JOINT STOCK COMPANY KAZKOMMERTSBANK

Consolidated Financial Statements
For the Years Ended 31 December 2005, 2004 and 2003 (Restated)

and Independent Auditors' Report

JOINT STOCK COMPANY KAZKOMMERTSBANK

TABLE OF CONTENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005, 2004 AND 2003

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditor's report set out on page 2, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of Joint Stock Company Kazkommertsbank and its subsidiaries (the "Group").

Management of the Bank is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group at 31 December 2005, 2004 and 2003, the results of its operations, cash flows and changes in equity for the years then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- selecting suitable accounting principles and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures from IFRS disclosed and explained in the consolidated financial statements; and
- preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The consolidated financial statements for the years ended 31 December 2005, 2004 and 2003 were originally authorized for the issue on 3 February 2006 and were subsequently authorized for reissue on 15 September 2006 by the Management board of JSC Kazkommertsbank.

On behalf of the Board:

Zhusupova N.A.
Chairman of the Board

15 September 2006
Almaty

Shoinbekova G.K.
Chief Accountant

15 September 2006
Almaty

Deloitte.

Deloitte, LLP
Furmanov str., 240-v
Almaty, 050059
Kazakhstan

Tel: +7 (3272) 58 13 40
Fax: +7 (3272) 58 13 41
almaty@deloitte.kz
www.deloitte.kz

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Joint Stock Company Kazkommertsbank

We have audited the accompanying consolidated balance sheets of JSC Kazkommertsbank and its subsidiaries (the "Group") as at 31 December 2005, 2004 and 2003, the related consolidated profit and loss accounts and statements of cash flows and changes in equity ("the consolidated financial statements") for the years then ended. These consolidated financial statements are the responsibility of the management of JSC Kazkommertsbank. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2005, 2004 and 2003, and the consolidated results of its operations and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

The reported balance sheets at 31 December 2005, 2004 and 2003, the related profit and loss accounts and statements of cash flows and changes in equity for the periods then ended, as determined in accordance with International Financial Reporting Standards, have been restated for the items described in Note 3 to the consolidated financial statements.

Deloitte, LLP

3 February 2006 (15 September 2006 as to the effects of the restatement discussed in Note 3)

Almaty

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2005, 2004 AND 2003

	Notes	Year ended 31 December 2005 (restated – Note 3) KZT millions	Year ended 31 December 2004 (restated – Note 3) KZT millions	Year ended 31 December 2003 (restated – Note 3) KZT millions
Interest income	4	85,791	56,163	35,712
Interest expense	4	(45,855)	(27,433)	(19,344)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		39,936	28,730	16,368
Provision for impairment losses on interest bearing assets	5	(17,833)	(11,222)	(5,887)
NET INTEREST INCOME		22,103	17,508	10,481
Net gain/(loss) on operations with assets held-for-trading	6	742	22	(317)
Net gain on foreign exchange operations	7	1,698	1,972	1,723
Fee and commission income	8	11,389	9,102	7,794
Fee and commission expense	8	(1,358)	(988)	(864)
Net gain/(loss) from investments available-for-sale		12	49	(88)
Dividends received		10	15	382
Other income	9	2,690	1,895	1,165
NET NON-INTEREST INCOME		15,183	12,067	9,795
OPERATING INCOME		37,286	29,575	20,276
OPERATING EXPENSES	10	(13,368)	(9,511)	(8,969)
OPERATING PROFIT		23,918	20,064	11,307
Insurance provision and provision for impairment losses on other transactions	5	(880)	(615)	(634)
(Provision)/recovery for guarantees and other off-balance sheet contingencies	5	(1,059)	(106)	364
Share of results of associates	21	174	12	(20)
PROFIT BEFORE INCOME TAX		22,153	19,355	11,017
Income tax expense	11	(2,338)	(9,573)	(2,092)
NET PROFIT		19,815	9,782	8,925
Attributable to:				
Equity holders of the parent		18,392	8,716	8,518
Minority interest		1,423	1,066	407
EARNINGS PER SHARE				
Basic and diluted (KZT)	12	50.95	25.18	26.14

On behalf of the Board of the Bank:

Zhusupova N.A.
Chairman of the Board

15 September 2006
Almaty

Shoinbekova G.K.
Chief Accountant

15 September 2006
Almaty

The notes on pages 9-65 form an integral part of these consolidated financial statements. The Independent Auditors' Report is on page 2.

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2005, 2004 AND 2003

	Notes	31 December 2005 (restated – Note 3) KZT millions	31 December 2004 (restated – Note 3) KZT millions	31 December 2003 (restated – Note 3) KZT millions
ASSETS:				
Cash and balances with national (central) banks	13	37,229	66,293	28,485
Precious metals		-	-	300
Assets held-for-trading	14	140,294	74,780	71,201
Loans and advances to banks, less allowance for impairment losses	15	253,904	41,834	38,583
Derivative financial instruments	16	81	20	15
Loans to customers, less allowance for impairment losses	17	729,844	494,931	283,063
Securities purchased under reverse repurchase agreements	18	13,950	8,402	2,608
Investment available-for-sale	19	427	489	138
Investments held-to-maturity	20	562	64	32
Investments in associates and other entities	21	425	218	146
Goodwill	22	2,405	-	-
Fixed and intangible assets, less accumulated depreciation and amortization	23	8,662	7,386	6,304
Other assets, less allowance for impairment losses	24	7,086	9,640	3,366
TOTAL ASSETS		1,194,869	704,057	434,241
LIABILITIES AND EQUITY				
LIABILITIES:				
Loans and advances from banks	25	320,095	170,331	76,222
Securities sold under repurchase agreements	26	59,143	28,445	37,251
Derivative financial instruments	16	189	31	1
Customer accounts	27	303,405	197,827	151,589
Debt securities issued	28	303,133	207,841	98,233
Other borrowed funds	29	50,604	4,464	3,525
Provisions	5	4,934	3,087	2,483
Dividends payable		1	1	1
Deferred tax liabilities	11	8,290	6,976	2,945
Other liabilities	30	4,591	2,832	2,975
		1,054,385	621,835	375,225
Subordinated debt	31	52,213	22,926	11,657
Total liabilities		1,106,598	644,761	386,882
EQUITY:				
Share capital	32	4,996	4,197	4,019
Share premium		15,902	7,864	6,407
Fixed assets revaluation reserve		1,520	1,313	570
Reserves		58,877	40,454	31,659
Equity attributable to equity holders of the parent		81,295	53,828	42,655
Minority interest		6,976	5,468	4,704
Total equity		88,271	59,296	47,359
TOTAL LIABILITIES AND EQUITY		1,194,869	704,057	434,241

On behalf of the Board of the Bank:

Zhusupova N.A.
Chairman of the Board

15 September 2006
Almaty

Shoinbekova G.K.
Chief Accountant

15 September 2006
Almaty

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2005, 2004 AND 2003

	Share capital	Share premium	Investments available-for-sale fair value reserve	Fixed assets revaluation reserve	Retained earnings	Total attributable to equity holders of the parent	Minority interest	Total equity
	KZT millions	KZT millions	KZT millions	KZT millions	KZT millions	KZT millions	KZT millions	KZT millions
31 December 2002	3,500	2,427	-	7	23,086	29,020	4,297	33,317
Share capital increase of - preference shares	519	3,980	-	-	-	4,499	-	4,499
For-sale investments			41			41		41
Fixed assets revaluation	-	-	-	577	-	577	-	577
Depreciation of fixed assets revaluation reserve	-	-	-	(14)	14	-	-	-
Net profit	-	-	-	-	8,518	8,518	407	8,925
31 December 2003 (restated – Note 3)	4,019	6,407	41	570	31,618	42,655	4,704	47,359
Share capital increase of - preference shares	177	1,456	-	-	-	1,633	-	1,633
Sale of repurchased own shares	1	1	-	-	-	2	-	2
Fixed assets revaluation	-	-	-	865	-	865	-	865
Depreciation of fixed assets revaluation reserve	-	-	-	(122)	122	-	-	-
Unrealized gain on revaluation of investments available-for-sale	-	-	19	-	-	19	-	19
Gain transferred to profit and loss accounts on sale of investments available-for-sale	-	-	(49)	-	-	(49)	-	(49)
Impact of decrease in minority interest in JSC Kazkommertsbank Kyrgyzstan	-	-	-	-	-	-	(59)	(59)
Exchange differences on translation of foreign operations	-	-	-	-	(13)	(13)	(243)	(256)
Net profit	-	-	-	-	8,716	8,716	1,066	9,782
31 December 2004 (restated – Note 3)	4,197	7,864	11	1,313	40,443	53,828	5,468	59,296

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED) FOR THE YEARS ENDED 31 DECEMBER 2005, 2004 AND 2003

	Share capital	Share premium	Investments available-for-sale fair value reserve	Fixed assets revaluation reserve	Retained earnings	Total attributable to equity holders of the parent	Minority interest	Total equity
	KZT millions	KZT millions	KZT millions	KZT millions	KZT millions	KZT millions	KZT millions	KZT millions
31 December 2004 (restated – Note 3)	4,197	7,864	11	1,313	40,443	53,828	5,468	59,296
Share capital increase of								
- common shares	289	4,142	-	-	-	4,431	-	4,431
- preference shares	512	3,915	-	-	-	4,427	-	4,427
Repurchase of own shares	(2)	(19)	-	-	-	(21)	-	(21)
Fixed assets revaluation	-	-	-	232	-	232	-	232
Depreciation of fixed assets revaluation reserve	-	-	-	(25)	25	-	-	-
Unrealized gains on revaluation of investments available-for-sale	-	-	1	-	-	1	-	1
Gains transferred to profit and loss accounts on sale of investments available-for-sale	-	-	(11)	-	-	(11)	-	(11)
Effect of purchase of Accumulation Pension Fund JSC ABN AMRO KaspiyMunaiGaz	-	-	-	-	-	-	126	126
Exchange differences on translation of foreign operations	-	-	-	-	16	16	(41)	(25)
Net profit for the year	-	-	-	-	18,392	18,392	1,423	19,815
31 December 2005 (restated – Note 3)	4,996	15,902	1	1,520	58,876	81,295	6,976	88,271

On behalf of the Board of the Bank:

Zhusupova N.A.	**Shoinbekova G.K.**
Chairman of the Board	**Chief Accountant**
15 September 2006	15 September 2006
Almaty	Almaty

The notes on pages 9-65 form an integral part of these consolidated financial statements. The Independent Auditors' Report is on page 2.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2005, 2004 AND 2003

	Notes	Year ended 31 December 2005 (restated – Note 3) KZT millions	Year ended 31 December 2004 (restated – Note 3) KZT millions	Year ended 31 December 2003 (restated – Note 3) KZT millions
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit before income tax		22,153	19,355	11,017
Adjustments for:				
Provision for impairment losses on interest bearing assets		17,833	11,222	5,887
Provision for insurance reserves and reserves for impairment losses on other transactions		880	615	634
Provision/(recovery) for guarantees and other off-balance contingencies		1,059	106	(364)
Unrealised gain and amortisation of discounts on securities		(1,439)	(2,344)	(171)
Amortization of discount on issued debt securities		500	1,147	(1,468)
Depreciation and amortization		1,564	1,302	979
Change in interest accruals, net		1,434	616	377
Exchange rate loss unrealized		276	39	275
Share of results of associates		(174)	(12)	20
Gain on sale of fixed and intangible assets, net		(28)	(98)	13
Net change in fair value of derivative financial instruments		96	26	(10)
Cash flows from operating activities before changes in operating assets and liabilities		44,154	31,974	17,189
Changes in operating assets and liabilities				
(Increase)/decrease in operating assets:				
Minimum reserve deposit with Central bank of Russian Federation		142	(661)	(122)
Loans and advances to banks		(38,337)	(6,029)	(12,404)
Precious metals		-	300	(300)
Assets held-for-trading		(63,491)	(1,372)	(50,560)
Securities purchased under reverse repurchase agreements		(5,345)	(5,794)	(229)
Loans to customers		(248,662)	(223,531)	(114,556)
Other assets		3,475	(6,404)	(539)
Increase/(decrease) in operating liabilities:				
Loans and advances from banks		149,542	93,529	21,638
Securities sold under repurchase agreements		30,659	(8,806)	37,216
Customer accounts		103,027	47,572	11,159
Other borrowed funds		45,971	966	(1,025)
Other liabilities		1,722	(114)	1,084
Cash inflow/(outflow) from operating activities before taxation		22,857	(78,370)	(91,449)
Income tax paid		(2,082)	(5,876)	(417)
Net cash inflow/(outflow) from operating activities		20,775	(84,246)	(91,866)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE YEARS ENDED 31 DECEMBER 2005, 2004 AND 2003

	Notes	Year ended 31 December 2005 (restated – Note 3) KZT millions	Year ended 31 December 2004 (restated – Note 3) KZT millions	Year ended 31 December 2003 (restated – Note 3) KZT millions
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of fixed and intangible assets		(2,564)	(1,484)	(2,710)
Proceeds on sale of fixed and intangible assets		133	300	354
Dividends received		10	16	381
Net proceeds on sale/(purchase) of investments available-for-sale		519	(381)	9,859
Net proceeds on sale/(purchase) of investments held-to-maturity		4	(32)	(15)
(Acquisition)/sale of investments in associates and other entities		(33)	(60)	120
Acquisition of subsidiaries, net of cash acquired		(3,389)	-	-
Moskommertsbank consolidation effect		-	-	434
Net cash (outflow)/inflow from investing activities		(5,320)	(1,641)	8,423
CASH FLOWS FROM FINANCING ACTIVITIES:				
Issue of common shares		4,431	-	4,499
Issue of preference shares		4,502	1,634	-
Proceeds from debt securities issued		95,731	104,352	68,822
(Redemption)/sale of debt securities issued		(2,480)	3,342	-
Subordinated debt		28,751	11,495	2,668
Redemption of subordinated debt		-	(78)	-
(Repurchase)/sale of own shares		(96)	1	1
Dividends paid		(669)	(290)	(325)
Net cash inflow from financing activities		130,170	120,456	75,665
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		145,625	34,569	(7,778)
CASH AND CASH EQUIVALENTS, at beginning of year	13	81,858	47,322	55,227
Effect of foreign exchange rate changes on cash and cash equivalents		(7)	(33)	(127)
CASH AND CASH EQUIVALENTS, at end of year	13	227,476	81,858	47,322

Interest paid and received by the Group in cash during the year ended 31 December 2005 amounted to KZT 40,709 million and KZT 81,440 million, respectively.

Interest paid and received by the Group in cash during the year ended 31 December 2004 amounted to KZT 25,510 million and KZT 54,227 million, respectively.

Interest paid and received by the Group in cash during the year ended 31 December 2003 amounted to KZT 17,510 million and KZT 34,111 million, respectively.

On behalf of the Board of the Bank:

Zhusupova N.A.
Chairman of the Board

15 September 2006
Almaty

Shoinbekova G.K.
Chief Accountant

15 September 2006
Almaty

The notes on pages 9-65 form an integral part of these consolidated financial statements. The Independent Auditors' Report is on page 2.

1. ORGANISATION

JSC Kazkommertsbank (the "Bank", "Kazkommertsbank") is a joint stock bank and operates in the Republic of Kazakhstan since 1990. The Bank's operations are regulated by the National Bank of the Republic of Kazakhstan ("NBRK") according to license № 48. The Bank's primary business consists of commercial banking activities, trading with securities, foreign currencies and derivative instruments, originating loans and guarantees.

The registered office of the Bank is located at: 135Zh Gagarin St., Almaty, Republic of Kazakhstan.

The Bank has 22 branches in the Republic of Kazakhstan, and a representative office in London (Great Britain).

