be avoided; and
 - (C) a certificate signed by two directors of the Loan Notes Issuer to the effect that it will have the funds on the relevant Payment Date, not subject to the interest of any other person, required to redeem the Loan Notes pursuant to this Loan Notes Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Loan Notes Payments Priorities.

- 8.10 *Conclusiveness of certificates and legal opinions:* Any certificate and legal opinion given by or on behalf of the Loan Notes Issuer pursuant to Loan Notes Condition 8.8 (*Optional Redemption in whole*) and Loan Notes Condition 8.9 (*Optional Redemption in whole for taxation reasons*) may be relied on by the Loan Notes Trustee without further investigation and shall be conclusive and binding on the holders of Loan Notes and on the other Loan Notes Secured Creditors (other than in the case of the Loan Notes Trustee's manifest error, gross negligence, wilful default or fraud).
- 8.11 *Notice of Calculation:* The Loan Notes Issuer will cause each calculation of a Loan Note Principal Payment and the Principal Amount Outstanding in relation to each class of Loan Notes to be notified immediately after calculation to the Loan Notes Trustee, the Loan Notes Agent and the Issuer by not later than three (3) Business Days prior to each Payment Date.
- 8.12 *Notice of no Loan Note Principal Payment:* If no Loan Note Principal Payment is due to be made on the Loan Notes in relation to any class on any Payment Date, a notice to this effect will be given to the holders of Loan Notes in accordance with Loan Notes Condition 21 (*Notices*) by no later than three (3) Business Days prior to such Payment Date.
- 8.13 *Notice irrevocable:* Any such notice as is referred to in Loan Notes Condition 8.8 (*Optional Redemption in whole*) or Loan Notes Condition 8.9 (*Optional Redemption in whole for taxation reasons*) or Loan Notes Condition 8.13 (*Notice of Calculation*) shall be irrevocable and, upon the expiration of such notice, the Loan Notes Issuer shall be bound to redeem the Loan Notes to which such notice relates at their Principal Amount Outstanding if effected pursuant to Loan Notes Condition 8.8 (*Optional Redemption in whole*) or Loan Notes

Condition 8.9 (*Optional Redemption in whole for taxation reasons*) and in an amount equal to the Loan Note Principal Payment calculated as at the related Calculation Date if effected pursuant to Loan Notes Condition 8.2 (*Pro-Rata Mandatory Redemption in part of the Loan Notes*), Loan Notes Condition 8.3 (*Sequential Mandatory Redemption in part of the Loan Notes*) and Loan Notes Condition 8.4 (*Post-Enforcement Sequential Mandatory Redemption of the Loan Notes*).

8.14 *No Purchase*: The Loan Notes Issuer may not at any time purchase any of the Loan Notes.

9. LIMITED RECOURSE

9.1 *Limited Recourse*: The recourse of the holders of Loan Notes against the Loan Notes Issuer is limited, as more particularly described in the Loan Notes Trust Documents, to the Loan Notes Security.

9.2 *Limitation on action by holders of Loan Notes*: Each of the holders of Loan Notes agrees with the Loan Notes Issuer that, notwithstanding any other provision of the Loan Notes Transaction Documents, all obligations of the Loan Notes Issuer to the holders of Loan Notes are limited in recourse as set out below:

- (a) it will have a claim only in respect of the Loan Notes Security and will not have any claim, by operation of law or otherwise, against, or recourse to any of the Loan Notes Issuer's other assets or its contributed capital; and
- (b) sums payable to each holder of Loan Notes in respect of the Loan Notes Issuer's obligations to such holder of Loan Notes shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such holder of Loan Notes and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the Loan Notes Issuer in respect of the Loan Notes Security, whether pursuant to enforcement of the Loan Notes Security or otherwise, net of any sums which are payable by the Loan Notes Issuer in accordance with the Loan Notes Payments Priorities in priority to or *pari passu* with sums payable to such holder of Loan Notes; and
- (c) upon the Loan Notes Trustee giving written notice to the holders of Loan Notes that it has determined in its sole reasonable opinion, and the Loan Notes Transaction Manager having certified to the Loan Notes Trustee, that there is no reasonable likelihood of there being any further realisations in respect of the Loan Notes Security (whether arising from an enforcement of the Loan Notes Security or otherwise) which would be available to pay amounts outstanding under the Loan Notes Transaction Documents and the Loan Notes, the holders of Loan Notes shall have no further claim against the Loan Notes Issuer in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full.

10. PAYMENTS

10.1 *Principal*: Payment of principal and interest will be made by transfer to the registered account of the relevant holder of Loan Notes in US\$. The final payment of principal and payments of interest due otherwise than on a Payment Date will only be made against surrender of the relevant Loan Notes Certificate at the specified office of the Loan Notes Agent. In this paragraph, the relevant holder of the Loan Notes means the holder shown on the register of the holders of Loan Notes at the close of business on the date (the "**record date**") being the second Business Day before the relevant due date for payment.

For the purposes of this Loan Notes Condition, the relevant holder of a Loan Note's registered account means the US\$ account maintained by or on behalf of it with a bank that processes payments in US\$, details of which appear on the register of the holders of Loan Notes at the close of business on the relevant record date, and the relevant holder of Loan Note's registered address means its address appearing on the register of holders of Loan Notes at that time.

10.2 *Payments subject to fiscal laws*: All payments in respect of the Loan Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the

provisions of Loan Notes Condition 11 (*Taxation*), no commissions or expenses shall be charged to the holders of Loan Notes in respect of such payments.

- 10.3 *Payments on Business Days*: If the due date for payment of any amount in respect of any Loan Notes is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in the place of presentation on which banks are open for business in such place of presentation and shall not be entitled to any further interest or other payment in respect of any such delay.
- 10.4 *Business Days*: In this Loan Notes Condition 10, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to an account in US\$, as referred to above, on which dealings in foreign currencies may be carried on in London, Amsterdam and in such place in which the TARGET System is open unless such day would fall into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day.
- 10.5 *Notifications to be final*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Loan Notes Condition, whether by the Reference Banks (or any of them), the Loan Notes Agent or the Loan Notes Trustee shall (in the absence of any gross negligence, wilful default, fraud or manifest error) be binding on the Loan Notes Issuer and all holders of Loan Notes and (in the absence of any gross negligence, wilful default, fraud or manifest error) no liability to the Loan Notes Trustee or the holders of Loan Notes shall attach to the Reference Banks, the Loan Notes Agent, or the Loan Notes Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Loan Notes Condition 10.

