31 March, 2008

Client 4

JSC Industrial and Commercial Bank of China Almaty
Financial Statements

Year ended 31 December 2007

Together with Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Shareholder and Management Board of JSC Industrial and Commercial Bank of China Almaty

We have audited the accompanying financial statements of JSC Industrial and Commercial Bank of China Almaty, which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Industrial and Commercial Bank of China Almaty as at 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

21 March 2008

BALANCE SHEET

As at 31 December 2007

(Thousands of Kazakh tenge)

	Notes	*2007*	*2006*
Assets			
Cash and balances with NBRK	5	**3,688,257**	3,006,766
Due from banks	6	**726,246**	59,416
Loans to customers	7	**31,769**	–
Investment securities held-to-maturity	8	**1,228,589**	562,437
Property and equipment	9	**26,192**	41,243
Intangible assets	10	**28,817**	23,378
Deferred income tax asset	11	**3,079**	1,926
Other assets		**7,113**	13,108
Total assets		**5,740,062**	3,708,274
Liabilities			
Amounts due to banks	12	**16,236**	14,160
Amounts due to customers	13	**3,651,036**	1,865,132
Current income tax liability		**446**	8,796
Other liabilities		**2,113**	6,171
Total liabilities		**3,669,831**	1,894,259
Equity			
Share capital	14	**1,417,387**	1,417,387
Retained earnings		**652,844**	396,628
Total equity		**2,070,231**	1,814,015
Total equity and liabilities		**5,740,062**	3,708,274

Signed and authorised for release on behalf of the Management Board of the Bank

Zhao Guoqiang — Chairman of the Board

Tatiana Maurer — Chief Accountant

21 March 2008

The accompanying notes on pages 5 to 23 are an integral part of these financial statements.

INCOME STATEMENT

For the year ended 31 December 2007

(Thousands of Kazakh tenge)

	Notes	2007	2006
Interest income			
Amounts due from banks and NBRK		132,020	123,240
Securities		80,198	62,956
Loans to customers		107	–
		212,325	186,196
Interest expense			
Amounts due to customers		(8,519)	(8,562)
Amounts due to banks		(2,563)	–
		(11,082)	(8,562)
Net interest income		201,243	177,634
Net interest income after reversal of interest earning assets		201,243	177,634
Fee and commission income	17	205,205	176,859
Fee and commission expense	17	(2,159)	(2,272)
Net fee and commission income		203,046	174,587
Gains less losses from foreign currencies:			
- dealing		100,348	74,657
- translation differences		4,061	1,575
Other income		487	1,698
Other non interest income		104,896	77,930
Salaries and benefits	18	(75,029)	(62,903)
Other operating expenses	18	(73,230)	(70,424)
Depreciation and amortisation		(21,868)	(26,452)
Taxes other than income tax		(1,730)	(1,515)
Reversal of other assets impairment	19	32	50
Other non interest expense		(171,825)	(161,244)
Profit before income tax expense		337,360	268,907
Income tax expense	11	(81,144)	(66,774)
Profit for the year		256,216	202,133

The accompanying notes on pages 5 to 23 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

(Thousands of Kazakh tenge)

	Share capital	*Retained earnings*	*Total equity*
31 December 2005	1,417,387	194,495	1,611,882
Profit for the year		202,133	202,133
31 December 2006	1,417,387	396,628	1,814,015
Profit for the year		256,216	256,216
31 December 2007	1,417,387	652,844	2,070,231

The accompanying notes on pages 5 to 23 are an integral part of these financial statements.

CASH FLOW STATEMENT

For the year ended 31 December 2007

(Thousands of Kazakh tenge)