Kazkommertsbank is the parent company of the banking group (the "Group") which consists of the following enterprises consolidated in the financial statements:

Name	Country of operation	The Bank ownership interest 2005	2004	2003	Type of operation
JSC Kazkommerts Securities	Republic of Kazakhstan	100%	100%	100%	Securities market transactions
JSC SK Kazkommerts-Policy	Republic of Kazakhstan	65%	65%	65%	Insurance
JSC Kazkommerts Invest	Republic of Kazakhstan	-	-	100%	Securities market transactions
LLP Processing Company	Republic of Kazakhstan	100%	100%	-	Payment card and related services
Kazkommerts International B.V.	Kingdom of the Netherlands	100%	100%	100%	Raising funds for the Bank on international capital markets
Kazkommerts Finance II B.V.	Kingdom of the Netherlands	100%	100%	-	Raising funds for the Bank on international capital markets
Kazkommerts Capital II B.V.	Kingdom of the Netherlands	100%	100%	-	Raising funds for the Bank on international capital markets
JSC Kazkommertsbank Kyrgyzstan	Kyrgyz Republic	93.58%	93.58%	73.97%	Commercial bank
JSC OCOPAIM ABN AMRO Asset Management	Republic of Kazakhstan	100%	-	-	Investment management of pension assets
JSC ABN AMRO CaspiiMunaiGaz APF	Republic of Kazakhstan	80.01%	-	-	Pension fund activities

Notwithstanding Kazkommertsbank had no ownership in the share capital of LLP Moskommertsbank ("MKB"), a commercial bank in the Russian Federation, MKB was included in the consolidated financial statements of the Group since the Bank was able to and exercised effective control over its activity. This control permits Kazkommertsbank to provide loans to customers of MKB and to earn income thereon. In 2003 shareholders of MKB and Kazkommertsbank entered into agreements of trust management of 60.04% interest in the share capital of MKB. Also, at the same time shareholders owning 39.96% interest in the share capital of MKB and Kazkommertsbank signed an agreement providing for non-involvement of these shareholders in the policy of the activity of MKB determined by Kazkommertsbank.

JSC Kazkommerts Securities is a joint stock company and operates under the laws of the Republic of Kazakhstan since 1997. The Company's primary business consists of trading with securities, including broker and dealing operations, consulting in investments and corporate finance, organization of issues, allocation and underwriting of securities, and purchase and sale of securities in the capacity of the agent. The Company has license № 0401200324 dated 27 November 2000 issued by the National Bank of the Republic of Kazakhstan. In 2005 the Company received a license for investment portfolio management № 0403200363 dated 30 September 2005 issued by the National Bank of the Republic of Kazakhstan.

JSC Insurance Company Kazkommerts-Policy is a joint stock company and operates under the laws of the Republic of Kazakhstan since 1996. The Company's primary business consists of insurance of property, cargoes, motor hull, civil liability insurance of vehicle owners, insurance of other civil liabilities and reinsurance. The Company has licenses on obligatory insurance services № 13-8/1 dated 1 July 2005 and on voluntary insurance services № 13-8/1 dated 1 July 2005 issued by the National Bank of the Republic of Kazakhstan.

In December 2004 100% of the ordinary shares of JSC Kazkommerts Invest were classified as assets held-for-trading and were sold in the same month.

JSC Kazkommertsbank Kyrgyzstan is a joint stock bank and operates under the laws of the Kyrgyz Republic since 1991. Operations of the JSC Kazkommertsbank Kyrgyzstan are regulated by the National Bank of the Kyrgyz Republic according to license № 010. Its primary business consists of commercial banking activities, acceptance of deposits from individuals, transfer of payments, issue of loans, operations with foreign exchange and derivative instruments, originating loans and guarantees.

LLP Processing company is a limited liability partnership and operates under the laws of the Republic of Kazakhstan since 9 July 2004. The Company is registered with the Ministry of justice of the Republic of Kazakhstan under № 64313-1910-TOO. The Company's primary business is to provide payment card and related services.

Kazkommerts International B.V. is a limited liability partnership (B.V.) and operates under the laws of the Kingdom of the Netherlands since 1 October 1997. The Company was established for the primary purpose of raising funds for the Bank in foreign capital markets. The Company has license № 24278506 dated 1 October 1997 for raising funds, including issuance of bonds and other securities, and entering into agreements regarding those activities issued by the Chamber of Commerce of the Netherlands.

Kazkommerts Finance II B.V. is a limited liability partnership (B.V.) and operates under the laws of the Kingdom of the Netherlands since 13 February 2001. The Company was established for the primary purpose of raising funds for the Bank in foreign capital markets. The Company has license № 24317181 dated 13 February 2001 for conducting separate types of banking and other types of operations issued by the Chamber of Commerce of the Netherlands. At 31 December 2003 Kazkommerts Finance II B.V. was not included in the consolidated financial statements of the Group due to insignificance of operations.

Kazkommerts Capital II B.V. is a limited liability partnership (B.V.) and operates under the laws of the Kingdom of the Netherlands since 11 April 2000. The Company was established for the primary purpose of raising funds for the Bank in foreign capital markets. The Company has license № 24305284 dated 11 April 2000 for conducting operations issued by the Chamber of Commerce of the Netherlands. At 31 December 2003 Kazkommerts Capital II B.V. was not included in the consolidated financial statements of the Group due to insignificance of operations.

In October 2005, Kazkommertsbank acquired from JSC DB ABN AMRO Bank 100 % of shares in a pension assets management company – JSC OCOPAIM ABN AMRO Asset Management Kazakhstan ("ABN AM") and 80.01% shares in the Accumulation Pension Fund JSC ABN AMRO KaspiiMunaiGaz ("ABN APF") (see Note 22). In the agreement with the seller, ABN APF and ABN AM should receive a new name. The process of renaming is associated with making changes to the foundation documents of both organizations.

ABN AM is a joint stock company operating under the laws of the Republic of Kazakhstan since 1998. The Company's primary business consists of investment management of pension assets. The Company has a license for investment management of pension funds № 0412200149 dated 18 August 2004 issued by the Republic of Kazakhstan Agency for regulation and supervision of financial market and financial organizations, license for investment portfolio management № 0403200199 dated 18 August 2004 issued by the Republic of Kazakhstan Agency for regulation and supervision of financial market and financial organizations, and license for broker/dealer activity at the securities market without the right to maintain accounts of customers № 0402200216 dated 18 August 2004.

ABN APF is a joint stock company operating since 1998 under the laws of the Republic of Kazakhstan. The Company's primary business is pension assets operations according to the legislation of the Republic of Kazakhstan. The Company operates under a state license for attraction of pension contribution and making pension payments № 0000019 dated 22 January 2004 issued by the Republic of Kazakhstan Agency for regulation and supervision of financial market and financial organizations.

As at 31 December 2005, the following shareholders owned the issued shares of Kazkommertsbank:

Ultimate shareholders:	
Common shares:	
Subkhanberdin N.S.	34.26%
Shares issued under Depositary Receipt program with Bank of New York	30.50%
European Bank of Reconstruction and Development	15.00%
Other	20.24%
Total	100%
Preference shares:	
JSC Zangar Invest Group	39.22%
Shares issued under Depositary Receipt program with Bank of New York	19.06%
JSC APF Ular Umit	11.30%
LLP Vneshinvest Company	6.90%
LLP Terminal	6.90%
Other	16.62%
Total	100%

2. BASIS OF PRESENTATION

Accounting basis

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These consolidated financial statements are presented in millions of Kazakhstani tenge ("KZT millions"), except for earnings per share amounts and unless otherwise indicated. These consolidated financial statements are prepared on an accrual basis under the historical cost convention, except for revaluation of certain assets and fair value of financial instruments.

Kazkommertsbank and its subsidiaries in the Republic of Kazakhstan maintain its accounting records in accordance with IFRS, while its foreign subsidiaries maintain accounting records in accordance with the requirements of their countries of residence where subsidiaries operate. These consolidated financial statements have been prepared based on the accounting records of Kazkommertsbank and its subsidiaries, and have been adjusted to conform to IFRS.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

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

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

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

In translating the financial statements of a foreign subsidiary into the presentation currency for incorporation in the consolidated financial statements, the Bank follows a translation policy in accordance with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" and the following procedures are done:

- assets and liabilities, both monetary and non-monetary, of the foreign entity are translated at closing rate;
- income and expense items of the foreign entity are translated at the average exchange rate for the period;
- all resulting exchange differences are classified as equity until the disposal of the investment; and
- on disposal of the investment in the foreign entity related exchange differences are recognized in the profit and loss account.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control.

The results of operations and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting except when classified as held-for-trading or available-for-sale.

Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition.

Where a group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Bank's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

The Group tests goodwill for impairment at least annually.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the Group:

(a) reassesses the identification and measurement of the Group's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
(b) recognizes immediately in profit or loss any excess remaining after that reassessment on the date of acquisition.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in other subsidiaries and associates

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

Recognition and measurement of financial instruments

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

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on correspondent and time deposit accounts with the National Bank of the Republic of Kazakhstan, the Central bank of the Russian Federation, and the National bank of Kyrgyz Republic with original maturity within 90 days, and advances to banks in countries included in the Organization for Economic Co-operation and Development ("OECD"), except for margin deposits for operations with plastic cards, which may be converted to cash within a short period of time. For the purposes of determining cash flows, the minimum reserve deposit required by the Central bank of the Russian Federation is not included in cash equivalents due to restrictions on its availability.

Loans and advances to banks

In the normal course of business, the Group maintains advances or deposits for various periods of time with other banks. Loans and advances to banks with a fixed maturity term are subsequently measured at amortized cost using the effective interest rate method. Those that do not have fixed maturities are carried at cost. Loans and advances to banks are carried net of any allowance for impairment losses.

Assets held-for-trading

Assets held-for-trading represent assets acquired principally for the purpose of selling them in the near term, or it is a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent and actual pattern of short-term profit-taking. Assets held-for-trading are initially recorded and subsequently measured at fair value. The Group uses quoted market prices to determine fair value for the Group's assets held-for-trading. When reliable market prices are not available or if liquidating the Group's position would reasonably be expected to impact market prices, fair value is determined by reference to price quotations for similar instruments traded in different markets or management's estimates of the amounts that can be realized from an orderly disposition over a period of time, assuming current market conditions. Fair value adjustment on assets held-for-trading is recognized in profit and loss for the period.

Repurchase and reverse repurchase agreements

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

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

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

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

Derivative financial instruments

The Group enters into derivative financial instruments for trading purposes. Derivatives entered into by the Group include forwards, swaps and foreign currency options.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Fair values are obtained from the interest rates model. Most of the derivatives the Group enters into are of a short-term and speculative nature. The results of the valuation of derivatives are reported in assets (aggregate of positive market values) or liabilities (aggregate of negative market values). Both positive and negative valuation results are recognized in the profit and loss for the year in which they arise under net gain on foreign exchange operations for foreign currency derivatives.

Originated loans

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

Loans granted by the Group with fixed maturities are initially recognized at fair value plus initial direct costs and fees that are integral to the interest rate. The difference between the nominal amount of consideration given and the amortized cost of loans issued at lower than market terms is recognized in the period the loan is issued as initial recognition adjustment discounting using market rates at inception and included in the profit and loss account as losses on origination of assets. Subsequently, the carrying amount of such loans is adjusted for amortization of the premiums/discounts on origination and the related income is recorded as interest income within the profit and loss account using the effective interest method. Loans to customers that do not have fixed maturities are carried at cost. Loans to customers are carried net of any allowance for impairment losses.

Write off of loans and advances

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

Non-accrual loans

Once a financial asset or a group of similar financial assets has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Allowance for impairment losses

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

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

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

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

Guarantees and letters of credit

Guarantees and letters of credit are initially recorded at estimated fair value and subsequently measured at amortised cost, effectively recognizing the commission received or paid over the life of the instrument. Guarantees issued are assessed on a regular basis and provision is created where the estimated loss exceeds the carrying value. Such estimated losses are determined based on the counterparty's financial position, compliance with the contract changes, and business environment issues.

Investments held-to-maturity

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

Investments available-for-sale

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

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

Fixed and intangible assets

Fixed and intangible assets, except for buildings and construction, are carried at historical cost less accumulated depreciation and amortization. Buildings and construction are carried at market value. Depreciation on assets under construction and those not placed in service commences from the date the assets are ready for their intended use.

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

Buildings and construction	1-5%
Furniture and equipment	8-33%
Intangible assets	15-33%

The carrying amounts of fixed and intangible assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount. An impairment is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation charge for fixed assets is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

Land and buildings held for use in supply of services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional appraisers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the fixed assets revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the profit and loss account to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Taxation

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

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

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

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

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

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

Countries where the Group operates also have various other taxes, which are assessed on the Group's activities. These taxes are included as a component of operating expenses in the consolidated profit and loss account.

Deposits from banks and customers

Customer and bank deposits are initially recognized at fair value, which amounts to the issue proceeds less transaction costs incurred. Subsequently amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the consolidated profit and loss account over the period of the borrowings using the effective interest method.

Debt securities issued

Debt securities issued represent promissory notes, certificates of deposit and debentures issued by the Group. They are accounted for according to the same principles used for customer and bank deposits.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Share capital and share premium

Contributions to share capital are recognized at cost. Share premium represents the excess of contributions over the nominal value of the shares issued. Gains and losses on sales of treasury stock are charged or credited to share premium.

External costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

Dividends on common shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the balance sheet date are treated as a subsequent event under International Accounting Standard 10 "Events after the Balance Sheet Date" and disclosed accordingly.

Retirement and defined contribution plans

In accordance with the requirements of the legislation of the countries in which the Bank and its subsidiaries operate, the Group withholds amounts of pension contributions from employee salaries and pays them to the state pension funds. In addition such pension system provides for calculation of current payments by the employer as a percentage of current total disbursements to staff. Such expense is charged in the period the related salaries are earned. Upon retirement all retirement benefit payments are made by pension funds selected by employees. The Group does not have any pension arrangements separate from the State pension system of the Republic of Kazakhstan and countries where its subsidiaries operate. In addition, the Group has no post-retirement benefits or other significant compensated benefits requiring accrual.

Recognition of income and expense

Interest income and expense are recognized on an accrual basis using the effective interest rate method. Interest income also includes income earned on investments in securities. Other income is credited to the profit and loss account when the related transactions are completed. Loan origination fees are deferred (together with related direct costs) and recognized as an adjustment to the loan's effective yield. Commission income/expenses are recognized on an accrual basis.

Fee and commission income

Fee and commission income includes loan origination fees, loan commitment fees, loan servicing fees and loan syndication fees. Loan origination fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the loan. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in profit and loss over the remaining period of the loan commitment. Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognized in profit and loss on expiry. Loan servicing fees are recognized as revenue as the services are provided. Loan syndication fees are recognised in profit and loss when the syndication has been completed. All other commissions are recognized when services are provided.

Underwriting income

Underwriting income includes net written insurance premiums and commissions earned on ceded reinsurance reduced by the net change in the unearned premium reserve, claims paid, the provision of insurance losses and loss adjustment expenses, and policy acquisition cost.

Net written insurance premiums represent gross written premiums less premiums ceded to reinsurers. Upon inception of a contract, premiums are recorded as written and are earned on a pro rata basis over the term of the related policy coverage. The unearned premium reserve represents the portion of the premiums written relating to the unexpired terms of coverage and is included within other liabilities in the accompanying consolidated balance sheet.

Losses and loss adjustments are charged to the consolidated profit and loss accounts as incurred through the reassessment of the reserve for losses and loss adjustment expenses.

Commissions earned on ceded reinsurance contracts are recorded as income at the date the reinsurance contract is written and deemed enforceable.