11. TAXATION

- 11.1 *Payments free of Tax*: All payments in respect of the Loan Notes shall be made free and clear of, and without withholding or deduction for, any Taxes unless the Loan Notes Issuer, the Loan Notes Trustee or any Loan Notes Agent (as the case may be) is required by law to make any such payment subject to any such withholding or deduction. In that event, the Loan Notes Issuer, the Loan Notes Trustee or any Loan Notes Agent (as the case may be) shall be entitled to withhold or deduct the required amount for or on account of Tax from such payment and shall account to the relevant Tax Authorities for the amount so withheld or deducted.
- 11.2 *No payment of additional amounts*: Neither the Loan Notes Trustee, the Loan Notes Issuer nor the Loan Notes Agent will be obliged to pay any additional amounts to holders of Loan Notes in respect of any Tax Deduction made in accordance with Loan Notes Condition 11.1 (*Taxation - Payments Free of Tax*) above.
- 11.3 *Tax Deduction not Loan Notes Event of Default*: Notwithstanding that the Loan Notes Trustee, the Loan Notes Issuer or any Loan Notes Agent is required to make a Tax Deduction in accordance with Loan Notes Condition 11.1 (*Taxation - Payments Free of Tax*) above, this shall not constitute a Loan Notes Event of Default.

12. LOAN NOTES EVENTS OF DEFAULT

- 12.1 *Loan Notes Events of Default*: The following shall be Loan Notes Events of Default in respect of the Loan Notes:
- (a) *Non-payment*: the Loan Notes Issuer fails to pay any amount of principal in respect of the Loan Notes within five (5) Business Days of the due date for payment of such principal or fails to pay any amount of interest in respect of the Class A Loan Notes, or, if there are no Class A Loan Notes outstanding, the Class B Loan Notes, or, if there are no Class A Loan Notes or Class B Loan Notes outstanding, the Class C Loan Notes within ten (10) Business Days of the due date for payment of such interest; or

- (b) *Breach of other obligations*: the Loan Notes Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Loan Notes or the Loan Notes Trust Documents and such default remains unremedied for thirty (30) days or such longer period as the Loan Notes Trustee may agree after the Loan Notes Trustee has given written notice thereof to the Loan Notes Issuer; or
 - (c) *Loan Notes Issuer Insolvency*: an Insolvency Event occurs with respect to the Loan Notes Issuer, or
- 12.2 *Unlawfulness*: it is or will become unlawful for the Loan Notes Issuer to perform or comply with any of its obligations under or in respect of the Loan Notes or the Loan Notes Trust Documents.
- 12.3 *Delivery of Loan Notes Enforcement Notice*: If a Loan Notes Event of Default occurs and is continuing, the Loan Notes Trustee may at its discretion and shall if so requested in writing by the holders of at least 60 per cent. of the Principal Amount Outstanding of the Most Senior Class of outstanding Loan Notes deliver a Loan Notes Enforcement Notice to the Loan Notes Issuer.
- 12.4 *Loan Notes Conditions to delivery of Loan Notes Enforcement Notice*: Notwithstanding Loan Notes Conditions 12.1 and 12.2 above, the Loan Notes Trustee shall not be obliged to deliver a Loan Notes Enforcement Notice unless:
 - (a) in the case of the occurrence of any of the events mentioned in Loan Notes Condition 12.1 above, the Loan Notes Trustee shall have certified in writing that the happening of such event is in its reasonable opinion materially prejudicial to the interests of the holders of Loan Notes; and
 - (b) it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13. ENFORCEMENT

- 13.1 *Consequences of delivery of Loan Notes Enforcement Notice*: Upon the delivery of a Loan Notes Enforcement Notice, the Loan Notes of each class shall become immediately due and payable without further action or formality at their Principal Amount Outstanding together with any accrued interest and any Deferred Interest Amount Arrears.
- 13.2 *Proceedings*: The Loan Notes Trustee may at its discretion and without further notice, institute such proceedings as it thinks fit to enforce its rights under these Loan Notes Conditions and the Loan Notes Trust Deed in respect of the Loan Notes of each class and under the other Loan Notes Transaction Documents, but it shall not be bound to do so unless it is so requested in writing by the holders of at least 60 per cent. of the Principal Amount Outstanding of the Most Senior Class of outstanding Loan Notes, and only if it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.
- 13.3 *Restrictions on disposal of Loan Notes Security*: If a Loan Notes Enforcement Notice has been delivered by the Loan Notes Trustee otherwise than by reason of non-payment of any amount due in respect of the Loan Notes, the Loan Notes Trustee will not be entitled to dispose of the Loan Notes Security or any part thereof unless either:
 - (a) a sufficient amount would be realised to allow payment in full of all amounts owing to the holders of Loan Notes of each class after payment of all other claims ranking in priority to the Loan Notes in accordance with the Post-Enforcement Loan Notes Payments Priorities; or
 - (b) the Loan Notes Trustee is of the reasonable opinion, which shall be binding on the holders of Loan Notes and the other Loan Notes Secured Creditors, reached after considering at any time and from time to time the advice of an investment bank or other financial adviser selected by the Loan Notes Trustee, (and if the Loan Notes Trustee is unable to obtain such advice having made reasonable efforts to do so this Loan Notes Condition shall not apply) that the cash flow prospectively receivable by

the Loan Notes Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Loan Notes Issuer, to discharge in full in due course all amounts owing to the holders of Loan Notes after payment of all other claims ranking in priority to the Loan Notes in accordance with the Post-Enforcement Loan Notes Payments Priorities; and

- (c) the Loan Notes Trustee shall not be bound to make the determination contained in Loan Notes Condition 13.3(b) above unless the Loan Notes Trustee shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

14. NO ACTION BY HOLDERS OF LOAN NOTES

14.1 None of the holders of Loan Notes or any other Loan Notes Secured Creditor (other than the Loan Notes Trustee) (nor any person on its or their behalf) are entitled until the expiry of two (2) years and one (1) day after the payment of all sums outstanding and owing in respect of the latest maturing Loan Note:

- (a) otherwise than as permitted by these Loan Notes Conditions, to direct the Loan Notes Trustee to enforce the Loan Notes Security or take any proceedings against the Loan Notes Issuer to enforce the Loan Notes Security;
- (b) to take any corporate action or other steps or legal proceedings for the winding-up, dissolution or re-organisation or for the appointment of a receiver, administrator, administrative receiver, Loan Notes Trustee, liquidator, sequestrator or similar officer of the Loan Notes Issuer or of any or all of the Loan Notes Issuer's revenues and assets; or
- (c) have any right to take any steps for the purpose of obtaining payment of any amounts payable to them by the Loan Notes Issuer and shall not until such time take any steps to recover any debts whatsoever owing to them by the Loan Notes Issuer; or
- (d) to initiate or join any person in initiating any Insolvency Event in relation to the Loan Notes Issuer; or
- (e) to take any steps or join in the taking of steps which would result in the Loan Notes Payments Priorities not being observed.