	Notes	2007	2006
Cash flows from operating activities:			
Profit before income tax expense		**337,360**	268,907
Adjustments for:			
Depreciation and amortisation		**21,868**	26,452
Investment (gain)/loss on securities held-to maturity		**(21,411)**	4,239
Unrealised foreign exchange loss		**1,105**	981
Loss from disposal of premises and equipment and intangible assets		**617**	40
Reversal of other assets impairment		**(32)**	(50)
Cash flows from operating activities before changes in operating assets and liabilities		**339,507**	300,569
Net (increase)/decrease in operating assets			
Obligatory reserves		**(119,576)**	(52,415)
Loans to customers		**(33,532)**	–
Other assets		**6,018**	(1,188)
Net increase / (decrease) in operating liabilities			
Amounts due to banks		**2,076**	14,160
Amounts due to customers		**1,829,309**	(324,364)
Other liabilities		**(3,172)**	(5,492)
Net cash from operating activities before income taxes		**2,020,630**	(68,730)
Income tax paid		**(90,646)**	(54,900)
Net cash provided by (used in) operating activities		**1,929,984**	(123,630)
Cash flows from investing activities			
Redemption of investment securities held-to-maturity		**(644,741)**	–
Purchase of premises and equipment		**(2,425)**	(2,976)
Purchase of intangible assets		**(10,448)**	(117)
Net cash used in investing activities		**(657,614)**	(3,093)
Effects of exchange rate changes on cash and cash equivalents		**(43,624)**	(10,509)
Net change in cash and cash equivalents		**1,228,746**	(137,232)
Cash and cash equivalents at the beginning of the year		**2,928,815**	3,066,047
Cash and cash equivalents at the end of the year	15	**4,157,561**	2,928,815
Supplementary information:			
Interest received		**160,915**	180,361
Interest paid		**11,554**	9,393

The accompanying notes on pages 5 to 23 are an integral part of these financial statements.

1. Principal activities

JSC Industrial and Commercial Bank of China Almaty (the "Bank") provides retail and corporate banking services in Kazakhstan. The Bank was incorporated in the Republic of Kazakhstan in the form of a branch of Industrial and Commercial Bank of China ("ICBC") on 3 March 1993. On 25 March 1994, the branch was transformed into CJSC Industrial and Commercial Bank of China Almaty. On 5 May 2005, the Bank was re registered under the name of JSC Industrial and Commercial Bank of China Almaty. The sole shareholder of the Bank is Industrial and Commercial Bank of China (the "Parent"), which is incorporated and operates in the People's Republic of China.

The Bank operates under a general banking licence #174 issued on 9 March 2006.

The registered address of the Bank is 110 Furmanov St., Almaty, 050000, Kazakhstan. The Bank did not have any branches or subsidiaries as at 31 December 2007.

2. Basis of preparation

General

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below. These financial statements are presented in thousands of Kazakh tenge ("KZT" or "tenge"), unless otherwise indicated.

Changes in accounting policies

During the year, the Bank has adopted the following new and amended IFRS. Adoption of these standards did not have any effect on the financial performance or position of the Bank. The principal effects of these changes are as follows:

IFRS 7 "Financial Instruments: Disclosures"

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Bank's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements.

Amendment to IAS 1 "Presentation of Financial Statements"

This amendment requires the Bank to make new disclosures to enable users of the financial statements to evaluate the Bank's objectives, policies and processes for managing capital. These new disclosures are shown in Note 20.

Future changes in accounting policies

Standards and interpretations issued but not yet effective

IAS 23 "Borrowing Costs"

A revised IAS 23 Borrowing costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Bank will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

IFRIC 12 "Service Concession Arrangements"

IFRIC Interpretation 12 was issued in November 2006 and becomes effective for annual periods beginning on or after 1 January 2008. This Interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. This Interpretation will have no impact on the Bank.

IFRIC 13 "Customer Loyalty Programmes"

IFRIC Interpretation 13 was issued in June 2007 and becomes effective for annual periods beginning on or after 1 July 2008. This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Bank expects that this interpretation will have no impact on the Bank's financial statements as no such schemes currently exist.

2. Basis of preparation (continued)

Future changes in accounting policies (continued)

Standards and interpretations issued but not yet effective (continued)

IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

IFRIC Interpretation 14 was issued in July 2007 and becomes effective for annual periods beginning on or after 1 January 2008. This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits. The Bank expects that this Interpretation will have no impact on the financial position or performance of the Bank.

3. Summary of accounting policies

Financial assets

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Bank determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Bank commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Bank has the positive intention and ability to hold them to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts due from the NBRK and amounts due from banks that mature within ninety days of the date of origination and are free from contractual encumbrances.

Borrowings

Borrowings, which include amounts due to banks and amounts due to customers, are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the borrowings are derecognised as well as through the amortisation process.

Obligatory reserves

Obligatory reserves represent mandatory reserve deposits and cash, which are not available to finance the Bank's daily operations and, are not considered as part of cash and cash equivalents for the purpose of consolidated cash flow statement.