Policy acquisition costs, comprising commissions paid to insurance agents and brokers, which vary with and are directly related to the production of new business, are deferred, recorded in the accompanying consolidated balance sheet within other assets, and are amortized over the period in which the related written premiums are earned.

Reserve for insurance losses and loss adjustment expenses

The reserve for insurance losses and loss adjustment expenses is included in the accompanying consolidated balance sheets within other liabilities and is based on the estimated amount payable on claims reported prior to the balance sheet date, which have not yet been settled, and an estimate of incurred but not reported claims relating to the reporting period.

Due to the absence of prior experience, the reserve for incurred but not reported claims ("IBNR") was established as being equal to the expected loss ratio for each line of business times the value of coverage, less the losses actually reported.

The methods for determining such estimates and establishing the resulting reserves are continuously reviewed and updated. Resulting adjustments are reflected in current income.

Reinsurance

In the ordinary course of business, the Group cedes reinsurance. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from legal risks and provide additional capacity for growth.

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses, and ceded unearned premiums. Amounts receivable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Reinsurance is recorded gross unless a right of offset exists and is included in the accompanying consolidated balance sheets within other assets.

Reinsurance contracts are assessed to ensure that underwriting risk, defined as the reasonable possibility of significant loss, and timing risk, defined as the reasonable possibility of a significant variation in the timing of cash flows, are transferred by the Group to the reinsurer.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into KZT at the appropriate spot rates of exchange ruling at the balance sheet date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Profits and losses arising from these translations are included in net gain on foreign exchange operations.

Rates of exchange

The exchange rates at year-end used by the Group in the preparation of the consolidated financial statements are as follows:

	2005	2004	2003
KZT/1 USD	133.98	130.00	144.22
KZT/1 Euro	158.99	177.10	180.23
KZT/1 Kyrgyz som	3.24	3.12	3.26
KZT/1 RUR	4.66	4.67	4.93

Offset of financial assets and liabilities

Financial assets and liabilities are offset and reported net on the balance sheet when the Group has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the Group does not offset the transferred asset and the associated liability.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements unless it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Fiduciary activities

The Group provides trustee services to its customers. The Group also provides depositary services to its customers. Assets accepted and liabilities incurred under the fiduciary activities are not included in the Group's consolidated financial statements. The Group accepts the operational risk on these activities, but the Group's customers bear the credit and market risks associated with such operations.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from sales to external customers and whose revenue, result or assets are 10% or more of all the segments are reported separately. Geographical segments of the Group, concerning income and expenses, have not been reported separately within these consolidated financial statements as the management of the Group considers the principal segment to be comprised of the Commonwealth of Independent States, including the Republic of Kazakhstan, (CIS) as the risks and returns are considered to be similar throughout the region. Further, more than 90% of the Group's operations are conducted within the CIS.

Restatements

- **Restatements due to the changes in IFRS**

Certain restatements have been made to the consolidated financial statements as at 31 December 2004 and 2003 and for the years then ended to comply with the changes in IAS 1 "Presentation of Financial Statements" and IAS 39 "Financial Instruments: Recognition and Measurement" effective for the periods beginning on or after 1 January 2005. Such restatements have been done retrospectively to the earliest financial statements period presented.

According to the revised IAS 1 "Presentation of Financial Statements", profit or loss attributable to minority interest should not be presented in the financial statements as items of income or expense.

According to the revised IAS 39 "Financial Instruments: Recognition and Measurement" a gain or loss on an available-for-sale financial asset shall be recognised directly in equity, through the statement of changes in equity, except for impairment losses and foreign exchange gains and losses. The amount of adjustment of fair value of investments available-for-sale in the consolidated financial statements of the Group for the years ended 31 December 2004 and 2003 amounted to KZT 30 million and KZT (41) million, respectively. The cumulative effect of adjustment of fair value of investments available-for-sale recognised in the consolidated financial statements of the Group as at 31 December 2004 and 2003 in the Retained earnings amounted to positive valuation of KZT 11 million and KZT 41 million, respectively.

- **Restatements due to correction of error**

Subsequent to the issuance of the Bank's 2005 consolidated financial statements, the Bank's management determined that the Bank's preference shares should be treated as compound instruments in accordance with IAS 32, "Financial Instruments: Presentation" (revised). The standard requires that the proceeds from issuance of such a compound instruments are classified as equity or liability based on the underlying rights of each component of the instrument: a contractual obligation to pay dividends is classified as a liability and a right to participate in final distributions to shareholders is classified as equity at fair value at date of issuance. To comply with IAS 32, the consolidated balance sheet, the related profit and loss accounts, and the statement of cash flows and changes in equity have been restated from the amounts previously reported.

	Amount as per the previous report KZT millions			Amount as per the current report KZT millions			Total effect on the financial statements items KZT millions		
	2005	**2004**	**2003**	**2005**	**2004**	**2003**	**2005**	**2004**	**2003**
Subordinated debt	46,139	19,448	8,733	52,213	22,926	11,657	6,074	3,478	2,924
Share premium	22,307	11,752	9,453	15,902	7,864	6,407	(6,405)	(3,888)	(3,046)
Revaluation reserve for investments available-for-sale	1	-	-	1	11	41	-	11	41
Retained earnings	58,545	40,044	31,537	58,876	40,443	31,618	331	399	81
Interest income	85,791	56,163	35,106	85,791	56,163	35,712	-	-	606
Interest expense	(45,186)	(27,143)	(18,624)	(45,855)	(27,433)	(19,344)	(669)	(290)	(720)
Net gain on foreign exchange operations	1,777	1,684	1,601	1,698	1,972	1,723	(79)	288	122
Fee and commission income	11,389	9,102	8,400	11,389	9,102	7,794	-	-	(606)
Fee and commission expense	(1,358)	(988)	(1,334)	(1,358)	(988)	(864)	-	-	470
Net gain/(loss) on investments available-for-sale	12	19	(47)	12	49	(88)	-	30	(41)
Other income	2,690	1,895	1,239	2,690	1,895	1,165	-	-	(74)
Total profit and loss accounts effect							(748)	28	(243)

	Effect on the financial statements items due to error KZT millions			Effect on the financial statements items due to changes in IFRS KZT millions		
	2005	2004	2003	2005	2004	2003
Subordinated debt	6,074	3,478	2,924	-	-	-
Share premium	(6,405)	(3,888)	(3,046)	-	-	-
Revaluation reserve for investments available-for-sale	-	-	-	-	11	41
Retained earnings	331	410	122	-	(11)	(41)
Interest income	-	-	-	-	-	606
Interest expense	(669)	(290)	(324)	-	-	(396)
Net gain on foreign exchange operations	(79)	288	122	-	-	-
Fee and commission income	-	-	-	-	-	(606)
Fee and commission expense	-	-	-	-	-	470
Net gain/(loss) on investments available-for-sale	-	-	-	-	30	(41)
Other income	-	-	-	-	-	(74)
Total profit and loss accounts effect	(748)	(2)	(202)	-	30	(41)

Reclassifications

Certain reclassifications have been made to the consolidated financial statements as at 31 December 2004 and 2003 and for the years then ended to conform to the presentation as at 31 December 2005 and for the year then ended.

Adoption of new and revised International Financial Reporting Standards

At the date of authorization of these consolidated financial statements, the following standard was issued but not effective:

- IFRS 4 "Insurance contracts", amendments for financial guarantee contracts. Under IFRS 4 contracts that are largely investment in nature (do not contain significant insurance risk) will be accounted for as financial instruments under IAS 39. Insurance contracts continue to be accounted for under prior accounting practices.

The Bank's management does not believe that the effects of the new standard will be material. These standard will be effective for financial years starting on or after January 1, 2006.

4. NET INTEREST INCOME

	Year ended 31 December 2005 (restated – Note 3) KZT millions	Year ended 31 December 2004 (restated – Note 3) KZT millions	Year ended 31 December 2003 (restated – Note 3) KZT millions
Interest income			
Interest on loans to customers	77,135	49,790	30,355
Interest on debt securities	4,087	4,885	3,775
Interest on loans and advances to banks	3,923	1,029	1,527
Interest on reverse repurchase transactions	646	459	55
Total interest income	85,791	56,163	35,712
Interest expense			
Interest on debt securities issued	23,420	15,890	8,842
Interest on customer accounts	10,366	6,970	7,773
Interest on loans and advances from banks	9,863	3,801	2,043
Dividends on preference shares	669	290	324
Interest on repurchase transactions	136	275	82
Other interest expenses	1,401	207	280
Total interest expense	45,855	27,433	19,344
Net interest income before provision for impairment losses on interest bearing assets	39,936	28,730	16,368

5. ALLOWANCE FOR IMPAIRMENT LOSSES, OTHER PROVISIONS

The movements in allowance for impairment losses on interest bearing assets were as follows:

	Loans and advances to banks KZT millions	Loans to customers KZT millions	Securities purchased under reverse repurchase agreements KZT millions	Total KZT millions
31 December 2002	170	14,016	46	14,232
Provision/(recovery)	239	5,694	(46)	5,887
Write-off of assets	-	(2,233)	-	(2,233)
Recoveries of assets previously written off	-	1,587	-	1,587
Consolidation effect of Moskommertsbank	5	5	-	10
31 December 2003	414	19,069	-	19,483
Provision	119	11,103	-	11,222
Write-off of assets	-	(733)	-	(733)
Recoveries of assets previously written off	-	469	-	469
Exchange rate difference	-	(29)	-	(29)
31 December 2004	533	29,879	-	30,412
Provision	712	17,121	-	17,833
Write-off of assets	-	(5,359)	-	(5,359)
Recoveries of assets previously written off	-	531	-	531
Exchange rate difference	-	(10)	-	(10)
31 December 2005	1,245	42,162	-	43,407

The movements in insurance provisions and allowances for impairment losses on other transactions were as follows:

	Insurance provisions KZT millions	Other assets KZT millions	Total KZT millions
31 December 2002	421	53	474
Provision/(recovery)	636	(2)	634
Write-off of assets	-	(90)	(90)
Recoveries of assets previously written off	-	70	70
31 December 2003	1,057	31	1,088
Provision	500	115	615
Write-off of assets	-	(39)	(39)
Recoveries of assets previously written off	-	6	6
Exchange rate difference	-	(2)	(2)
31 December 2004	1,557	111	1,668
Provision	788	92	880
Write-off of assets	-	(81)	(81)
Recoveries of assets previously written off	-	6	6
Exchange rate difference	-	3	3
31 December 2005	2,345	131	2,476

Insurance provisions comprised:

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Property	894	620	300
Vehicles	708	582	218
Civil liability for owners of vehicles	282	166	99
Civil liability for damage	64	157	161
Other	397	32	279
Total insurance provision	2,345	1,557	1,057

The movements in provision for guarantees and other off-balance sheet contingencies were as follows:

	2005 KZT millions	2004 KZT millions	2003 KZT millions
1 January	1,530	1,426	1,790
Provision/(recovery) for the period	1,059	106	(364)
Exchange rate difference	-	(2)	-
31 December	2,589	1,530	1,426
Total provisions	4,934	3,087	2,483

6. NET GAIN/(LOSS) ON OPERATIONS WITH ASSETS HELD-FOR-TRADING

Net gain/(loss) on assets held-for-trading comprise:

	Year ended 31 December 2005 KZT millions	Year ended 31 December 2004 KZT millions	Year ended 31 December 2003 KZT millions
Equity securities	1,146	67	(290)
Debt securities	(404)	(45)	(27)
Total net gain/(loss) on assets held-for-trading	742	22	(317)

7. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

Net gain on foreign exchange operations comprise:

	Year ended 31 December 2005 (restated – Note 3) KZT millions	Year ended 31 December 2004 (restated – Note 3) KZT millions	Year ended 31 December 2003 (restated – Note 3) KZT millions
Dealing, net	2,101	2,728	1,419
Translation differences, net	(403)	(756)	304
Total net gain on foreign exchange operations	1,698	1,972	1,723

8. FEE AND COMMISSION INCOME AND EXPENSE

Fee and commission income and expense comprise:

	Year ended 31 December 2005 KZT millions	Year ended 31 December 2004 KZT millions	Year ended 31 December 2003 (restated – Note 3) KZT millions
Fee and commission income:			
Cash operations	3,446	2,786	2,094
Settlements	2,418	1,990	1,614
Documentary operations	2,233	1,600	1,615
Foreign exchange and securities operations	1,334	1,237	1,150
Credit cards operations	1,227	893	627
Encashment operations	139	136	112
Other	592	460	582
Total fee and commission income	11,389	9,102	7,794
Fee and commission expense:			
Bank cards services	468	357	304
Insurance activity	368	270	133
Documentary operations	117	93	216
Foreign currency and securities operations	105	82	62
Computation center of NBRK	82	63	40
Correspondent bank services	77	80	65
Other	141	43	44
Total fee and commission expense	1,358	988	864

9. OTHER INCOME

	Year ended 31 December 2005 KZT millions	Year ended 31 December 2004 KZT millions	Year ended 31 December 2003 (restated – Note 3) KZT millions
Insurance premiums	2,394	1,479	1,049
Fines and penalties received	109	40	5
Gain on sale of fixed assets	28	99	22
Other	159	277	89
Total other income	2,690	1,895	1,165

10. OPERATING EXPENSES

	Year ended 31 December 2005 KZT millions	Year ended 31 December 2004 KZT millions	Year ended 31 December 2003 KZT millions
Staff costs	6,517	3,782	4,201
Depreciation and amortization	1,564	1,302	979
Fixed assets maintenance	666	543	443
Advertising costs	587	417	379
Operating lease	515	375	207
Value added tax	456	332	253
Telecommunications	367	334	262
Payments to the Deposit Insurance Fund	311	285	310
Consulting services and audit	258	51	97
Business trip expenses	256	253	270
Penalties, fines	212	1	2
Vehicles maintenance	150	162	141
Security	145	321	146
Taxes, other than income tax	143	333	231
Servicing of the bank card system	130	121	106
Training	95	136	85
Stationery	72	79	60
Charity and sponsorship expenses	70	89	137
Cash collection expenses	82	82	71
Representative expenses	44	51	47
Mail and courier expenses	40	42	33
Legal services	27	90	28
Other expenses	661	330	481
Total operating expenses	13,368	9,511	8,969

11. INCOME TAX EXPENSE

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Bank and its subsidiaries operate and which may differ from International Financial Reporting Standards.

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2005, 2004 and 2003 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Income tax expense in 2004 includes an amount of KZT 4,009 million related to an additional tax assessment imposed by the tax authorities of the Republic of Kazakhstan following a tax audit completed the same year.

The additional assessment resulted mainly because the tax authorities disagreed with the Bank's treatment for tax purposes of expenses relating to loan provisions as deductions for taxable income purposes. The Bank's management believes that it acted in good faith and on the basis of the requirements of the legislation existing at the time of the respective transactions.