14.2 If the Loan Notes Trustee, having become bound to do so, fails:

- (a) to deliver a Loan Notes Enforcement Notice; and/or
- (b) to take any steps to enforce the Loan Notes Security in accordance with the Loan Notes Trust Deed or the Loan Notes Deed of Charge,

within a reasonable time and such failure is continuing, any holder of Loan Notes or other Loan Notes Secured Creditor shall be entitled to take any such steps as the Loan Notes Trustee would be entitled to take if such holder of Loan Notes or other Loan Notes Secured Creditor considers such action necessary or desirable (but not including, initiating or joining in the initiating of Insolvency Proceedings).

15. MEETINGS OF HOLDERS OF LOAN NOTES

15.1 *Meetings of holders of Loan Notes:* The Loan Notes Trust Deed contains provisions for convening meetings of any class of holders of Loan Notes to consider matters relating to the Loan Notes, including, among other things, the sanctioning by an Extraordinary Resolution of such holders of Loan Notes of the relevant class of the modification of any provision of these Loan Notes Conditions or the Loan Notes Trust Deed (subject to Loan Notes Condition 15.4). Any such modification may be made if sanctioned by a Loan Notes Extraordinary Resolution (subject to Loan Notes Condition 15.4) provided that where the modification of these Loan Notes Conditions or the Loan Notes Trust Deed would be materially prejudicial to the interests

of a Loan Notes Secured Creditor, such Loan Notes Secured Creditor shall be given written notice of the proposed Loan Notes Extraordinary Resolution.

- 15.2 *Request of holders of Loan Notes:* A meeting of any class of holders of Loan Notes may be convened by the Loan Notes Trustee or the Loan Notes Issuer at any time and must be convened by the Loan Notes Trustee (subject to its being indemnified to its satisfaction) upon request in writing of holders of Loan Notes of any Class holding not less than ten per cent. of the Aggregate Principal Amount Outstanding of the outstanding Loan Notes of the relevant Class or Classes.
- 15.3 *Quorum:* The quorum at any meeting of holders of Loan Notes of any class convened to vote on:
- (a) a Loan Notes Extraordinary Resolution other than regarding a Loan Notes Reserved Matter will be two or more persons holding or representing one half of the Aggregate Principal Amount Outstanding of the relevant class of Loan Notes or, at any adjourned meeting, two or more persons being or representing holders of Loan Notes of the relevant class whatever the Principal Amount Outstanding of the Loan Notes of that class of Loan Notes held or represented;
 - (b) a Loan Notes Extraordinary Resolution in relation to a Loan Notes Reserved Matter (which must be proposed separately to each class of holders of Loan Notes) will be two or more persons holding or representing not less than in the aggregate 75 per cent. or, at any adjourned meeting, 50 per cent. of the Aggregate Principal Amount Outstanding of the outstanding Loan Notes of the relevant class.

Subject to Loan Notes Condition 15.4 any Loan Notes Extraordinary Resolution duly passed at any such meeting shall be binding on all the holders of Loan Notes of such class whether present or not.

15.4 *Effectiveness of Loan Notes Extraordinary Resolutions*

A Loan Notes Extraordinary Resolution passed at any meeting holders of Loan Notes of any class shall be binding on all holders of Loan Notes, whether or not they are present at the meeting, subject to:

- (a) A Loan Notes Extraordinary Resolution of the holders of the Class C Loan Notes shall not be effective for any purpose unless either the Loan Notes Trustee is of the reasonable opinion that it will not be materially prejudicial to the interests of the holders of the Class A Loan Notes and the Class B Loan Notes or it is sanctioned by a Loan Notes Extraordinary Resolution of the holders of the Class A Loan Notes and the Class B Loan Notes.
- (b) A Loan Notes Extraordinary Resolution of the holders of the Class B Loan Notes shall not be effective for any purpose unless either the Loan Notes Trustee is of the reasonable opinion that it will not be materially prejudicial to the interests of the holders of the Class A Loan Notes or it is sanctioned by an Extraordinary Resolution of the holders of the Class A Loan Notes. A Loan Notes Extraordinary Resolution passed at any meeting of the holders of the Class B Loan Notes will only binding on the holders of the Class B Loan Notes and the holder of the Class C Loan Notes.
- (c) A Loan Notes Extraordinary Resolution passed at any meeting of the holders of Class A Loan Notes will be binding on all other holders of Loan Notes, irrespective of the effect upon them.

16. MODIFICATION AND WAIVER

16.1 *Modification:* The Loan Notes Trustee may, at any time and from time to time, without the consent or sanction of the holders of Loan Notes or any other Loan Notes Secured Creditors concur with the Loan Notes Issuer and any other relevant parties in making:

- (a) any modification to these Loan Notes Conditions, the Loan Notes Trust Documents, the Loan Notes or the other Loan Notes Transaction Documents (other than in

respect of a Loan Notes Reserved Matter or any provisions of the Loan Notes Trust Documents, Loan Notes Conditions, Loan Notes or other Loan Notes Transaction Documents referred to in the definition of a Loan Notes Reserved Matter in relation to which its consent is required) which, in the reasonable opinion of the Loan Notes Trustee, will not be materially prejudicial to the interests of holders of the Loan Notes or any other Loan Notes Secured Creditor; or

- (b) any modification to these Loan Notes Conditions, the Loan Notes Trust Documents and the other Loan Notes Transaction Documents in relation to which its consent is required if, in the reasonable opinion of the Loan Notes Trustee, such modification is of a formal, minor or technical nature, is made to correct a manifest error or is necessary or desirable for the purposes of clarification,

provided that any modification pursuant to Loan Notes Condition 16.1 (a) is notified to the Rating Agencies.

- 16.2 *Waiver*: In addition, the Loan Notes Trustee may, without the consent of the holders of Loan Notes or any other Loan Notes Secured Creditor, waive any proposed breach or breach of the covenants or provisions contained in the Loan Notes Trust Documents, the Loan Notes, the other Loan Notes Transaction Documents (including a Loan Notes Event of Default or Potential Loan Notes Event of Default) if, in the reasonable opinion of the Loan Notes Trustee, the holders of Loan Notes or any other Loan Notes Secured Creditor then outstanding will not be materially prejudiced by such waiver, provided that such authorisation or waiver is notified to the Rating Agencies.
- 16.3 *Restriction on power to waive*: The Loan Notes Trustee shall not exercise any powers conferred upon it by Loan Notes Condition 16.2 (*Waiver*) in contravention of any express direction by a Loan Notes Extraordinary Resolution of the holders of the Most Senior Class of Loan Notes then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. in the Principal Amount Outstanding of the Most Senior Class of Loan Notes then outstanding, but so that no such direction or request (a) shall affect any authorisation, waiver or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Loan Notes Reserved Matter unless the holders of each class of Loan Notes outstanding has, by Loan Notes Extraordinary Resolution, so authorised its exercise.
- 16.4 *Notification*: Unless the Loan Notes Trustee otherwise agrees, the Loan Notes Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the holders of Loan Notes, the other Loan Notes Secured Creditors and the Rating Agencies in accordance with Loan Notes Condition 21 (Notices) and the Relevant Loan Notes Transaction Documents, as soon as practicable after it has been made.
- 16.5 *Binding Nature*: Any authorisation, waiver, determination or modification referred to in Loan Notes Condition 16.1 (*Modification*) or Loan Notes Condition 16.2 (*Waiver*) shall be binding on the holders of Loan Notes and the other Loan Notes Secured Creditors.

17. PRESCRIPTION

- 17.1 Claims for principal shall become void unless made within ten years of the appropriate Relevant Date.
- 17.2 Claims for interest shall become void unless made within five years of the appropriate Relevant Date.

18. REPLACEMENT OF LOAN NOTES CERTIFICATES

If any Loan Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Loan Notes Agent 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 Loan Notes Issuer may reasonably require. Mutilated or defaced Loan Notes Certificates must be surrendered before replacements will be issued.

19. LOAN NOTES TRUSTEE AND AGENTS

- 19.1 *Loan Notes Trustee's right to indemnity:* Under certain Loan Notes Transaction Documents, the Loan Notes 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 holders of Loan Notes. In addition, the Loan Notes Trustee is entitled to enter into business transactions with the Loan Notes Issuer and any entity relating to the Loan Notes Issuer without accounting for any profit.
- 19.2 *Loan Notes Trustee not responsible for loss or for monitoring:* The Loan Notes Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Loan Notes Security or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Loan Notes Transaction Manager or by any person on behalf of the Loan Notes Trustee. The Loan Notes Trustee shall not be responsible for monitoring the compliance by any of the other Loan Notes Transaction Parties with their obligations under the Loan Notes Transaction Documents.
- 19.3 *Regard to classes of holders of Loan Notes:* In the exercise of its powers and discretions under these Loan Notes Conditions and the Loan Notes Trust Deed, the Loan Notes Trustee will:
- (a) have regard to the interests of each class of holders of Loan Notes as a class and will not be responsible for any consequence for individual holders of Loan Notes as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and
 - (b) have regard only to the holders of the Most Senior Class of outstanding Loan Notes and will not have regard to any lower ranking class of Loan Notes nor to the interests of the other Loan Notes Secured Creditors, except (i) to ensure the application of the Loan Notes Issuer's funds after the delivery of a Loan Notes Enforcement Notice in accordance with the Post-Enforcement Loan Notes Payments Priorities; or (ii) if a Loan Notes Secured Creditor, acting reasonably, informs the Loan Notes Trustee in writing that such exercise of its powers and discretions would be materially prejudicial to its interest, in which case the prior written consent of such Loan Notes Secured Creditor must be provided.
- 19.4 *Loan Notes Agent solely agents of Loan Notes Issuer:* In acting under the Loan Notes Agency Agreement and in connection with the Loan Notes, the Loan Notes Agent act solely as agents of the Loan Notes Issuer and (to the extent provided therein) the Loan Notes Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the holders of Loan Notes.
- 19.5 *Initial Loan Notes Agent:* The initial Loan Notes Agent and its initial Specified Office is listed below. The Loan Notes Issuer reserves the right (with the prior written approval of the Loan Notes Trustee) to vary or terminate the appointment of any Loan Notes Agent and to appoint a successor principal Loan Notes Agent and additional or successor Loan Notes Agent at any time, having given not less than 30 days notice to such Loan Notes Agent.
- 19.6 *Maintenance of Agents:* The Loan Notes Issuer shall at all times maintain a Loan Notes Agent with its Specified Office in any city where a stock exchange on which the Loan Notes are listed requires there to be a Loan Notes Agent. Notice of any change in any of the Loan Notes Agent or in their Specified Office shall promptly be given to the holders of Loan Notes in accordance with Loan Notes Condition 21 (*Notices*).

20. SUBSTITUTION OF LOAN NOTES ISSUER

- 20.1 *Substitution of Loan Notes Issuer:* The Loan Notes Trustee may agree, without the consent of the holders of Loan Notes or any other Loan Notes Secured Creditor subject to:
- (a) the consent of the Loan Notes Issuer;

- (b) such further Loan Notes Conditions as are specified in the Loan Notes Trust Deed (including the receipt of a Ratings Confirmation from Fitch and notification of the substitution to Moody's),

to the substitution of a Substituted Obligor in place of the Loan Notes Issuer as the principal debtor in respect of the Loan Notes Trust Documents, the Loan Notes and the other Loan Notes Secured Amounts.

- 20.2 *Notice of Substitution of Loan Notes Issuer.* Not later than fourteen days after any substitution of the Loan Notes Issuer in accordance with this Loan Notes Condition, the Substituted Obligor shall cause notice of such substitution to be given to the holders of Loan Notes and the other Loan Notes Secured Creditors in accordance with Loan Notes Condition 21 (*Notices*).
- 20.3 *Change of Law.* In the case of a substitution pursuant to this Loan Notes Condition, the Loan Notes Trustee may in its absolute discretion agree, without the consent of the holders of Loan Notes or the other Loan Notes Secured Creditors, to a change of the law governing the Loan Notes and/or any of the Loan Notes Transaction Documents provided that such change would not, in the reasonable opinion of the Loan Notes Trustee, be materially prejudicial to the interests of the holders of the Most Senior Class of outstanding Loan Notes, provided that the Rating Agencies are notified.
- 20.4 *No indemnity.* No holder of Loan Notes shall, in connection with any such substitution, be entitled to claim from the Loan Notes Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon individual holders of Loan Notes.

21. NOTICES

Any notice to holders of Loan Notes shall be validly given if such notice is mailed by uninsured mail at the risk of the holder entitled to the Loan Note to the address specified next to the name of such holder in the register of holders of Loan Notes.