Temporary differences as at 31 December 2005, 2004 and 2003 comprise:

	31 December 2005 (restated – Note 3) KZT millions	31 December 2004 (restated – Note 3) KZT millions	31 December 2003 (restated – Note 3) KZT millions
Deferred tax assets:			
Provisions under guarantees and letters of credit	-	29	-
Other assets	459	151	398
Total deferred tax assets	459	180	398
Deferred tax liabilities:			
Loans to banks and customers	7,440	6,214	3,005
Fixed assets	650	692	244
Provisions under guarantees and letters of credit	372	-	93
Unrealized gain on securities revaluation	183	206	-
Investments in associates	94	22	1
Other liabilities	10	22	-
Total deferred tax liabilities	8,749	7,156	3,343
Net deferred tax liabilities	8,290	6,976	2,945

Relationships between tax expenses and accounting profit for the years ended 31 December 2005, 2004 and 2003 are explained as follows:

	Year ended 31 December 2005 (restated – Note 3) KZT millions	Year ended 31 December 2004 (restated – Note 3) KZT millions	Year ended 31 December 2003 (restated – Note 3) KZT millions
Profit before income tax	22,153	19,355	11,017
Tax at the statutory tax rate (30%)	6,646	5,807	3,305
Tax effect of permanent differences	(2,713)	(243)	(1,213)
Tax correction for previous year	(1,595)	-	-
Tax accruals as a result of tax audit	-	4,009	-
Income tax expense	2,338	9,573	2,092
Current income tax expense	1,096	5,876	590
Provision for deferred tax liabilities	1,242	3,697	1,502
Income tax expense	2,338	9,573	2,092

	2005 (restated – Note 3) KZT millions	2004 (restated – Note 3) KZT millions	2003 (restated – Note 3) KZT millions
Deferred income tax liabilities			
1 January	6,976	2,945	1,214
Decrease of fixed assets revaluation reserve	72	334	229
Provision for deferred tax liabilities	1,242	3,697	1,502
31 December	8,290	6,976	2,945

12. EARNINGS PER SHARE

	Year ended 31 December 2005 (restated – Note 3) KZT millions	Year ended 31 December 2004 (restated – Note 3) KZT millions	Year ended 31 December 2003 (restated – Note 3) KZT millions
Profit:			
Net profit for the year	18,392	8,716	8,518
Weighted average number of common shares for basic and diluted earnings per share	360,965,715	346,141,258	325,817,299
Earnings per share – basic and diluted (KZT)	50.95	25.18	26.14

13. CASH AND BALANCES WITH NATIONAL (CENTRAL) BANKS

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Cash on hand	17,425	11,218	10,352
Balances with national (central) banks	19,804	55,075	18,133
Total cash and balances with national (central) banks	37,229	66,293	28,485

The balances with the Central bank of Russian Federation (“CBRF”) as at 31 December 2005, 2004 and 2003 include KZT 641 million, KZT 783 million and KZT 122 million, respectively, which represents the permanent minimum reserve deposits required by the Central bank of Russian Federation. The Group is required to maintain the reserve balance at the Central bank of Russian Federation at all times.

Cash and cash equivalents for the purposes of the statement of cash flows are comprised of the following:

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Cash and balances with national (central) banks	37,229	66,293	28,485
Loans and advances to banks in OECD countries	190,888	16,358	18,963
Less minimum reserve deposit with CBRF	(641)	(783)	(122)
Less accrued interest income on funds in NBRK and banks in OECD countries	-	(10)	(4)
Total cash and cash equivalents	227,476	81,858	47,322

14. ASSETS HELD-FOR-TRADING

	Interest to nominal	31 December 2005	Interest to nominal	31 December 2004	Interest to nominal	31 December 2003
	%	KZT millions	%	KZT millions	%	KZT millions
Debt securities:						
US exchequer bonds	2.7306-10.7225%	21,403	-	-	3.63%	1,392
Eurobonds of European Investment Bank	3-5.625%	13,577	-	-	-	-
Bonds of Federal Home Loan Bank	4.06%	13,529	-	-	2.18%	3,579
Bonds of Freddie Mac	4.60%	12,965	5.25-12.36%	1,559	9.28-15.29%	3,909
Eurobonds of InraAmerican Development Bank	5.375-6.125%	8,916	-	-	-	-
Eurobonds of International Bank of Reconstruction and Development	5%	8,153	-	-	-	-
Eurobonds of Nordic Investment Bank	2.75%	6,781	-	-	-	-
Treasury bonds of the Ministry of finance of the Republic of Kazakhstan	2.75-5.5%	6,783	3.22-8.35%	12,906	5.8-9.99%	6,061
Eurobonds of Caisse D'Amortissement Delta France	4.60%	6,732	-	-	-	-
Eurobonds of KFW Intl Finance	5.25%	6,722	-	-	-	-
Eurobonds of Bank Nederlandse Gemeenten	2.50%	5,432	-	-	-	-
Corporate bonds of issuers of the Russian Federation	7.5-15.5%	5,371	11.28-12.3%	5,633	14.5 - 18%	787
Bonds of the Government of Finland	5.88%	4,794	-	-	-	-
Bonds of Almaty Merchant Bank	8.50-10%	4,466	8.5-12.5%	1,667	-	-
Bonds of KazTransOil	8.50%	2,379	8.50%	2,424	8.5-9%	2,669
Eurobonds of the Ministry of finance of the Republic of Kazakhstan	11.13%	2,159	11.13%	2,255	11.13-13.63%	6,399
Bonds of local executive bodies of the Russian Federation	8.20-13.30%	1,080	12.5-13.5%	573	13.76%	168
Short-term notes of NBRK	2.22%	1,002	1.5-7.12%	41,146	1.96-5.11%	22,701
Bonds of Development Bank of Kazakhstan	9.1-13%	964	8-13%	925	7.13-7.38%	1,018
Bonds of Bank CenterCredit	8.5-10.4%	680	-	-	-	-
Bonds of Karazhanbasmunai	9.1-9.9%	668	8-9.7%	1,320	-	-
Bonds of Kazakhaltyn	9.90%	579	-	-	-	-
Bonds of Halyk Bank	7.5-7.75%	556	8.13%	410	-	-
Eurobonds of TuranAlemFinance B.V.	7.875-8%	334	7.88%	50	7.875-11.5%	1,951
Bonds of Atyrau local executive committee	8.5-8.6%	292	8.5-8.6%	276	8.5-8.6%	469
Eurobonds of ALB Finance B.V	9%	280	-	-	-	-
Bonds of Bank TuranAlem	8-9.90%	272	8%	158	-	-
Bonds of Astana city administration	8.50%	267	8.50%	296	8-8.5%	352
Bonds of Federal Farm Credit Bank	3.38%	263	3.38%	259	-	-
Bonds of federal loan Ministry of finance of the Russian Federation	10%	210	12.75%	481	12.75%	361
Bonds of Kazakh Mortgage Company	6.9-12.25%	191	8.09-12.25%	1,366	8-8.6%	768
Bonds of KazTransCom	8%	135	8%	185	8%	158
Bonds of Kazakhstan kagazy	10.40%	132	-	-	-	-
Bonds of Astana Finance	9.40%	126	-	-	-	-
Bonds of Khimfarm	10%	120	-	-	-	-
Bonds of Glotur	10%	102	-	-	-	-
Bonds of Kazatomprom	8.50%	88	8.50%	85	8.5%	96
Bonds of Mangistau REK	13%	65	13%	67	-	-
Bonds of Fannie MAE	-	-	5%	260	2%	3,605
Bonds of Almaty Kus	-	-	10%	3	10%	10
State bonds of the Federal Republic of Germany	-	-	-	-	4.5%-5.25%	7,731
State bonds of Kingdom of the Netherlands	-	-	-	-	3.75%	3,677
Bonds of PetroKazakhstan Oil Products	-	-	-	-	10%	1,745
Kazakhtelecom bonds	-	-	-	-	10%	429
East Kazakhstan regional administration bonds	-	-	-	-	5.97-6.3%	149
VITA bonds	-	-	-	-	8.6-14%	67
Caspian Bank bonds	-	-	-	-	9.5%	3
		138,568		74,304		70,254

	Ownership share %	31 December 2005 KZT millions	Ownership share %	31 December 2004 KZT millions	Ownership share %	31 December 2003 KZT millions
Shares:						
ADR Kazakhtelecom	5.11%	1,673	-	-	-	-
Kazzinc	0.04%	34	-	-	-	-
Aktobemunaigaz	0.004%	9	-	-	-	-
Kazakhtelecom						
- common	0.009%	4	-	-	-	-
- preference	0.075%	6	-	-	-	-
GDR Kazakhtelecom	-	-	0.54%	420	0.54%	219
Moscow shipbuilding shipyard	-	-	2.70%	56	-	-
Gazprom	-	-	-	-	0.82%	544
Kazakhmys	-	-	-	-	0.11%	84
Ust-Kamenogorsk Titanium and Magnesium Plant	-	-	-	-	1.07%	56
Mosenergo	-	-	-	-	0.03%	44
		1,726		476		947
Total assets held-for-trading		140,294		74,780		71,201

As at 31 December 2005, 2004 and 2003 included in assets held-for-trading is accrued interest income on debt securities amounting to KZT 1,646 million, KZT 636 million and KZT 774 million, respectively.

As at 31 December 2005, 2004 and 2003 certain assets held-for-trading were pledged under repurchase agreements with other banks/customers with fair value amounting to KZT 59,143 million, KZT 28,445 million and KZT 37,251 million, respectively (Note 26).

15. LOANS AND ADVANCES TO BANKS, LESS ALLOWANCE FOR IMPAIRMENT LOSSES

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Loans and advances to banks	236,526	29,248	35,386
Correspondent accounts with other banks	18,478	13,021	3,477
Accrued interest income on loans and advances to banks	145	98	134
	255,149	42,367	38,997
Less allowance for impairment losses	(1,245)	(533)	(414)
Total loans and advances to banks, less allowance for impairment losses	253,904	41,834	38,583

Movements in allowances for impairment losses on loans and advances to banks for the years ended 31 December 2005, 2004 and 2003 are disclosed in Note 5.

As at 31 December 2005, 2004 and 2003 the Group had loans and advances to the following banks, which individually exceeded 10% of the Bank's equity, calculated according to the principles employed by the Basle Committee (Note 37).

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Bank Austria AG Wien	26,812	-	-
Zurcher Kantonalbank	26,812	-	-
Dexia Bank SA	26,802	-	-
Fortis Bank NV/SA Brussels	26,802	-	-
Depfa Investment Bank LTD, Ireland	26,802	-	-
Societe Generale Paris France	26,802	-	-
Moscow Business World Bank LTD	19,809	-	5,913
Deutshe Bank London Branch	-	-	7,211
Bank Stroycredit Moscow Russia	-	-	5,769
	180,641	-	18,893

As at 31 December 2005, 2004 and 2003 the maximum credit risk exposure of loans and advances to banks amounted to KZT 26,812 million, KZT 6,500 million and KZT 7,211 million, respectively.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2005			31 December 2004			31 December 2003		
	Nominal amount	Net fair value		Nominal amount	Net fair value		Nominal amount	Net fair value	
		Asset	Liability		Asset	Liability		Asset	Liability
Foreign currency contracts									
Foreign currency swaps	16,865	2	(95)	5,132	-	(3)	216	-	-
Interest rate swaps	14,108	77	(94)	-	-	-	-	-	-
Forward contracts	2,634	2	-	7,245	17	-	4,407	15	(1)
Securities contracts									
Forward contracts		-	-	1,345	3	(28)	-	-	-
		81	(189)		20	(31)		15	(1)

17. LOANS TO CUSTOMERS, LESS ALLOWANCE FOR LOAN LOSSES

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Loans granted	757,119	513,295	291,512
Accrued interest income on loans and advances to customers	14,887	11,515	10,620
	772,006	524,810	302,132
Less allowance for impairment losses	(42,162)	(29,879)	(19,069)
Total loans and advances to customers, less allowance for impairment losses	729,844	494,931	283,063

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Analysis by collateral:			
Loans collateralized by real estate	203,045	112,348	59,300
Loans collateralized by accounts receivable	126,953	119,097	32,617
Loans collateralized by combined collateral	104,917	75,461	92,860
Loans collateralized by guarantees of enterprises	102,095	32,205	40,758
Loans collateralized by equipment	74,697	42,345	10,960
Loans collateralized by shares of other companies	33,759	26,092	13,445
Loans collateralized by inventories	29,893	21,084	27,035
Loans collateralized by cash or guarantees of the Government of the Republic of Kazakhstan	14,606	25,943	8,537
Loans collateralized by guarantees of financial institutions	3,197	22,306	4,341
Unsecured loans	78,844	47,929	12,279
	772,006	524,810	302,132
Less allowance for impairment losses	(42,162)	(29,879)	(19,069)
Total loans and advances to customers, less allowance for impairment losses	729,844	494,931	283,063

Movements in allowances for impairment losses for the years ended 31 December 2005, 2004 and 2003 are disclosed in Note 5.

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Analysis by sector:			
Construction	210,431	90,495	34,567
Trade	147,657	97,326	55,661
Individuals	101,844	72,821	31,791
Transport and communication	41,040	31,125	14,765
Energy	33,922	37,007	47,506
Agriculture	33,137	34,279	34,469
Investments and finance	30,237	32,975	2,640
Food industry	30,145	29,802	24,187
Mining and metallurgy	25,681	14,042	10,261
Hotel business	17,394	14,517	14,128
Real estate	15,743	27,597	5,982
Machinery construction	13,488	9,206	4,940
Culture and art	747	1,632	2,336
Other	70,540	31,986	18,899
	772,006	524,810	302,132
Less allowance for impairment losses	(42,162)	(29,879)	(19,069)
Total loans and advances to customers, less allowance for impairment losses	729,844	494,931	283,063

As at 31 December 2005, 2004 and 2003 the Group granted loans to the following borrowers, respectively, which individually exceeded 10% of the Bank's equity, calculated according to the principles employed by the Basle Committee (Note 37).

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Mayberry Financial Services S.A.	20,645	9,888	-
Holding KUAT	20,615	12,350	-
Holding LLP "SAT&Company"	16,259	-	-
Holding Jalan Limited	15,625	12,850	10,331
Holding IKAN	14,780	-	-
Holding LLC UNIMILK	-	11,477	-
Holding LLP "TKF AGROINVEST TRADING"	-	8,977	-
Food Contract Corporation	-	-	9,128
Holding CNPC Aktobemunaigaz	-	-	8,293
Holding Alibi	-	-	7,852
Holding BIPEK Auto	-	-	6,772
Holding Tolkynneftegas	-	-	6,206
	87,924	55,542	48,582

As at 31 December 2005, 2004 and 2003 the maximum credit risk amount on loans to customers amounted KZT 20,645 million, KZT 12,850 million and KZT 10,331 million, respectively.

18. SECURITIES PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS

Loans granted under reverse repurchase agreements are secured with the following assets:

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Bonds of Russian companies	9,150	3,628	1,043
Bonds of Kazakh companies	2,949	2,972	-
Shares of Kazakh companies	1,644	277	-
Bonds of local executive bodies of the Russian Federation	172	-	-
Bonds of the Ministry of finance of the Republic of Kazakhstan	35	18	487
Shares of Russian companies	-	1,328	945
Notes of the National Bank of the Republic of Kazakhstan	-	179	100
Treasury bonds of the Ministry of finance of the Kyrgyz Republic	-	-	33
Total securities purchased under reverse repurchase agreement	13,950	8,402	2,608

19. INVESTMENTS AVAILABLE-FOR-SALE

	Interest to nominal %	31 December 2005 KZT millions	Interest to nominal %	31 December 2004 KZT millions	Interest to nominal %	31 December 2003 KZT millions
Debt securities:						
Eurobonds of Ministry of finance of the Republic of Kazakhstan	2.75-6.99%	340	-	-	-	-
Bonds of Kazakhstan Mortgage Company	6.9-8.29%	87	-	-	-	-
Bonds of Astana-Finance	-	-	9%	127	-	-
Bonds of Kazakhaltyn	-	-	9.7%	123	-	-
Bonds of Chimfarm	-	-	10%	119	-	-
Bonds of Almaty Merchant Bank	-	-	-	-	8.6%	3
		427		369		3

	Ownership share %	31 December 2005 KZT millions	Ownership share %	31 December 2004 KZT millions	Ownership share %	31 December 2003 KZT millions
Equity securities:						
Shares of Kazakhtelecom						
- common	-	-	0.14%	90	0.04%	15
- preference	-	-	0.19%	6	0.01%	2
Aktubinsk chromium compounds plant	-	-	3.07%	22	3.07%	23
Aktobemunaigaz	-	-	0.004%	2	0.004%	2
Bank CenterCredit	-	-	-	-	1.9%	86
Aluminium of Kazakhstan	-	-	-	-	0.023%	7
		-		120		135
Total investments available-for-sale		427		489		138

20. INVESTMENTS HELD-TO-MATURITY

	Interest to nominal %	31 December 2005 KZT millions	Interest to nominal %	31 December 2004 KZT millions	Interest to nominal %	31 December 2003 KZT millions
Bonds of the Ministry of finance of the Republic of Kazakhstan	4-4.3%	234	-	-	-	-
Bonds of Halyk Bank	7.75%	99	-	-	-	-
Bonds of Bank CenterCredit	8.5%	94	-	-	-	-
Bonds of ATF Bank	8.5%	92	-	-	-	-
Bonds of the Ministry of finance of the Kyrgyz Republic	4.52-8.15%	40	5.91-8.10%	64	11%	32
Bonds of the National bank of the Kyrgyz Republic	4.9%	3	-	-	-	-
Total investments held-to-maturity		562		64		32

21. INVESTMENTS IN ASSOCIATES AND OTHER ENTITIES

	31 December 2005		31 December 2004		31 December 2003	
	Ownership share %	Amount KZT millions	Ownership share %	Amount KZT millions	Ownership share %	Amount KZT millions
Pension Fund "Ular Umit"	41.18%	388	41.18%	214	33.18%	146
LLP "First Credit Bureau"	18.40%	37	14.29%	4	-	-
		425		218		146

In 2005 the Bank purchased shares of LLP "First Credit Bureau" and as at 31 December 2005 the Bank's share in the equity of the LLP "First Credit Bureau" increased by 4.11%.