22. THIRD PARTY RIGHTS

No person shall have any right to enforce any Loan Notes Condition or provision of the Loan Notes Trust Documents under the Contract (Rights of Third Parties) Act 1999.

23. GOVERNING LAW AND JURISDICTION

- 23.1 *Governing Law.* The Loan Notes and the Loan Notes Trust Documents are governed by English law.
- 23.2 *Jurisdiction.* The Loan Notes Issuer has in the Loan Notes Trust Deed (i) submitted irrevocably to the jurisdiction of the courts of England for the purposes of hearing and determining any suit, action or proceedings or settling any disputes arising out of or in connection with the Loan Notes Trust Documents or the Loan Notes, (ii) waived any objection which it might have to any such courts being nominated as the forum to hear and determine any such suit, action or proceedings or to settle any such disputes and agreed not to claim that any such court is not a convenient or appropriate forum and (iii) designated a person in England to accept service of any process on its behalf.

TAXATION

The following is a general description of certain tax considerations in The Netherlands, Kazakhstan and the United Kingdom relating to the Offered Notes. It does not purport to be a complete analysis of all tax considerations relating to the Offered Notes in those or other jurisdictions and should be read in conjunction with the section entitled "**Risk Factors – Withholding Taxes**". Prospective purchasers of the Offered Notes should consult their tax advisers as to the consequences under the tax laws of the country or countries in which they are resident for tax purposes and the tax laws of Kazakhstan, the United Kingdom and The Netherlands of acquiring, holding and disposing of Offered Notes and receiving payments of interest, principal and/or other amounts in respect of the Offered Notes. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Dutch Taxation

The following is a summary of the principal Dutch tax issues at the date hereof relating to withholding tax, corporate tax, income tax, stamp duty and value added tax as regards the Offered Notes. These statements do not deal with other Dutch tax aspects regarding the Offered Notes and relate only to the position of entities who are absolute beneficial owners of the Offered Notes.

Withholding Tax

All payments under the Offered Notes may be made free of withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on Income and Capital Gains

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

- (i) such holder is neither a resident nor deemed to be a resident of the Netherlands, nor, if he is an individual, has elected to be taxed as a resident of the Netherlands; and
- (ii) such holder does not have an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Offered Notes are attributable; and
- (iii) if such holder is an individual, neither such holder nor any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, or certain other of such persons' relatives (including foster children), (a) has indirectly the disposition of the proceeds of the Offered Notes, nor (b) has a substantial interest in the Issuer and/or any other entity that legally or de facto, directly or indirectly, has the disposition of the proceeds of the Offered Notes. For purposes of this paragraph (iii), a substantial interest is generally not present if a holder does not hold, alone or together with his spouse or partner, whether directly or indirectly, the ownership of, or certain other rights (including rights to acquire shares, whether or not already issued) over, (a) shares representing 5 per cent. or more of the total issued and outstanding capital (or of the issued and outstanding capital of any class of shares) of a company, (b) profit sharing certificates, or membership rights in a co-operative association, entitling the holder to 5 per cent. or more of the profits or of the liquidation distributions of a company or co-operative association, or (c) membership rights representing 5 per cent. or more of the voting rights in a co-operative association's general meeting;
- (iv) if such holder is a company, such holder does not have a substantial interest in the Issuer or if such holder does have such a substantial interest, it can be allocated to the holder's business assets. For purpose of this paragraph (iv), a substantial interest is generally not present if a holder does not hold, whether directly or indirectly, the ownership of, or certain other rights (including the rights to acquire shares, whether or

not already issued) over shares representing 5 per cent. or more of the total issued and outstanding capital (or of the issued and outstanding capital of any class of shares) of the Issuer;

- (v) if such a holder of Offered Notes is an individual, such income or capital gain do not form "benefits from miscellaneous activities in the Netherlands" ("*resultaat uit overige werkzaamheden in Nederland*"), which would for instance be the case if the activities in the Netherlands with respect to the Offered Notes exceed "normal active asset management" ("*normaal, actief vermogensbeheer*").

A holder of Offered Notes will not be subject to taxation in the Netherlands by reason only of the execution, delivery and/or enforcement of the Transaction Documents and the issue of the Offered Notes or the performance by the Issuer of its obligations thereunder or under the Offered Notes.

Gift, Estate and Inheritance Taxes

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition or deemed acquisition of Offered Notes by way of a gift by, or on the death of, a holder of Offered Notes who is neither resident nor deemed to be resident in the Netherlands, unless:

- (a) such holder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Offered Notes are or were attributable; or
- (b) in the case of a gift of Offered Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

Turnover Tax

No Netherlands turnover tax will arise in respect of any payment in consideration for the issue of the Offered Notes or with respect to any payment by the Issuer of principal, interest or premium (if any) on the Offered Notes.

Other Taxes and Duties

No Netherlands registration tax, custom duty, transfer tax, capital tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the Courts of the Netherlands) of the Transaction Documents or the performance by the Issuer of its obligations thereunder or under the Offered Notes.

Kazakhstan Taxation

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

Taxation of payments to holders of Offered Notes

Non-Kazakhstani Holders

For the purposes of this summary, a Non-Kazakhstani Holder means an individual or a legal entity that is a non-resident for Kazakhstani tax purposes and which does not maintain a permanent establishment in Kazakhstan for tax purposes, to which the Offered Notes are attributable.

An individual is considered a non-resident for Kazakhstani tax purposes when he/she is not permanently residing in Kazakhstan for the current period, does not have a centre of vital interests in Kazakhstan and does not meet certain other tests. An individual is permanently residing in

Kazakhstan if he/she is present in Kazakhstan for at least 183 calendar days in any consecutive twelve-month period ending in the current tax period; or at least 183 calendar days in the current and two preceding years in the following proportion: 1 – for days an individual was present in Kazakhstan in the current period; 1/3 – for the days an individual was present in Kazakhstan in the preceding year; and 1/6 for the days an individual was present in Kazakhstan in the year prior to the preceding year. A center of vital interests is considered to be located in Kazakhstan if an individual meets the following three conditions: (1) he/she is a citizen of Kazakhstan or a holder of a Kazakhstani permanent residency permit; (2) his/her family or close relatives reside in Kazakhstan; and (3) he/she or his/her family has rights to immovable property in Kazakhstan which is available for residence. Certain other categories of individuals may qualify for Kazakhstan tax residency in accordance with the laws of Kazakhstan.

A legal entity is considered a non-resident for Kazakhstani tax purposes when it is neither established in accordance with the laws of Kazakhstan, nor has its actual governing body (place of effective management) in Kazakhstan.