In 2004 Kazkommertsbank purchased shares of UlarUmit Pension Fund additionally to the existing shares and for the year ended 31 December 2004 the Bank's share in the equity of the UlarUmit Pension Fund increased by 8%.

The percentage held of the above associates represents both direct and indirect ownership of the Bank.

The movements of investments are accounted for in the consolidated financial statements and presented as follows:

	2005 KZT millions	2004 KZT millions	2003 KZT millions
1 January	218	146	286
Purchase cost	33	60	19
Investments sale	-	-	(139)
Share of results of associates	174	12	(20)
31 December	425	218	146

As at 31 December 2005 assets, liabilities and income of associated companies for the year then ended are presented as follows:

Name of associated company	Fair value of investments in associated company	Total assets of associated company	Total liabilities of associated company	Income of associated company
JSC APF Ular Umit	388	1,136	195	422

22. GOODWILL

In October 2005 the Bank has purchased 100% shares in JSC ABN AMRO Asset Management and 80.01% in JSC ABN AMRO CaspiiMunaiGaz Accumulation Pension Fund from JSC ABN AMRO Bank Kazakhstan (see Note 1).

The net assets acquired in the transaction, and the goodwill arising are as follows:

	ABN AM	ABN APF	Total
Fixed and intangible assets	1	18	19
Investments held-to-maturity	259	184	443
Investments available-for-sale	151	244	395
Commission receivable	22	47	69
Securities purchased under reverse repurchase agreements	81	60	141
Other assets	2	4	6
Tax payables	(16)	(43)	(59)
Other liabilities	(3)	(27)	(30)
	497	487	984
Goodwill	1,124	1,281	2,405
Total consideration, satisfied by cash	1,621	1,768	3,389
Net cash outflow on acquisition:			
Cash consideration paid	(1,635)	(1,787)	(3,422)
Cash acquired	14	19	33
Total	(1,621)	(1,768)	(3,389)

The Goodwill arising on the acquisition is attributable to the anticipated profitability of the distribution of the Group's products in the new markets, long-term funds attraction and the anticipated future synergies from the combination.

Goodwill acquired in a business combination is allocated, at acquisition to the cash generating units (CGUs) that are expected to benefit from that business combination. These cash generating units do not carry on their balance sheets any intangible assets with indefinite useful lives, other than goodwill.

Cash Generating Unit	31 December 2005 KZT millions
ABN AMRO CaspiiMunaiGaz APF	1,281
ABN AMRO Asset Management	1,124
	2,405

JSC ABN AMRO CaspiiMunaiGaz APF contributed KZT 165 million of revenue and KZT 35 million to the Group's profit before tax for the period between the date of acquisition and the balance sheet date.

JSC OCOPAIM ABN AMRO Asset Management contributed KZT 72 million of revenue and KZT 50 million to the Group's profit before tax for the period between the date of acquisition and the balance sheet date.

If the acquisition of JSC ABN AMRO CaspiiMunaiGaz APF and JSC OCOPAIM ABN AMRO Asset Management had been completed on 1 January 2005, total group revenue for the year 2005 would have been KZT 86,051 million, and profit for the year 2005 would have been KZT 20,823 million.

During 2005 there was no impairment of goodwill.

Goodwill was determined based on discounted future cash flows. 5-year period was used for projected cash flows based on financial budgets with 14% discount rate applied to the cash flow projection. The management used the following key assumptions as the basis for cash flow projections:

- Economy growth of the Republic of Kazakhstan;
- Stable legislation requiring obligatory pension savings, and hence - pension system growth;

- Stable Client structure (relatively high salary clients);
- Favorable demographic indexes (more younger population); and
- Cross-selling opportunities.

23. FIXED AND INTANGIBLE ASSETS, LESS ACCUMULATED DEPRECIATION AND AMORTIZATION

	Buildings and construction KZT millions	Furniture and equipment KZT millions	Intangible assets KZT millions	Other KZT millions	Total KZT millions
At revalued cost					
31 December 2002	1,194	3,748	880	135	5,957
Additions	449	1,975	119	167	2,710
Revaluation increase	876	-	-	-	876
Transfers	8	4	-	(12)	-
Consolidation effect of MKB	-	47	-	45	92
Disposals	(125)	(109)	(201)	(11)	(446)
31 December 2003	2,402	5,665	798	324	9,189
Additions	70	1,103	103	209	1,485
Revaluation increase	1,220	-	-	-	1,220
Disposals	(134)	(232)	(17)	(3)	(386)
Exchange differences	-	4	14	(18)	-
31 December 2004	3,558	6,540	898	512	11,508
Additions	481	1,478	299	308	2,566
Revaluation increase	346	-	-	-	346
Acquisition of subsidiaries	-	31	5	4	40
Subsidiaries adjustments for 2004	-	13	-	-	13
Disposals	(364)	(235)	(18)	(118)	(735)
Exchange differences	-	-	-	6	6
31 December 2005	4,021	7,827	1,184	712	13,744
Accumulated depreciation and amortization					
31 December 2002	88	1,511	271	30	1,900
Charge for the year	40	808	91	40	979
Transfers	-	3	-	(3)	-
Consolidation effect of MKB	-	12	-	3	15
Eliminated on revaluation	70	-	-	-	70
Eliminated on disposals	(2)	(73)	-	(4)	(79)
31 December 2003	196	2,261	362	66	2,885
Charge for the year	48	1,013	163	78	1,302
Eliminated on revaluation	125	-	-	-	125
Eliminated on disposals	(14)	(153)	(16)	(1)	(184)
Exchange differences	-	(6)	3	(3)	(6)
31 December 2004	355	3,115	512	140	4,122
Charge for the year	58	1,048	205	253	1,564
Acquisition of subsidiaries	-	12	2	3	17
Subsidiaries adjustments for 2004	-	8	-	-	8
Eliminated on disposals	(354)	(157)	(13)	(107)	(631)
Exchange differences	-	-	-	2	2
31 Dececmber 2005	59	4,026	706	291	5,082
Net book value					
31 December 2005	3,962	3,801	478	421	8,662
31 December 2004	3,203	3,425	386	372	7,386
31 December 2003	2,206	3,404	436	258	6,304

a) The effective date of the revaluation is 10 June 2005;
b) In 2005 the real estate was revalued based on an independent expert's appraisal – LLP Price-Express, registration number UL-00301, the legal address: Republic of Kazakhstan, 050013, Almaty, Baiseitova street, 49.
c) Methods of evaluation are cost approach, benchmark (comparative) approach, profit method.
d) Additionally to point (c) the method of determining fair value directly by reference to observable prices in an active market has been applied. The source for obtaining information by this method are publications placing announcements on purchase and sale of real estate objects, and internet sites on commercial realty, helping in selecting analogues maximally approximated by their characteristics to evaluated objects.

Intangible assets include software, patents and licenses.

24. OTHER ASSETS, LESS ALLOWANCE FOR IMPAIRMENT LOSSES

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Prepayments and other debtors	2,926	7,296	1,857
Income tax receivable	1,685	278	41
Insurance debtors	1,040	456	792
Prepaid expenses	978	1,599	687
Tax settlements, other than income tax	587	122	20
	7,216	9,751	3,397
Less allowance for impairment losses	(130)	(111)	(31)
Total other assets, less allowance for impairment	7,086	9,640	3,366

Movements in allowances for impairment losses for the years ended 31 December 2005, 2004 and 2003 are disclosed in Note 5.

25. LOANS AND ADVANCES FROM BANKS

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Correspondent accounts of other banks	29,121	6,582	6,088
Loans from banks and financial institutions, including:			
Syndicated loan from banks *(Bank of Tokyo Mitsubishi)* (maturity date – December 2006, interest rate 4.819%)	109,054	-	-
Syndicated loan from banks *(Bank of Tokyo Mitsubishi)* (maturity date – December 2008, interest rate 5.26938%)	63,854	-	-
Syndicated loan from banks *(Citibank International Plc)* (maturity date – August 2006, interest rate 4.87%)	53,362	-	-
Loan from EBRD (maturity date in 2006, interest rate 3.27 – 8.42% annually)	10,408	5,330	7,757
Loan from the bank syndicate (Deutsche Bank AG London):			
Tranche A due on 16.12.2005 (USD 500 million), coupon rate 4.54%	-	65,000	27,402
Tranche B due on 19.12.2005 (USD 110 million), coupon rate 4.32%	-	14,300	15,864
Syndicated loan from banks (City Bank Int/ PLC London, maturity date – 28.08.2005, USD 150 million, interest rate 3.64%)	-	19,500	-
Syndicated loans from banks (ING Amsterdam) 4.02%	-	-	6,490
Loan from EBRD (maturity date in 2005, interest rate 2.84%-4.33% annually, USD 40 million and USD 22.5 million)	-	8,131	-
Loans and advances received from NBRK	3,569	85	358
Loans from other banks and financial institutions	41,196	39,757	12,047
Deposits of banks	8,423	10,851	2
Accrued interest expenses	1,108	795	214
Total loans and advances from banks	320,095	170,331	76,222

26. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

The loans received under repurchase agreements are secured with the following assets:

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Bonds of Federal Home Loan Bank	13,533	-	-
Eurobonds of International Bank of Reconstruction and Development	8,158	-	-
Eurobonds of Caisse D'Amortissement Dela France	6,732	-	-
Eurobonds of KFW Intl Finance	6,726	-	-
Eurobonds of European Investment Bank	6,718	-	-
Eurobonds of the Ministry of finance of the Republic of Kazkahstan	5,742	-	-
Eurobonds of the Bank Nederlandse Gemeenten	5,434	-	-
Bonds of the Government of Finland	4,795	-	-
Shares of Kazakh companies	1,040	-	-
Local executive authorities of the Russian Federation	147	160	-
Bonds of Russian companies	118	2,154	-
Notes of the National Bank of the Republic of Kazakhstan	-	19,144	6,833
Bonds of the Ministry of finance of the Republic of Kazakhstan	-	6,987	-
Eurobonds of Deutsche Bank AG	-	-	12,939
Eurobonds of Deutsche Bank London	-	-	10,770
Eurobonds of Citigroup GMD AG & CO	-	-	5,945
Eurobonds of Raiffeisen Zentralbank AG	-	-	764
Total loans received under repurchase agreements	59,143	28,445	37,251

Securities transferred under the above indicated agreements, are included in the assets held-for-trading at their fair value.

27. CUSTOMER ACCOUNTS

Customer accounts comprise:

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Loans and time deposits	184,619	110,847	101,037
Demand deposits	114,190	84,990	47,354
Accrued interest expense on customer accounts	4,596	1,990	3,198
Total customer accounts	303,405	197,827	151,589

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Analysis by sector:			
Individuals	107,787	83,169	77,159
Investments and finance	74,458	26,173	12,036
Construction in progress	29,315	16,894	6,825
Trade	26,380	18,505	13
Chemical and petrochemical industry	21,458	25,224	6,403
Energy	14,377	4,041	262
Transport and communication	6,850	5,179	4,667
Agriculture	4,221	2,979	3,205
Mining and metallurgy	1,858	924	496
Food industry	1,474	964	167
Education	1,122	953	1,368
Public organizations and unions	683	783	486
Machinery construction	380	337	10,244
Hotel business	219	142	15,682
Real estate	212	22	752
Health care	197	202	186
Culture and art	194	296	373
Light industry	25	78	211
Other	7,599	8,972	2,855
Accrued interest expense on customer accounts	4,596	1,990	8,199
Total customer accounts	303,405	197,827	151,589

28. DEBT SECURITIES ISSUED

	Maturity date month/year	Annual coupon rate %	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Eurobonds of Kazkommerts International B.V.					
Due in May 2007:					
Tranche A, issued in May 2002 and placed at the price of 99.043%	8 May 2007	10.125%	18,561	18,534	19,900
Tranche B, issued in Novemer 2002 and placed at the price of 107.00%	8 May 2007	10.125%	6,699	6,500	7,211
Due in April 2013:					
Tranche A, issued in April 2003 at the price of 97.548%	16 April 2013	8.5%	45,730	45,286	47,422
Tranche B issued in April 2003 and placed in May 2003 at the price of 99.00%	16 April 2013	8.5%	20,097	19,500	21,633
Due in April 2014:					
Issued in April 2004 at the price of 99.15%	7 April 2014	7.875%	52,386	51,742	-
Due in November 2009:					
Tranche A issued in November 2004 at the price of 98.967%	3 November 2009	7%	46,880	45,500	-
Tranche B issued in February 2005 at the price of 98.967%	3 November 2009	7%	20,097	-	-
Due in November 2015:					
Issued in November 2005 at the price of 98.32%	3 November 2015	7.94%	66,990	-	-
			277,440	187,062	96,166
Plus/(less):					
Unamortised discount on debt securities issued			(4,098)	(1,796)	(1,282)
Accrued interest on debt securities issued			4,125	2,984	1,632
Total issued Eurobonds of Kazkommerts International B.V.			277,467	188,250	96,516
Issued bonds of Kazkommertsbank			3,957	3,950	-
Amounts of accrued expenses on issued bonds of Kazkommertsbank			127	129	-
Issued promissory notes of Moskommertsbank			21,040	15,473	1,717
Accrued interest expense on issued promissory notes of Moskommertsbank			542	39	-
Total debt securities issued			303,133	207,841	98,233

Eurobonds were issued by Kazkommerts International B.V., a subsidiary of the Bank, and guaranteed by the Bank. For Eurobonds with a maturity of May 2007, coupon is paid semi-annually on 8 May and 8 November, for those having a maturity of April 2013, interest is paid on 16 April and 16 October, for Eurobonds with maturity of April 2014, interest is paid on 7 April and 7 October, for Eurobonds with maturity of November 2009, interest is paid 3 may and 3 November, and for Eurobonds having a maturity of November 2015 interest is paid on 3 May and 3 November.