Under Kazakhstani tax law, as presently in effect, payments of principal on the Offered Notes, issued by a non-resident Issuer to Non-Kazakhstani Holders will not be subject to taxation in Kazakhstan, and no withholding of any Kazakhstani tax will be required on such payments.

Under certain conditions which are intended to be met, payment of interest on the Offered Notes, issued by a non-resident Issuer to Non-Kazakhstani Holders, will not be subject to taxation in Kazakhstan.

A Non-Kazakhstani Holder shall not be subject to Kazakhstani taxation on a gain as a result of the disposal of the Offered Notes even if payment is received from Kazakhstan as such gain will not be considered a Kazakh source income.

Kazakhstani Holders

A "**Kazakhstani Holder**" means an individual or a legal entity that is a resident for Kazakhstan tax purposes, as well as a non-resident individual or non-resident legal entity having a permanent establishment for tax purposes in Kazakhstan to which the Offered Notes are attributable, each of whom does not qualify as a Non-Kazakhstani Holder as determined above.

Payment of principal on the Offered Notes, issued by a non-resident Issuer, to Kazakhstani Holders will not be subject to taxation in Kazakhstan. Payment of interest on the Offered Notes, issued by a non-resident Issuer, to Kazakhstani Holders, which are legal entities, will be included in the taxable income of the recipient and will be subject to the corporate income tax at the rate of 30 per cent. (a non-resident legal entity with a permanent establishment in Kazakhstan to which the Offered Notes are attributable will additionally be subject to the 15% tax on net income (i.e., income after payment of corporate income tax) of the permanent establishment, unless such tax is reduced or eliminated by an applicable double taxation treaty). If a Kazakhstani Holder is an individual, payment of interest on the Offered Notes will be subject to personal income tax at the rate of 10 per cent. The Tax Code provides for the exemption of interest income earned on debt securities, however due to the uncertainty surrounding certain provisions of the tax law the application of the exemption is uncertain, particularly as the Offered Notes are issued outside Kazakhstan.

Kazakhstani Holders will be subject to taxation on any gain received from the disposal of the Offered Notes. Under the domestic tax legislation, a gain on disposal of the Offered Notes is defined as the positive difference (disregarding coupon) between the sales price and the acquisition cost, taking into account amortization of the discount/premium as of the date of disposal.

Any gain from the disposal of the Offered Notes received by a Kazakhstani Holder who is a legal entity will be subject to corporate income tax at the rate of 30 per cent. (a non-resident legal entity with a permanent establishment in Kazakhstan attributable to the Offered Notes will additionally be subject to the 15% tax on net income (i.e., income after payment of corporate income tax) of the permanent establishment, unless such tax is reduced or eliminated by an applicable double taxation treaty). Any gain on disposal of the Offered Notes received by a Kazakhstani Holder who is an individual will be subject to personal income tax at the rate of 10%.

Taxation of Payments under the Mortgage Loans right of claim under which are serving as security for payments on the Offered Notes

For the purposes of this section, Debtors under Mortgage Loans are deemed to be individuals permanently resident in Kazakhstan (see above for the definition of an individual permanently residing in Kazakhstan) except where specified below under Kazakhstani law. Mortgage Loans (represented by Mortgage Certificates) and the Related Security/Ancillary Rights are granted as security under a loan extended by the Issuer to the Loan Notes Issuer, which will hold receivables under the Mortgage Loans.

Taxation of Principal

The repayment by the Debtors of the principal on Mortgage Loans, serving as security for payments due under the Offered Notes, to the Loan Notes Issuer shall not be subject to taxation in Kazakhstan.

Taxation of Interest and Default Interest

Under Kazakhstani tax law, interest and default interest received from Kazakhstani tax residents by a non-resident is subject to taxation as it is considered a Kazakhstani source income for the recipient of income. It is the responsibility of a payer of income, as a tax agent in Kazakhstan, to withhold income tax on the payment of interest. However, payments by the Debtors of interest and default interest on Mortgage Loans shall not be subject to income tax withholding if the Debtors will not be considered as individual entrepreneurs (with respect to individuals, only individual entrepreneurs are considered as tax agents). Payments of interest and default interest on Mortgage Loans by the Debtors who are individual entrepreneurs shall be subject to income tax withholding as they are regarded as tax agents for Kazakhstani tax purposes. Certain of the Mortgage Loans have been entered into by individual entrepreneurs in a personal capacity and not in their capacity as individual entrepreneurs. Under the Kazakhstani tax law, no provision is made to distinguish between individual entrepreneurs acting in that capacity and in their personal capacity. There is a risk that the Kazakhstani tax authorities will treat all payments of interest made by individual entrepreneurs as if they had been made in that capacity; all such interest payments could in that case be subject to Kazakhstani income tax withholding (at the rate of 15 per cent. for interest and 20 per cent. for default interest).

If funds are remitted to a non-resident by a Kazakhstan legal entity (such as the Servicer) on behalf of an individual, there is some uncertainty regarding the application of Kazakhstan withholding tax to such amounts. The Originator/Servicer, remitting interest and default interest on Mortgage Loans, may be regarded as a tax agent for the purposes of Kazakhstan withholding tax and such interest and default interest may be subject to Kazakhstan withholding tax at a rate of 15 per cent. and 20 per cent. respectively, subject to reduction or elimination pursuant to the terms of an applicable double taxation treaty. The Originator/Servicer has obtained an official letter from the tax authorities on the applicability of income tax withholding for the above payments structure which provides for non-withholding of the tax. However, such letters of the tax authorities do not have a binding nature and are potentially subject to change.

Tax Implications for non-Kazakhstani Holders following enforcement of Security

If the Issuer commits a default in paying any principal or interest on the Offered Notes and the Trustee exercises its powers in relation to the Secured Property under the Transaction Documents, the payment of interest on the Loan Notes will be directed to the Trustee who acts for the benefit of the holders of Offered Notes and other secured parties. There is a remote risk that the Kazakhstani tax authorities will investigate the beneficiary owner of interest payments on the Loan Notes and consider that in post enforcement settlements the holder of Offered Notes receive interest from the Loan Notes Issuer. The concept of beneficiary owner of income is untested in Kazakhstan and we are not aware of any practice when this concept has been applied and the beneficiary owner status was challenged. However, if interest received by the holder of Offered Notes is regarded as received from the Loan Notes Issuer which owns property located in Kazakhstan, including the Mortgage Certificates and the account in Tenge, that interest income will be subject to Kazakhstani income tax. The Tax Code does not provide rules for calculation and payment of the tax in the above situation, and neither does it give instructions regarding filing of tax returns. If interest will be subject to taxation in Kazakhstan a Non-Kazakhstani Holder, who is a beneficial owner of the interest income, may enjoy a double tax treaty benefit if he is a tax resident of a country with which Kazakhstan has the relevant double tax treaty and is eligible to the treaty benefits. No tax will be payable on any payments of principal on the Offered Notes.