29. OTHER BORROWED FUNDS

	Interest rate %	31 December 2005 KZT millions	Interest rate %	31 December 2004 KZT millions	Interest rate %	31 December 2003 KZT millions
Kazkommerts DPR company	6.84 - 6.91%	39,806	-	-	-	-
DEG-Deutsche Investitions MBH	7.05 - 7.32%	6,696	4.99%	1,687	-	-
Private Export Funding Corporation	4.54 - 4.64%	1,138	-	-	-	-
DEERE Credit	4.74 - 4.91%	865	-	-	-	-
Funding of agricultural equipment purchasing	8.04 – 8.83%	725	3.22-7.76%	978	-	-
Intesa Soditic Trade Finance LTD	6%	630	-	-	-	-
Funding by the RK Ministry of finance and KR Ministry of finance	0.5 – 5%	423	0.50-5.78%	577	4.92%	909
Hungarian International Finance LTD	8.04%	55	-	-	-	-
Funding by the Small Business Development Support Fund	7.3%	21	7.30-8.05%	1,179	8.34%	2,546
Accrued interest expenses		245		43		70
Total other borrowed funds		50,604		4,464		3,525

On December 8, 2005 Kazkommertsbank launched the inaugural future flow securitization of diversified payment rights for 300 million USD with the period of up to 7 years with floating rate and three year grace period on repayment of principal. The transaction is a true-sale securitization of the Bank's dollar-denominated present and future diversified payment rights (SWIFT USD MT100 series) to Kazkommerts DPR Company (special purpose vehicle created on Cayman Islands). Kazkommerts DPR Company is not a subsidiary of the Bank and is operated by management company Maples Finance Limited (Cayman Islands). The issuance consisted of three series of notes: Series 2005A for U.S. 200 million, Series 2005B and Series 2005C for U.S. 50 million each. The last two are unwrapped tranches with private placement and Series 2005A are wrapped by monoline insurer Ambac Financial Group, Inc. and priced at 3-month LIBOR plus 0.29%.

Financing by the Small Business Development Support Fund is made from funds of EBRD, Asian Development Bank (further – "ADB") and is represented as follows:

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
From EBRD funds	21	1,118	2,322
From ADB funds	-	61	224
	21	1,179	2,546

Funding from the Ministry of finance of the Republic of Kazakhstan is provided under the Agriculture Development Program by funds of the International Bank of Reconstruction and Development (further – "IBRD"). Kreditanschtaldt fur Videraufbau (further – "KFW") and regional departments, as well as from the funds of the Ministry of finance of Kyrgyz Republic from funds of ADB and represented as follows:

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
From funds of IBRD, KFW and ABD	329	524	764
From funds of regional subdivisions	94	53	145
	423	577	909

Financing by international financial organizations Atlantik Forfaiting AG and Export Development, Canada is made for purchase of agricultural equipment and represented as follows:

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
From funds of Export Development Canada	351	511	-
From funds of Atlantik Forfaiting AG	374	467	-
	725	978	-

30. OTHER LIABILITIES

	31 December 2005 KZT millions	31 December 2004 KZT millions	31 December 2003 KZT millions
Taxes payable, other than income tax	1,760	975	314
Payable to employees	1,033	510	800
Accounts payable on re-insurers	611	117	479
Prepayments received	412	24	-
Other	775	1,206	1,382
	4,591	2,832	2,975

31. SUBORDINATED DEBT

	Currency	Maturity date (year)	Interest rate %	31 December 2005 (restated – Note 3) KZT millions	31 December 2004 (restated – Note 3) KZT millions	31 December 2003 (restated – Note 3) KZT millions
Subordinated debt of Citigroup GMD AG & CO	USD	2014	8.194%	13,398	13,000	-
Permanent debt of Kazkommerts Finance II B.V.	USD	-	9.2531%	13,286	-	-
Subordinated bonds	KZT	2015	7.5%	12,360	-	-
Preference dividends				6,074	3,478	2,924
Indexed subordinated bonds	KZT	2009	8%	3,676	3,549	3,980
International subordinated bonds	USD	2007	11%	2,662	2,571	2,844
Subordinated bonds	USD	2007	5.5%	50	49	54
Subordinated debt of Deutsche Investitions und Entwicklungsgesellschaft	USD	2008	9.31-9.94%	-	-	1,802
Accrued interest expenses				707	279	53
				52,213	22,926	11,657

In the event of bankruptcy or liquidation of the Bank repayment of this debt is subordinate to the repayments of the Bank's liabilities to all other creditors.

Preference dividends represents the present value of mandatory dividends on preference shares (see Note 32) in perpetuity. According to IAS 32 revised, as discusses in Note 3, these amounts were restated.

32. SHARE CAPITAL

As at 31 December 2005 the Bank's share capital comprised the following:

	Authorized share capital	Unpaid share capital	Repurchased share capital	Total share capital
Common shares	3,750	-	-	3,750
Preference shares	1,250	-	(4)	1,246
	5,000	-	(4)	4,996

As at 31 December 2004 the Bank's share capital comprised the following:

	Authorized share capital	Unpaid share capital	Repurchased share capital	Total share capital
Common shares	3,750	(289)	-	3,461
Preference shares	1,250	(512)	(2)	736
	5,000	(801)	(2)	4,197

As of 31 December 2003 the Bank's share capital comprised the following:

	Authorized share capital	Unpaid share capital	Repurchased share capital	Total share capital
Ordinary shares	3,750	(289)	-	3,461
Preference shares	1,250	(692)	-	558
	5,000	(981)	-	4,019

The preference shares have a nominal value of KZT 10 and carry no voting rights but rank ahead of the common shares in the event of liquidation of the Bank. Annual dividend is determined by the preference shares issuance rules in the amount of USD 0.04 per share. These shares are not redeemable.

Dividends declared on preference shares amounted to KZT 669 million, KZT 290 million and KZT 324 million in 2005, 2004 and 2003, respectively. In 2005, 2004 and 2003 dividends on common shares have not been declared.

33. FINANCIAL COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk are not reflected in the balance sheet.

Accrued provision for losses on letters of credit and guarantees amounted to KZT 2,589 million, KZT 1,530 million and KZT 1,426 million as at 31 December 2005, 2004 and 2003 respectively.

The risk-weighted amount is obtained by applying credit conversion factor and counterparty risk weightings according to the principles employed by the Basle Committee on Banking Supervision.

As at 31 December 2005, 2004 and 2003, the nominal or contract amounts and risk-weighted amounts were:

	31 December 2005		31 December 2004		31 December 2003	
	Nominal amount	Risk weighted amount	Nominal amount	Risk weighted amount	Nominal amount	Risk weighted amount
Contingent liabilities and credit commitments						
Guarantees issued and similar commitments	39,928	39,928	22,972	22,972	22,769	22,769
Letters of credit and other transaction related to documentary operations	59,951	11,680	41,490	6,942	23,409	4,682
Commitments on loans and unused credit lines	2,670	2,670	2,081	2,081	1,229	1,229
Total contingent liabilities and credit commitments	102,549	54,278	66,543	31,995	47,407	28,680

Capital commitments – The Group had no material commitments for capital expenditures outstanding as at 31 December 2005, 2004 and 2003.

Operating lease commitments – No material rental commitments were outstanding as at 31 December 2005, 2004 and 2003.

Fiduciary activities – In the normal course of its business the Group enters into agreements with limited right on decision making with clients for their assets management in accordance with specific criteria established by clients. The Group may be liable for losses or actions aimed at appropriation of the clients' funds until such funds or securities are not returned to the client. The maximum potential financial risk of the Group at any given moment is equal to the volume of the clients' funds plus/minus any unrealized income/loss on the client's position.

The Group also provides depositary services to its customers. As at 31 December 2005, 2004 and 2003 the Group had customer securities totaling:
- on broker-dealer operations - 13,175,579 items, 63,668,088 items and 956,334,557 items respectively,
- on custodial operations - 333,537,909 items, 535,951,836 items and 54,000,125 items respectively.

Legal proceedings – From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these consolidated financial statements.

Taxes – Due to the presence in commercial legislation of the countries where the Group operates, and tax legislation in particular, of provisions allowing more than one interpretation, and also due to the practice developed in a generally unstable environment by the tax authorities of making arbitrary judgment of business activities, if a particular treatment based on interpretations of legislation concerning the Group's business activities to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest. Such uncertainty may relate to valuation of financial instruments, loss and impairment provisions and market level for deals' pricing. The Group believes that it has already made all tax payments, and therefore no allowance has been made in the consolidated financial statements. Tax years remain open to review by the tax authorities for five years.

Pensions and retirement plans – Employees receive pension benefits in accordance with the requirements of the legislation of the countries in which the Bank and its subsidiaries operate. As at 31 December 2005, 2004 and 2003 the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment **–** The Group's principal business activities are within the Republic of Kazkahstan. Laws and regulations affecting the business environment in the Republic of Kazakhstan are subject to rapid changes and the Group's assets and operations could be at risk due to negative changes in the political and business environment.

34. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties, as defined by IAS 24 "Related party disclosures", represent:

(a) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Bank (this includes holding companies, subsidiaries and fellow subsidiaries);

(b) Associates – enterprises in which the Bank has significant influence and which is neither a subsidiary nor a joint venture of the investor;

(c) Individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the Bank;

(d) Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, including directors and officers of the Bank (also non-executive directors and close members of the families of such individuals);

(e) Enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Bank and enterprises that have a member of key management in common with the Bank;

(f) Parties with joint control over the Bank;

(g) Joint ventures in which the Bank is a venture; and

(h) Post-employment benefit plans for the benefit of employees of the Bank, or of any entity that is a related party to the Bank.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Group had the following transactions outstanding with related parties:

	31 December 2005 KZT millions		31 December 2004 KZT millions		31 December 2003 KZT millions	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Loans to customers	1,785	772,006	2,617	524,810	2,516	302,132
- who are under common control jointly with the Bank	342		482		614	
- individuals influencing the Bank's operations, and their close family members	453		562		537	
- key management personnel of the Bank	954		1,142		1,365	
- other related parties	36		431		-	
Allowance for impairment losses	51	42,162	84	29,879	73	19,069
- who are under common control jointly with the Bank	20		39		27	
- individuals influencing the Bank's operations, and their close family members	9		11		11	
- key management personnel of the Bank	20		25		35	
- other related parties	2		9		-	
Customer accounts	2,274	303,405	3,401	197,827	1,596	151,589
- who directly or indirectly, through one or several intermediaries, control the Bank	-		70		570	
- who are under common control jointly with the Bank	16		58		64	
- associates of the Bank	1,093		2,248		-	
- individuals influencing the Bank's operations, and their close family members	486		445		394	
- key management personnel of the Bank	672		537		502	
- other related parties	7		43		66	
Provision for guarantees and letters of credit	-	2,589	3	1,530	1	1,426
- who are under common control jointly with the Bank	-		1		-	
- individuals influencing the Bank's operations, and their close family members	-		-		-	
- key management personnel of the Bank	-		2		1	
Loan commitments and unused card limits	45	2,670	54	2,081	25	1,229
- individuals influencing the Bank's operations, and their close family members	17		17		-	
- key management personnel of the Bank	28		37		25	
Guarantees given	19	39,928	34	22,972	18	22,769
- who are under common control jointly with the Bank	-		16		3	
- individuals influencing the Bank's operations, and their close family members	1		1		1	
- key management personnel of the Bank	18		17		14	

Included in the consolidated profit and loss account for the years ended 31 December 2005, 2004 and 2003 are the following amounts, which arose due to transactions with related parties:

	Year ended 31 December 2005 KZT millions		Year ended 31 December 2004 KZT millions		Year ended 31 December 2003 KZT millions	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	251	85,791	178	56,163	178	35,712
Interest expense	(250)	(45,855)	(210)	(27,433)	(146)	(19,344)
Benefits of key personnel	662	6,517	393	3,782	240	4,201

35. SEGMENT REPORTING

Business segments

The Group is organized on the basis of three main business segments:

- Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Corporate banking – representing current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency products, guarantees and letters of credit and derivative products.
- Investment banking – representing financial instruments trading, structured financing, and merger and acquisitions advice.

Transactions between the business segments are conducted on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of funds attracted. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet, but excluding items such as taxation and borrowings. Internal charges and transfer pricing adjustments have been reflected in the performance of each segment. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Segment information about these businesses is presented below:

	Retail banking	**Corporate banking**	**Investment banking**	**Other**	**Unallocated**	**Eliminations**	**Year ended 31 December 2005 (restated – Note 3) KZT millions**
External interest income	11,209	65,926	8,449	194	13	-	85,791
Internal interest income	6,324	1,525	35,947	9	26,434	(70,239)	-
External interest expense	(5,009)	(5,357)	(35,173)		(316)	-	(45,855)
Internal interest expense	(4,912)	(31,035)	(7,849)	-	(25,704)	69,500	-
Net interest income before provisions for impairment losses on interest bearing assets	7,612	31,059	1,374	203	427	(739)	39,936
Provision for impairment losses on interest bearing assets	(2,104)	(15,017)	(707)	(5)	-	-	(17,833)
Net non-interest income	4,220	6,459	1,602	2,249	(9)	662	15,183
Operating income	9,728	22,501	2,269	2,447	418	(77)	37,286
Operating expenses	(4,634)	(7,534)	(577)	(678)	(22)	77	(13,368)
Operating profit	5,094	14,967	1,692	1,769	396	-	23,918
Share of results of associates	-	-	174	-	-	-	174
Provision for impairment losses on other assets [(1)]	-	(731)	(396)	(812)	-	-	(1,939)
Profit before income tax	5,094	14,236	1,470	957	396	-	22,153
Income tax expense	-	-	-	-	(2,338)	-	(2,338)
Net profit	5,094	14,236	1,470	957	(1,942)	-	19,815
Total assets	96,527	633,317	462,832	6,049	542,523	(546,379)	1,194,869
Total liabilities	107,924	195,481	812,989	2,924	529,165	(541,885)	1,106,598

	Retail Banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	Year ended 31 December 2004 (restated – Note 3) KZT millions
External interest income	5,813	43,977	6,251	122	-	-	56,163
Internal interest income	5,774	1,427	24,728	-	13,688	(45,617)	-
External interest expense	(4,617)	(2,353)	(19,940)	-	(523)	-	(27,433)
Internal interest expense	(2,718)	(22,011)	(7,201)	-	(13,687)	45,617	-
Net interest income before provisions for impairment losses on interest bearing assets	4,252	21,040	3,838	122	(522)	-	28,730
Provision for impairment losses on interest bearing assets	(1,163)	(9,940)	(117)	(2)	-	-	(11,222)
Net non-interest income	2,877	7,039	852	1,299	-	-	12,067
Operating income	5,966	18,139	4,573	1,419	(522)	-	29,575
Operating expenses	(3,055)	(5,366)	(755)	(313)	(22)	-	(9,511)
Operating profit	2,911	12,773	3,818	1,106	(544)	-	20,064
Share of results of associates	-	-	12	-	-	-	12
Provision for impairment losses on other assets (1)	-	(161)	(5)	(555)	-	-	(721)
Profit before income tax	2,911	12,612	3,825	551	(544)	-	19,355
Income tax expense	-	-	-	-	(9,573)	-	(9,573)
Net profit	2,911	12,612	3,825	551	(10,117)	-	9,782
Total assets	70,386	424,545	200,861	2,903	310,131	(304,769)	704,057
Total liabilities	83,170	114,657	455,754	1,724	291,891	(302,435)	644,761

(1) Provision for impairment losses on other assets includes recovery/(accrual) of insurance provision and provision for impairment losses on other transactions and provision for guarantees and other off-balance sheet contingencies: from external customers and with other segments.