Under the Kazakhstani tax laws, if an international treaty ratified by Kazakhstan establishes rules other than those provided for in the tax Code the rules of the international treaty shall be used. Thus, the provisions of a double taxation treaty prevail over domestic laws.

Payment of principal under the Loan Notes

Payment of principal under the Loan Notes will not be subject to taxation in Kazakhstan.

Payment of interest under the Loan Notes

Payment of interest on the Loan Notes from the Loan Notes Issuer to the Issuer may be recognized as income from a Kazakhstani source as the Loan Notes Issuer owns property located in Kazakhstan and has the indebtedness associated with that property and in this case will be subject to income tax withholding at the rate of 15%. The property of the Loan Notes Issuer located in Kazakhstan is represented by the account in Tenge (and monies in this account) with ABN AMRO Bank Kazakhstan and the Mortgage Certificates which are physically kept with a Kazakhstani custodian. The association of the indebtedness under the Loan Notes with that property is supported with the pledge by the Loan Notes Issuer of its titles to the above property as a security for the payment of the Loan Notes.

However, where the Issuer is recognized as receiving income from the Kazakhstani source, the Loan Notes Issuer will likely not fall within a formal definition of a tax agent under the Tax Code as the Loan Notes Issuer is neither a Kazakhstani legal entity, nor a non-resident legal entity performing activity in Kazakhstan through a permanent establishment, branch, or representative office, on which the Tax Code imposes the obligation to perform as a tax agent, i.e. to calculate, withhold and remit to the budget taxes on income of foreign recipients (the above is true if it is not the intention of the Loan Notes Issuer to create a permanent establishment in Kazakhstan).

Should interest on the Loan Notes be subject to taxation in Kazakhstan, the Issuer, who is a beneficial owner of the interest income on the Loan Notes, will enjoy the Kazakhstani-Dutch double taxation treaty exemption which prevails over domestic tax rules.

United Kingdom Taxation

The following is a summary of the United Kingdom withholding tax treatment at the date hereof in relation to payments of principal and interest in respect of the Offered Notes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Offered Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Offered Notes and may not apply to certain classes of holders of Offered Notes (such as dealers). The comments are made on the assumption that there will be no substitution of the Issuer pursuant to Condition 20 (*Substitution of Issuer*) and do not consider the tax consequences of any such substitution.

The following is a general guide and should be treated with appropriate caution. Holders of Offered Notes who are in any doubt as to their tax position should consult their professional advisers. Holders of Offered Notes who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Offered Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following summary relates only to certain United Kingdom taxation aspects of payments in respect of the Offered Notes. In particular, holders of Offered Notes should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Offered Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

United Kingdom withholding tax on payments of interest by the Issuer

Interest on the Offered Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax, except in circumstances where such interest has a United Kingdom source. Interest on Offered Notes may have a United Kingdom source where, for example, the Offered Notes are secured on assets situated in the United Kingdom or the interest is paid out of funds maintained in the United Kingdom.

Interest which has a United Kingdom source ("**UK interest**") may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Offered Notes in respect of which the UK interest is paid constitute "quoted Eurobonds". Offered Notes which carry a right to interest will constitute quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange. On the basis of H.M. Revenue and Customs' published interpretation of the relevant legislation, Offered Notes which are to be listed on a stock exchange in a country which is a member state of the European Union or which is part of the European Economic Area will satisfy this requirement if they are listed by a competent authority in that country and are admitted to trading on a recognised stock exchange in that country. The Luxembourg Stock Exchange is a recognised stock exchange for these purposes.

In all other cases, UK interest on the Offered Notes may fall to be paid under deduction of United Kingdom income tax at the lower rate (currently 20 per cent.), subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other exemption which may apply.

Provision of information

Holders of Offered Notes should note that where any interest on Offered Notes is paid to them (or to any person acting on their behalf) by any person in the United Kingdom acting on behalf of the Issuer (a "**paying agent**"), or is received by any person in the United Kingdom acting on behalf of the relevant Holder of Offered Notes (other than solely by clearing or arranging the clearing of a cheque) (a "**collecting agent**"), then the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to H.M. Revenue and Customs details of the payment and certain details relating to the Holder of Offered Notes (including the Holder of Offered Notes' name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Holder of Offered Notes is resident in the United Kingdom for United Kingdom taxation purposes. Where the Holder of Offered Notes is not so resident, the details provided to H.M. Revenue and Customs may, in certain cases, be passed by H.M. Revenue and Customs to the tax authorities of the jurisdiction in which the Holder of Offered Notes is resident for taxation purposes.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Offered Notes where the amount payable on redemption is greater than the issue price of the Offered Notes.

Other Rules Relating to United Kingdom Withholding Tax

Where Offered Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, holders of Offered Notes who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Offered Notes or any related documentation.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding tax system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

SUBSCRIPTION AND SALE

General

Each of the Managers has, in a subscription agreement dated the Signing Date (the "**Subscription Agreement**") and made between the Managers, the Issuer and the Originator, upon the terms and subject to the conditions contained therein, agreed to subscribe and pay for the Offered Notes at the issue price of 100 per cent. of their principal amount less certain management underwriting and selling commissions as agreed between the Managers and the Issuer.

The Issuer has also agreed to reimburse the Managers for certain of the expenses incurred by each of them in connection with the management of the issue of the Offered Notes. The Managers are entitled in certain circumstances to be released and discharged from its obligations under the Subscription Agreement prior to the Closing Date. The Issuer and the Originator have agreed to indemnify the Managers against certain liabilities in connection with the issue of the Offered Notes.

United States of America

The Offered Notes have not been and will not be registered under the US Securities Act 1933 as amended (the "**Securities Act**") and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Offered Notes and any Coupons appertaining thereto will bear a legend to the following effect: "**Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code**". The sections referred to in such legend provide that a United States person who holds an Offered Note or Coupon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Offered Note or Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

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

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

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

United Kingdom

In relation to the Offered Notes, each of the Managers and the Issuer have further represented to and agreed with each other that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Offered Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offered Notes in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented and agreed with the Issuer, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of Offered Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Offered Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Offered Notes to the public in that Relevant Member State at any time:

- (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (iii) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Offered Notes to the public" in relation to any Offered Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Offered Notes to be offered so as to enable an investor to decide to purchase or subscribe the Offered Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The Republic of Kazakhstan

Each Manager represents, warrants and undertakes that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell the Offered Notes in Kazakhstan, except in compliance with the laws of Kazakhstan.

Russian Federation

Each Manager has represented and agreed with the Issuer that it has not offered or sold or otherwise transferred and will not offer or sell or otherwise transfer any Offered Notes to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation except in compliance with Russian law. The Offered Notes may not be sold or offered to or for the benefit of any person (including legal entities) that are resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation except in compliance with Russian law.

Luxembourg

Each Manager has represented and agreed with the Issuer that the Offered Notes may not be offered or sold within the territory of the Grand-Duchy of Luxembourg unless:

- (a) a prospectus has been duly approved by the CSSF if Luxembourg is the home member state (as defined in the Law of 10 July 2005 on prospectuses for securities and implementing the Prospectus Directive); or

- (b) if Luxembourg is not the home member state, the CSSF has been notified by the competent authority in the home member state that the prospectus has been duly approved; or
- (c) the offer benefits from an exemption to or constitutes a transaction not subject to, the requirement to publish a prospectus.

MIGA Countries

The Offered Notes may only be purchased by (i) in the case of a natural person, a national of a MIGA Member Country other than Kazakhstan; (ii) in the case of a legal person, a legal person incorporated and having its principal place of business in a MIGA Member Country or the majority of its capital being owned by a MIGA Member Country or countries or nationals thereof, provided that such country is not Kazakhstan in any of the above cases; and (iii) if such legal person is not a public institution, a legal person which operates on a commercial basis.

Where the natural person or legal person holds more than one nationality, for these purposes the nationality of a MIGA Member Country will prevail over the nationality of a non-MIGA Member Country, and the nationality of Kazakhstan will prevail over the nationality of any other MIGA Member Country. A "**MIGA Member Country**" means any country from time to time listed as being a member of MIGA as set out at www.MIGA.org.

Investor Compliance

Persons into whose hands this Prospectus comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Offered Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Offered Notes, in all cases at their own expense.

Public Offers Generally

Save for applying for admission of the Offered Notes to trading on the Luxembourg Stock Exchange's regulated market and approval of the Prospectus by the CSSF as competent authority under the Prospectus Directive, no action has been or will be taken in any jurisdiction by the Issuer or the Managers that would, or is intended to, permit a public offering of the Offered Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

GENERAL INFORMATION

1. The creation and issue of the Offered Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 26 March 2007.
2. Application has been made to the Luxembourg Stock Exchange for the Offered Notes to be listed on the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange. The Issuer has appointed Dexia Banque Internationale à Luxembourg as the initial Luxembourg Paying Agent. For as long as any of the Offered Notes are listed on the market of the Luxembourg Stock Exchange, the Issuer will maintain a Luxembourg Paying Agent.
3. Save as disclosed in this Prospectus, there are no governmental, litigation or arbitration proceedings against or affecting the Issuer or any of its assets, nor is the Issuer aware of any pending or threatened proceedings which are or might be material in the context of the issue of the Offered Notes.
4. Save as disclosed in this Prospectus, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of the Issuer since 13 October 2006 (the date of incorporation of the Issuer) that is material in the context of the issue of the Offered Notes.
5. The Loans Note Issuer shall procure that the Servicer shall produce Servicer Reports on each Reporting Date after the end of each relevant Collection Period; such Servicer Reports to be delivered to, *inter alia*, the Loan Notes Transaction Manager.
6. The Loan Notes Transaction Manager shall produce an Investor Report not less than two Business Days prior to each Payment Date. The Investor Report shall be available at the specified offices of the Trustee and of the Luxembourg Paying Agent.
7. For so long as any of the Offered Notes are outstanding, copies of the following documents may be inspected during normal business hours at the specified office of the Principal Paying Agent and the Luxembourg Paying Agent and at the registered office of the Issuer:
 - (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the Paying Agency Agreement;
 - (c) the Trust Deed;
 - (d) the Loan Notes Trust Deed;
 - (e) the Deed of Charge;
 - (f) the Loan Notes Deed of Charge;
 - (g) the Collection Accounts Security Deed;
 - (h) the Pledge of Account Agreement;
 - (i) the Pledge of Loan Notes Accounts Agreement;
 - (j) the Transaction Management Agreement;
 - (k) the Loan Notes Transaction Management Agreement;
 - (l) the Accounts Agreement;
 - (m) the Loan Notes Account Agreement;
 - (n) the Mortgage Sale Agreement;
 - (o) the Servicing Agreement;

- (p) the Back-up Servicing Agreement;
 - (q) the Custodian Agreement;
 - (r) the Loan Notes Subscription Agreement;
 - (s) the Subordinated Notes Purchase Agreement;
 - (t) the Mezzanine Notes Purchase Agreement;
 - (u) the Political Risk Interest Payment Contract;
 - (v) the Corporate Services Agreement;
 - (w) the Loan Notes Corporate Services Agreement;
 - (x) the Interest Rate Swap Agreement;
 - (y) the Liquidity Facility Agreement; and
 - (z) the Master Framework Agreement.
8. For so long as any of the Offered Notes are outstanding, a copy of the audited financial statements of the Issuer for the period since its incorporation may be obtained during normal business hours at the specified office of each Paying Agent. At the date of this Prospectus, no financial statements of the Issuer have been prepared. The financial year end of the Issuer will generally be 31 December, but the Issuer intends to publish its first financial statements in respect of the period ending on 31 December 2007. These financial statements will be available at the registered office of the Issuer and the specified office of the Luxembourg Paying Agent in Luxembourg. It is not intended that any interim financial statements of the Issuer, audited or otherwise, will be prepared.
9. The Offered Notes have been accepted for clearance by Euroclear and Clearstream, Luxembourg. The Common Code for the Class A Notes is 029319626 and the ISIN is XS0293196266, in respect of the Class B Notes, the Common Code is 029319669, and the ISIN is XS0293196696, and in respect of the Class C Notes, the Common Code is 029319677 and the ISIN is XS0293196779.
10. Certain information in this Prospectus has been reproduced from other materials (see the auditor's report on page 100). To the best of its knowledge, the Issuer is not aware and is unable to ascertain from the information so published that no facts have been omitted which would render the reproduced information misleading.
11. The Issuer does not intend to provide any post-insurance information in relation to the Offered Notes, except if required by any applicable laws and regulations.

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