The management of the Group has found it impractical to prepare segment information for the year ended 31 December 2003. However, it is considered that the Group's business segments operated proportionally on a similar basis to that disclosed above for the year ended 31 December 2004.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair value disclosures of financial instruments is made in accordance with the requirements of IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement". Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. As no readily available published price quotations in an active market exists for a large part of the Group's financial instruments, judgment is necessary in arriving at fair value using a valuation technique, based on current economic conditions and specific risks attributable to the instrument. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

	31 December 2005 (restated – Note 3)		**31 December 2004 (restated – Note 3)**		**31 December 2003 (restated – Note 3)**	
	Current value KZT millions	**Fair value KZT millions**	**Current value KZT millions**	**Fair value KZT millions**	**Current value KZT millions**	**Fair value KZT millions**
Cash and balances with national (central) banks	37,229	37,229	66,293	66,293	28,485	28,485
Precious metals	-	-	-	-	300	300
Assets held-for-trading	140,294	140,294	74,780	74,780	71,201	71,201
Securities purchased under reverse repurchase agreements	13,950	13,950	8,402	8,402	2,608	2,608
Loans and advances to banks, less allowance for impairment losses	253,904	253,904	41,834	41,834	38,583	38,583
Derivative financial instruments	81	81	20	20	15	15
Loans to customers, less allowance for impairment losses	729,844	729,844	494,931	494,931	283,063	283,063
Investments available-for-sale	427	427	489	489	138	138
Investments held-to-maturity	562	564	64	64	32	32
Goodwill	2,405	2,405	-	-	-	-
Investments in associates and other entities	425	425	218	218	146	146
Other assets, less allowance for impairment losses	7,086	7,086	9,640	9,640	3,366	3,366
Loans and advances from banks	320,095	320,095	170,331	170,331	76,222	76,222
Securities sold under repurchase agreements	59,143	59,143	28,445	28,445	37,251	37,251
Derivative financial instruments	189	189	31	31	1	1
Customer accounts	303,405	303,405	197,827	197,827	151,589	151,589
Debt securities issued	303,133	323,204	207,841	215,513	98,233	101,428
Other borrowed funds	50,604	50,604	4,464	4,464	3,525	3,525
Dividends payable	1	1	1	1	1	1
Other liabilities	4,591	4,591	2,832	2,832	2,975	2,975
Subordinated debt (1)	52,213	51,747	22,926	21,501	11,657	11,657

(1) Includes mandatory dividends.

The fair value of loans to customers cannot be measured reliably as it is not practicable to obtain market information or apply any other valuation techniques on such instruments.

37. REGULATORY MATTERS

Quantitative measures established by regulation to ensure capital adequacy require the Group to maintain minimum amounts and ratios (as set forth in the table below) of total and tier 1 capital to risk weighted assets.

The ratio was calculated according to the principles employed by the Basle Committee by applying the following risk estimates to the assets and off-balance sheet commitments net of allowances for losses:

Estimate	Description of position
0%	Cash and balances with the National Bank of the Republic of Kazakhstan
0%	State debt securities
20%	Loans and advances to banks for up to 1 year
100%	Loans to customers
100%	Guarantees
50%	Obligations and commitments on unused loans with the initial maturity of over 1 year
100%	Other assets

As at 31 December 2005 the Group's total capital amount for capital adequacy purposes was KZT 133,721 million and tier 1 capital amount was KZT 102,459 million with ratios 14.38% and 11.02%, respectively.

As at 31 December 2004 the Group's total capital amount for capital adequacy purposes was KZT 87,212 million and tier 1 capital amount was KZT 60,726 million with ratios 15.00% and 10.45%, respectively.

As at 31 December 2003 the Group's total capital amount for capital adequacy purposes was KZT 60,658 million and tier 1 capital amount was KZT 49,156 million with ratios 16.44 % and 13.32 % respectively.

As at 31 December 2005, 2004 and 2003 the Group included in the computation of total capital for capital adequacy purposes the subordinated debt received, limited to 50% of Tier 1 capital. In the event of bankruptcy or liquidation of the Bank, repayment of this debt is subordinate to the repayments of the Bank's liabilities to all other creditors.

38. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the Group's banking business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to credit exposures, liquidity and market movements in interest rates and foreign exchange rates. A description of the Group's risk management policies in relation to those risks follows.

The Group manages the following risks:

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Assets and Liabilities Management Committee ("ALMC") controls these types of risks by means of maturity analysis, determining the Group's strategy for the next financial period. Current liquidity is managed by the Treasury Department, which deals in the money markets for current liquidity support and cash flow optimization.

In order to manage liquidity risk, the Group performs daily monitoring of future expected cash flows on clients' and banking operations, which is a part of assets/liabilities management process. The Management Board sets limits on the minimum proportion of maturing funds available to meet deposit withdrawals and on the minimum level on interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The ALMC also manages interest rate and market risks by matching the Group's interest rate position, which provides the Group with a positive interest margin. The Department of Financial Control conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in interest rates and its influence on the Group's profitability.

The majority of the Group's loan contracts and other financial assets and liabilities that bear interest are either variable or contain clauses enabling the interest rate to be changed at the option of the lender. The Group monitors its interest rate margin and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk.

The following table presents an analysis of interest rate risk and thus the potential of the Group for gain or loss. Effective interest rates are presented by categories of financial assets and liabilities to determine interest rate exposure and effectiveness of the interest rate policy used by the Group.

	31 December 2005			31 December 2004			31 December 2003		
	% in KZT	% in USD	% in other currencies	% in KZT	% in USD	% in other currencies	% in KZT	% in USD	% in other currencies
ASSETS:									
Time deposits in NBRK	-	-	-	2.28	0.50	-	3.25	-	-
Assets held-for-trading	2.90	4.62	10.00	3.62	5.79	12.10	5.64	5.23	4.84
Loans and advances to banks, less allowance for impairment losses	2.08	4.43	2.07	0.70	2.79	2.54	1.67	2.96	1.82
Loans to customers, less allowance for impairment losses	13.40	12.32	13.19	13.16	12.28	10.14	14.82	12.26	13.26
Investments available-for-sale	3.60	-	4.10	7.18	-	7.22	-	8.60	11.00
Securities purchased under reverse repurchase agreements	4.68	-	7.12	4.11	6.01	-	3.87	-	0.09
LIABILITIES:									
Loans and advances from banks	1.46	5.51	2.83	0.29	4.02	3.98	1.05	2.90	4.69
Securities sold under repurchase agreements	3.27	4.70	8.25	4.92	-	9.91	5.12	1.53	1.77
Customer accounts	4.61	3.74	4.38	3.87	4.00	3.32	4.36	5.53	2.76
Debt securities issued	7.00	9.02	9.88	7.21	9.23	11.66	-	9.28	11.76
Other borrowed funds	2.38	6.81	5.00	1.78	5.75	5.00	4.67	8.15	5.00
Subordinated debt	7.61	9.65	-	-	7.97	-	-	9.22	9.94

The analysis of interest rate and liquidity risk on balance sheet transactions is presented in the following table:

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined, (including allowance for impairment losses)	31 December 2005 Total (restated – Note 3) KZT millions
ASSETS:							
Assets held-for-trading	43,052	22,057	73,538	-	-	-	138,647
Loans and advances to banks, less allowance for impairment losses	227,481	18,223	6,716	-	1,340	-	253,760
Loans to customers, less allowance for impairment losses	28,326	42,434	162,085	285,620	196,492	-	714,957
Securities purchased under reverse repurchase agreements	11,379	1,307	1,200	-	-	-	13,886
Investments available-for-sale	-	-	36	287	97	-	420
Investments held-to-maturity	13	5	133	125	280	-	556
Total interest bearing assets	310,251	84,026	243,708	286,032	198,209	-	1,122,226
Cash and balances with national (central) banks	37,229	-	-	-	-	-	37,229
Derivative financial instruments	4	-	-	77	-	-	81
Investments in associates and other entities	-	-	-	-	-	425	425
Goodwill	-	-	-	-	-	2,405	2,405
Fixed and intangible assets, less accumulated depreciation and amortization	-	-	-	-	-	8,662	8,662
Accrued interest income on interest-bearing assets	6,017	4,132	5,036	1,560	10	-	16,755
Other assets, less allowance for impairment losses	2,475	361	3,707	334	209	-	7,086
TOTAL ASSETS	355,976	88,519	252,451	288,003	198,428	11,492	1,194,869
LIABILITIES:							
Loans and advances from banks	36,437	10,200	192,422	75,590	4,338	-	318,987
Securities sold under repurchase agreements	59,095	-	-	-	-	-	59,095
Customer accounts	167,127	24,658	62,131	43,704	1,189	-	298,809
Debt securities issued	74	1,586	2,152	113,331	181,197	-	298,340
Other borrowed funds	-	-	23	3,632	46,704	-	50,359
Subordinated debt	-	-	-	6,377	45,128	-	51,505
Total interest bearing liabilities	262,733	36,444	256,728	242,634	278,556	-	1,077,095
Derivative financial instruments	188	-	1	-	-	-	189
Provisions	625	265	1,219	416	64	2,345	4,934
Dividends payable	1	-	-	-	-	-	1
Deferred tax liability	-	-	-	8,290	-	-	8,290
Accrued interest expense on interest-bearing liabilities	2,189	1,268	6,593	1,448	-	-	11,498
Other liabilities	1,330	2,075	746	440	-	-	4,591
TOTAL LIABILITIES	267,066	40,052	265,287	253,228	278,620	2,345	1,106,598
Liquidity gap	88,910	48,467	(12,836)	34,775	(80,192)		
Interest sensitivity gap	47,518	47,582	(13,020)	43,398	(80,347)		
Cumulative interest sensitivity gap	47,518	95,100	82,080	125,478	45,131		
Cumulative interest sensitivity gap as a percentage of total assets	4.0%	8.0%	6.9%	10.5%	3.8%		

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined (including allowance for impairment losses)	31 December 2004 Total (restated – Note 3) KZT millions
ASSETS:							
Cash and balances with central (national) banks	26,250	-	-	-	-	-	26,250
Assets held-for-trading	5,032	19,028	50,084	-	-	-	74,144
Loans and advances to banks, less allowance for impairment losses	27,105	7,803	6,828	-	-	-	41,736
Loans to customers, less allowance for impairment losses	29,531	32,912	117,989	178,509	124,474	-	483,415
Securities purchased under reverse repurchase agreements	8,271	28	86	-	-	-	8,385
Investments available-for-sale	-	-	367	115	-	-	482
Investments held-to-maturity	24	8	32	-	-	-	64
Total interest bearing assets	96,213	59,779	175,386	178,624	124,474	-	634,476
Cash and balances with central (national) banks	40,034	-	-	-	-	-	40,034
Derivative financial instruments	10	10	-	-	-	-	20
Investments in associates and other entities	-	-	-	-	-	218	218
Fixed and intangible assets, less accumulated depreciation and amortization	-	-	-	-	-	7,386	7,386
Accrued interest income on interest bearing assets	5,922	1,555	2,293	2,265	248	-	12,283
Other assets, less allowance for impairment losses	451	6,819	1,328	986	56	-	9,640
TOTAL ASSETS	142,630	68,163	179,007	181,875	124,778	7,604	704,057
LIABILITIES:							
Loans and advances from banks	30,912	5,665	117,952	15,008	-	-	169,537
Securities sold under repurchase agreements	28,435	-	-	-	-	-	28,435
Customer accounts	106,695	18,443	39,888	29,788	1,023	-	195,837
Debt securities issued	2,541	857	4,127	82,133	115,031	-	204,689
Other borrowed funds	-	390	734	3,159	138	-	4,421
Subordinated debt	-	-	-	6,169	16,479	-	22,648
Total interest bearing liabilities	168,583	25,355	162,701	136,257	132,671	-	625,567
Derivative financial instruments	31	-	-	-	-	-	31
Provisions	-		-	-	-	3,087	3,087
Dividends payable	-	1	-	-	-	-	1
Deferred tax liability	-	-	-	6,976	-	-	6,976
Accrued interest expenses on interest bearing liabilities	638	768	4,436	425	-	-	6,267
Other liabilities	1,348	247	1,076	161	-	-	2,832
TOTAL LIABILITIES	170,600	26,371	168,213	143,819	132,671	3,087	644,761
Liquidity gap	(27,970)	41,792	10,794	38,056	(7,893)		
Interest sensitivity gap	(72,370)	34,424	12,685	42,367	(8,197)		
Cumulative interest sensitivity gap	(72,370)	(37,946)	(25,261)	17,106	8,909		
Cumulative interest sensitivity gap as a percentage of total assets	(10.3)%	(5.4)%	(3.6)%	2.4%	1.3%		

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined (including allowance for impairment losses)	31 December 2003 Total (restated – Note 3) KZT millions
ASSETS:							
Cash and balances with central (national) banks	12,000	-	-	-	-	-	12,000
Assets held-for-trading	31,092	11,977	14,783	9,153	3,422	-	70,427
Loans and advances to banks, less allowance for impairment losses	22,921	11,376	4,152	-	-	-	38,449
Loans to customers, less allowance for impairment losses	19,810	17,922	83,269	113,670	37,772	-	272,443
Securities purchased under reverse repurchase agreements	2,512	60	33	-	-	-	2,605
Investments available-for-sale	-	-	135	3	-	-	138
Investments held-to-maturity	-	27	5	-	-	-	32
Total interest bearing assets	88,335	41,362	102,377	122,826	41,194	-	396,094
Cash and balances with central (national) banks	16,481	-	-	-	-	-	16,481
Precious metals	300	-	-	-	-	-	300
Derivative financial instruments	15	-	-	-	-	-	15
Investments in associates and other entities	-	-	-	-	-	146	146
Fixed and intangible assets, less accumulated depreciation and amortization	-	-	-	-	-	6,304	6,304
Accrued interest income on interest bearing assets	4,680	1,572	3,089	1,911	283	-	11,535
Other assets, less allowance for impairment losses	510	319	2,023	504	10	-	3,366
TOTAL ASSETS	110,321	43,253	107,489	125,241	41,487	6,450	434,241
LIABILITIES:							
Loans and advances from banks	9,649	311	39,912	26,136	-	-	76,008
Securities sold under repurchase agreements	37,216	-	-	-	-	-	37,216
Customer accounts	64,183	19,434	51,903	12,727	144	-	148,391
Debt securities issued	137	1,039	541	25,838	69,046	-	96,601
Other borrowed funds	-	216	983	1,624	633	-	3,456
Subordinated debt	-	-	-	4,702	6,902	-	11,604
Total interest bearing liabilities	111,185	21,000	93,339	71,027	76,725	-	373,276
Derivative financial instruments	1	-	-	-	-	-	1
Provisions	220	430	503	156	117	1,057	2,483
Dividends payable	1	-	-	-	-	-	1
Deferred tax liability	-	-	-	2,945	-	-	2,945
Accrued interest expenses on interest bearing liabilities	251	821	3,386	743	-	-	5,201
Other liabilities	1,707	145	1,123	-	-	-	2,975
TOTAL LIABILITIES	113,365	22,396	98,351	74,871	76,842	1,057	386,882
Liquidity gap	(3,044)	20,857	9,138	50,370	(35,355)		
Interest sensitivity gap	(22,850)	20,362	9,038	51,799	(35,531)		
Cumulative interest sensitivity gap	(22,850)	(2,488)	6,550	58,349	22,818		
Cumulative interest sensitivity gap as a percentage of total assets	(5.3)%	(0.6)%	1.5%	13.4%	5.3%		

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The ALMC controls currency risk by management of the open currency position on the estimated basis of KZT devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rates fluctuations toward its national currency. The Treasury Department performs daily monitoring of the Group's open currency position with the aim to match the requirements of national (central) banks.

The Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD	EUR	RUR	Other currency	31 December 2005 Total (restated – Note 3)
	KZT millions	KZT millions	KZT millions	KZT millions	KZT millions	KZT millions
ASSETS:						
Cash and balances with the national (central) banks	16,405	16,731	1,168	1,826	1,099	37,229
Assets held-for-trading	13,336	120,298	-	6,660	-	140,294
Loans and advances to banks, less allowance for impairment losses	3,657	235,826	10,647	2,789	985	253,904
Derivative financial instruments	4	77	-	-	-	81
Loans to customers, less allowance for impairment losses	215,841	501,876	6,487	5,489	151	729,844
Securities purchased under reverse repurchase agreements	4,628	-	-	9,322	-	13,950
Investments available-for-sale	427	-	-	-	-	427
Investments held-to-maturity	519	-	-	-	43	562
Goodwill	2,405	-	-	-	-	2,405
Investments in associates and other entities	425	-	-	-	-	425
Fixed and intangible assets, less accumulated depreciation and amortization	8,417	-	-	146	99	8,662
Other assets, less allowance for impairment losses	5,057	1,453	93	477	6	7,086
TOTAL ASSETS	271,121	876,261	18,395	26,709	2,383	1,194,869
LIABILITIES:						
Loans and advances from banks	13,291	288,754	11,409	5,272	1,369	320,095
Securities sold under repurchase agreements	6,781	52,097	-	265	-	59,143
Derivative financial instruments	94	95	-	-	-	189
Customer accounts	135,747	153,156	7,491	6,463	548	303,405
Debt securities issued	4,084	293,888	-	5,161	-	303,133
Other borrowed funds	210	50,183	211	-	-	50,604
Provisions	2,601	1,966	337	4	26	4,934
Dividends payable	1	-	-	-	-	1
Deferred tax liabilities	8,014	-	-	257	19	8,290
Other liabilities	3,418	1,101	34	32	6	4,591
Subordinated debt	16,281	35,931	1	-	-	52,213
TOTAL LIABILITIES	190,522	877,171	19,483	17,454	1,968	1,106,598
OPEN BALANCE SHEET POSITION	80,599	(910)	(1,088)	9,255	415	

Derivative financial instruments

Fair value of derivative financial instruments is included in the currency analysis presented above. The following table presents further analysis of currency risk by types of derivative financial instruments as at 31 December 2005:

	KZT KZT millions	USD KZT millions	EUR KZT millions	RUR KZT millions	Other currency KZT millions	31 December 2005 Total KZT millions
Accounts payable on forwards	(9,657)	(9,080)	(795)	-	(155)	(19,687)
Accounts receivable on forwards	6,895	11,277	1,192	15	200	19,579
NET DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(2,762)	2,197	397	15	45	
TOTAL OPEN POSITION	77,837	1,287	(691)	9,270	460	

	KZT KZT millions	USD KZT millions	EUR KZT millions	RUR KZT millions	Other currency KZT millions	31 December 2004 Total (restated – Note 3) KZT millions
ASSETS:						
Cash and balances with the national (central) banks	53,298	9,578	1,252	2,041	124	66,293
Assets held-for-trading	55,520	12,517	-	6,743	-	74,780
Loans and advances to banks, less allowance for impairment losses	4,092	36,301	432	454	555	41,834
Derivative financial instruments	18	2	-	-	-	20
Loans to customers, less allowance for impairment losses	114,710	372,052	6,031	1,647	491	494,931
Securities purchased under agreements to resell	3,446	150	-	4,806	-	8,402
Investments available-for-sale	489	-	-	-	-	489
Investments held-to-maturity	-	-	-	-	64	64
Investments in associates and other entities	218	-	-	-	-	218
Fixed and intangible assets, less accumulated depreciation and amortization	7,181	-	-	111	94	7,386
Other assets, less allowance for impairment losses	1,597	7,975	33	30	5	9,640
TOTAL ASSETS	240,569	438,575	7,748	15,832	1,333	704,057
LIABILTIES:						
Loans and advances from banks	4,298	160,023	4,119	1,687	204	170,331
Securities sold under repurchase agreements	26,131	-	-	2,314	-	28,445
Derivative financial instruments	3	28	-	-	-	31
Customer accounts	113,169	75,445	6,180	2,647	386	197,827
Debt securities issued	4,079	202,100	-	1,662	-	207,841
Other borrowed funds	189	3,914	361	-	-	4,464
Provisions	1,779	1,075	226	3	4	3,087
Dividends payable	1	-	-	-	-	1
Deferred tax liabilities	6,775	-	-	196	5	6,976
Other liabilities	1,922	731	103	53	23	2,832
Subordinated debt	-	22,926	-	-	-	22,926
TOTAL LIABILITIES	158,346	466,242	10,989	8,562	622	644,761
OPEN BALANCE SHEET POSITION	82,223	(27,667)	(3,241)	7,270	711	

Derivative financial instruments

Fair value of derivative financial instruments is included in the currency analysis presented above, The following table presents further analysis of currency risk by types of derivative financial instruments as at 31 December 2004:

	KZT KZT millions	USD KZT millions	EUR KZT millions	RUR KZT millions	Other currency KZT millions	31 December 2004 Total KZT millions
Accounts payable on forwards	(6,938)	(6,759)	-	(56)	-	(13,753)
Accounts receivable on forwards	2,340	8,302	3,099	-	-	13,741
NET DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(4,598)	1,543	3,099	(56)	-	
TOTAL OPEN POSITION	77,625	(26,124)	(142)	7,214	711	

	KZT KZT millions	USD KZT millions	EUR KZT millions	RUR KZT millions	Other currency KZT millions	31 December 2003 Total (restated – Note 3) KZT millions
ASSETS:						
Cash and balances with the national (central) banks	22,315	4,534	801	759	76	28,485
Precious metals	-	-	-	-	300	300
Assets held-for-trading	29,149	29,081	11,408	1,562	1	71,201
Loans and advances to banks, less allowance for impairment losses	1,754	33,975	1,964	604	286	38,583
Derivative financial instruments	15	-	-	-	-	15
Loans to customers, less allowance for impairment losses	57,845	216,724	6,089	1,791	614	283,063
Securities purchased under agreements to resell	587	-	-	1,988	33	2,608
Investments available-for-sale	135	3	-	-	-	138
Investments held-to-maturity	-	-	-	-	32	32
Investments in associates and other entities	146	-	-	-	-	146
Fixed and intangible assets, less accumulated depreciation and amortization	6,137	-	-	93	74	6,304
Other assets, less allowance for impairment losses	1,477	1,846	19	10	14	3,366
TOTAL ASSETS	119,560	286,163	20,281	6,807	1,430	434,241
LIABILTIES:						
Loans and advances from banks	1,712	72,532	1,928	43	7	76,222
Securities sold under repurchase agreements	6,833	19,648	10,770	-	-	37,251
Derivative financial instruments	1	-	-	-	-	1
Customer accounts	49,566	96,031	4,697	1,135	160	151,589
Debt securities issued	-	97,463	-	770	-	98,233
Other borrowed funds	146	2,749	630	-	-	3,525
Provisions	1,266	1,059	150	-	8	2,483
Dividends payable	1	-	-	-	-	1
Deferred tax liabilities	2,945	-	-	-	-	2,945
Other liabilities	1,800	1,144	20	8	3	2,975
Subordinated debt	-	9,837	1,820	-	-	11,657
TOTAL LIABILITIES	64,270	300,463	20,015	1,956	178	386,882
OPEN BALANCE SHEET POSITION	55,290	(14,300)	266	4,851	1,252	

Derivative financial instruments

Fair value of derivative financial instruments is included in the currency analysis presented above, The following table presents further analysis of currency risk by types of derivative financial instruments as at 31 December 2003:

	KZT KZT millions	USD KZT millions	EUR KZT millions	RUR KZT millions	Other currency KZT millions	31 December 2003 Total KZT millions
Accounts payable on forwards	(144)	(14,037)	-	(3,012)	-	(17,193)
Accounts receivable on forwards	389	10,887	2,072	3,860	-	17,208
NET DERIVATIVE FINANCIAL INSTRUMENTS POSITION	245	(3,150)	2,072	848	-	
TOTAL OPEN POSITION	55,535	(17,450)	2,338	5,699	1,252	

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group is exposed to price risks of its products which are subject to general and specific market fluctuations.

The Group manages price risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing and maintaining appropriate stop-loss limits and margin and collateral requirements. With respect to undrawn loan commitments the Group is potentially exposed to a loss of an amount equal to the total amount of such commitments. However, the likely amount of a loss is less than that, since most commitments are contingent upon certain conditions set out in the loan agreements.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group manages fair value interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Department of Financial Control conducts monitoring of the Group’s current financial performance, estimates the Group’s sensitivity to changes in fair value interest rates and its influence on the Group’s profitability.

Credit risk

The Group is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Risk management and monitoring is performed within set limits of authority, by the Credit Committees and the Bank’s Management Board. Before any application is made by the Credit Committee, all recommendations on credit processes (borrower’s limits approved, or amendments made to loan agreements, etc,) are reviewed and approved by the branch risk-manager or the Risk Management Department. Daily risk management is performed by the Heads of Credit Departments and Branch Credit Divisions.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or a group of borrowers, and to industry (and geographical) segments. Limits on the level of credit risk by a borrower and a product (by industry sector, by region) are approved monthly (quarterly) by the Management Board. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures which are set by the Credit Committee. Actual exposures against limits are monitored daily.

Where appropriate, and in the case of most loans, the Group obtains collateral and corporate and personal guarantees but a significant portion is personal lending, where no such facilities can be obtained. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

Off-balance sheet credit liabilities represent unused credit lines, guarantees or letters of credit. The credit risk on financial instruments on off-balance accounts is defined as a probability of losses due to the inability of a counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of the loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the balance sheet financial instruments, i,e, the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring. The Group monitors the term to maturity of off-balance sheet contingencies because longer term commitments generally have a greater degree of credit risk than short-term commitments.

Geographical concentration

The ALMC exercises control over the risk in the legislation and regulatory arena and assesses its influence on the Group's activity. This approach allows the Group to minimize potential losses. The Bank's Management Board sets up country limits, which are mainly applied by banks of the Commonwealth of Independent States (further – "CIS") and Baltic countries.

The management of the Group considers the principal segment to be comprised of the Commonwealth of Independent States, including the Republic of Kazakhstan, (CIS) as the risks and returns are considered to be similar throughout the region.

The geographical concentration of assets and liabilities is set out in tables for 2005 below:

	Kazakhstan	CIS	OECD countries	Non-OECD countries	31 December 2005 Total (restated – Note 3) KZT millions
ASSETS:					
Cash and balances with the national (central) banks	27,124	2,915	7,190	-	37,229
Assets held-for-trading	23,815	6,660	109,819	-	140,294
Loans and advances to banks, less allowance for impairment losses	16,373	38,677	192,288	6,566	253,904
Derivative financial instruments	4	1	76	-	81
Securities purchased under reverse repurchase agreements	4,628	9,322	-	-	13,950
Loans to customers, less allowance for impairment losses	565,072	74,596	18,900	71,276	729,844
Investments available-for-sale	427	-	-	-	427
Investments held-to-maturity	519	43	-	-	562
Investments in associates and other entities	291	-	134	-	425
Goodwill	2,405	-	-	-	2,405
Fixed and intangibles assets, less accumulated depreciation and amortization	8,417	245	-	-	8,662
Other assets, less allowance for impairment losses	4,929	635	1,053	469	7,086
TOTAL ASSETS	654,004	133,094	329,460	78,311	1,194,869
LIABILITIES:					
Loans and advances from banks	22,825	22,906	267,588	6,776	320,095
Securities sold under repurchase agreements	6,781	265	52,097	-	59,143
Derivative financial instruments	95	1	93	-	189
Customer accounts	257,276	9,231	18,669	18,229	303,405
Debt securities issued	4,135	20,129	277,416	1,453	303,133
Other borrowed funds	433	3	50,168	-	50,604
Provisions	4,100	685	4	145	4,934
Dividends payable	1	-	-	-	1
Deferred tax liabilities	8,014	276	-	-	8,290
Other liabilities	3,167	230	1,110	84	4,591
Subordinated debt	22,408	-	29,805	-	52,213
TOTAL LIABILITIES	329,235	53,726	696,950	26,687	1,106,598
NET POSITION	324,769	79,368	(367,490)	51,624	

The geographical concentration of assets and liabilities is set out in tables for 2004 below:

	Kazakhstan	CIS	OECD countries	Non-OECD countries	31 December 2004 Total (restated – Note 3) KZT millions
ASSETS:					
Cash and balances with national (central) banks	59,791	2,380	4,122	-	66,293
Assets held-for-trading	64,324	6,743	3,713	-	74,780
Loans and advances to banks, less allowance for impairment losses	3,873	16,466	16,358	5,137	41,834
Derivative financial instruments	-	17	-	3	20
Loans to customers, less allowance for impairment losses	373,137	75,369	7,956	38,469	494,931
Securities purchased under reverse repurchase agreements	3,446	4,806	-	150	8,402
Investments available-for-sale	489	-	-	-	489
Investments held-to-maturity	-	64	-	-	64
Investments in associates and other entities	218	-	-	-	218
Fixed and intangible assets, less accumulated depreciation and amortization	7,180	206	-	-	7,386
Other assets, less allowance for impairment losses	1,882	5,897	1,860	1	9,640
TOTAL ASSETS	514,340	111,948	34,009	43,760	704,057
LIABILITIES:					
Loans and advances from banks	20,521	12,976	132,438	4,396	170,331
Securities sold under repurchase agreements	26,131	2,314	-	-	28,445
Derivative financial instruments	28	-	3	-	31
Customer accounts	179,275	6,242	4,496	7,814	197,827
Debt securities issued	4,079	15,234	188,250	278	207,841
Other borrowed funds	1,783	3	2,678	-	4,464
Provisions	2,792	280	2	13	3,087
Dividends payable	1	-	-	-	1
Deferred tax liability	6,774	202	-	-	6,976
Other liabilities	1,014	96	1,674	48	2,832
Subordinated debt	6,730	-	15,838	358	22,926
TOTAL LIABILITIES	249,128	37,347	345,379	12,907	644,761
OPEN BALANCE SHEET POSITION	265,212	74,601	(311,370)	30,853	

The geographical concentration of assets and liabilities is set out in tables for 2003 below:

	Kazakhstan	CIS	OECD countries	Non-OECD countries	31 December 2003 Total (restated – Note 3) KZT millions
ASSETS:					
Cash and balances with national (central) banks	27,373	1,112	-	-	28,485
Precious metals	-	-	300	-	300
Assets held-for-trading	43,548	1,904	25,749	-	71,201
Loans and advances to banks, less allowance for impairment losses	1,754	14,946	18,975	2,908	38,583
Derivative financial instruments	9	6	-	-	15
Loans to customers, less allowance for impairment losses	246,755	27,288	8,516	504	283,063
Securities purchased under reverse repurchase agreements	587	2,021	-	-	2,608
Investments available-for-sale	138	-	-	-	138
Investments held-to-maturity	-	32	-	-	32
Investments in associates and other entities	146	-	-	-	146
Fixed and intangible assets, less accumulated depreciation and amortization	6,137	167	-	-	6,304
Other assets, less allowance for impairment losses	2,281	59	997	29	3,366
TOTAL ASSETS	328,728	47,535	54,537	3,441	434,241
LIABILITIES:					
Loans and advances from banks	17,819	10,772	47,533	98	76,222
Securities sold under repurchase agreements	6,833	-	30,418	-	37,251
Derivative financial instruments	1	-	-	-	1
Customer accounts	139,487	2,888	7,970	1,244	151,589
Debt securities issued	-	1,717	96,516	-	98,233
Other borrowed funds	3,522	3	-	-	3,525
Provisions	2,077	402	3	1	2,483
Dividends payable	1	-	-	-	1
Deferred tax liability	2,945	-	-	-	2,945
Other liabilities	2,415	316	101	143	2,975
Subordinated debt	6,579	-	4,683	395	11,657
TOTAL LIABILITIES	181,679	16,098	187,224	1,881	386,882
OPEN BALANCE SHEET POSITION	147,049	31,437	(132,687)	1,560	