

JOINT STOCK COMPANY KAZKOMMERTSBANK

Condensed Consolidated Interim Financial Statements

For the three months ended 31 March 2006

JOINT STOCK COMPANY KAZKOMMERTSBANK

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JOINT STOCK COMPANY KAZKOMMERTSBANK

CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT FOR THE THREE MONTHS ENDED 31 MARCH 2006

	Notes	Three months ended 31 March 2006 (unaudited) (mln. tenge)	Three months ended 31 March 2005 (unaudited) (mln. tenge)
Interest income	4	28,200	18,176
Interest expense	4	(16,221)	(9,201)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		11,979	8,975
Recovery / (provision) for impairment losses on interest bearing assets		161	(1,010)
NET INTEREST INCOME		12,140	7,965
Net loss on operations with assets held-for-trading		(75)	(120)
Net (loss) / gain on foreign exchange operations		(504)	429
Fee and commission income		3,344	2,332
Fee and commission expense		(388)	(171)
Net gain from investments available-for-sale		-	8
Dividends received		-	10
Other income	5	652	593
NET NON-INTEREST INCOME		3,029	3,081
OPERATING INCOME		15,169	11,046
OPERATING EXPENSES		(3,880)	(2,852)
OPERATING PROFIT		11,289	8,194
Insurance provision and provision for impairment losses on other transactions		(214)	(308)
Provision for guarantees and other off-balance sheet contingencies		(426)	(212)
Share of results of associates		169	38
PROFIT BEFORE INCOME TAX		10,818	7,712
Income tax expense	6	(2,986)	(1,983)
NET PROFIT		7,832	5,729
Attributable to:			
Equity holders of the parent		7,429	5,429
Minority interest		403	300
EARNINGS PER SHARE <i>Basic and diluted (KZT)</i>	7	19.37	15.20

On behalf of the Board:

Zhusupova N.A.
Chairman of the Board

26 May 2006
Almaty

Cheusov P.A.
Chief Accountant

26 May 2006
Almaty

The notes on pages 9 – 27 form an integral part of these condensed consolidated interim financial statements.

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONSOLIDATED INTERIM BALANCE SHEET AS AT 31 MARCH 2006

	Notes	31 March 2006 (unaudited) (mln. tenge)	31 December 2005 (mln. tenge)
ASSETS:			
Cash and balances with national (central) banks		89,658	37,229
Assets held-for-trading	8	131,622	140,294
Loans and advances to banks, less allowance for impairment losses		124,214	253,904
Derivative financial instruments		637	81
Loans to customers, less allowance for impairment losses	9	799,215	729,844
Securities purchased under reverse repurchase agreements		18,911	13,950
Investment available-for-sale	10	626	427
Investment held-to-maturity	11	594	562
Investments in associates and other entites	12	630	425
Goodwill		2,405	2,405
Fixed and intangible assets, less accumulated depreciation and amortization		9,076	8,662
Other assets, less allowance for impairment losses	13	7,234	7,086
TOTAL ASSETS		1,184,822	1,194,869
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and advances from banks		295,414	320,095
Securities sold under repurchase agreements		8,843	59,143
Derivative financial instruments		1,502	189
Customer accounts		311,772	303,405
Debt securities issued	14	347,533	303,133
Other borrowed funds		48,957	50,604
Provisions		5,542	4,934
Dividends payable		165	1
Deferred tax liabilities	6	9,856	8,290
Other liabilities	15	7,969	4,591
		1,037,553	1,054,385
Subordinated debt		45,257	46,139
Total liabilities		1,082,810	1,100,524
EQUITY:			
Share capital		4,998	4,997
Share premium		22,317	22,307
Fixed assets revaluation reserves		1,514	1,520
Reserves		65,848	58,545
Equity attributable to equity holders of the parent		94,677	87,369
Minority interest		7,335	6,976
Total equity		102,012	94,345
TOTAL LIABILITIES AND EQUITY		1,184,822	1,194,869

On behalf of the Board of the Bank:

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Chairman of the Board

26 May 2006
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Chief Accountant

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JOINT STOCK COMPANY KAZKOMMERTSBANK

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2006

	Share capital	Share premium	Investments available-for-sale fair value reserve	Fixed assets revaluation reserve	Retained earnings	Total equity attributable to shareholders of the parent	Minority interest	Total equity
	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)
31 December 2004	4,197	11,753	12	1,313	40,032	57,307	5,468	62,775
Redemption of own shares	(8)	(109)	-	-	-	(117)	-	(117)
Amortization of fixed assets revaluation reserve	-	-	-	(6)	6	-	-	-
Unrealized gain on revaluation of available-for-sale investments	-	-	9	-	-	9	-	9
Realized gain on revaluation of available-for-sale investments	-	-	(8)	-	-	(8)	-	(8)
Dividends on preference shares	-	-	-	-	(167)	(167)	-	(167)
Exchange differences on translation of foreign operations	-	-	-	-	4	4	87	91
Net profit	-	-	-	-	5,429	5,429	300	5,729
31 March 2005 (unaudited)	<u>4,189</u>	<u>11,644</u>	<u>13</u>	<u>1,307</u>	<u>45,304</u>	<u>62,457</u>	<u>5,855</u>	<u>68,312</u>
Share capital increase of								
- ordinary shares	297	4,250	-	-	-	4,547	-	4,547
- preference shares	513	6,432	-	-	-	6,945	-	6,945
Redemption of own shares	(2)	(19)	-	-	-	(21)	-	(21)
Fixed assets revaluation (less deferred income tax of 72 mln. tenge)	-	-	-	231	-	231	-	231
Amortization of fixed assets revaluation reserve	-	-	-	(18)	18	-	-	-
Realized gain on revaluation of available-for-sale investments	-	-	(12)	-	-	(12)	-	(12)
Dividends on preference shares	-	-	-	-	(502)	(502)	-	(502)
Impact of purchase of the share in the accumulating pension fund ABN AMRO CaspiyMunaiGas JSC	-	-	-	-	-	-	126	126
Foreign exchange differences	-	-	-	-	13	13	(128)	(115)
Net income	-	-	-	-	13,711	13,711	1,123	14,834
31 December 2005	<u>4,997</u>	<u>22,307</u>	<u>1</u>	<u>1,520</u>	<u>58,544</u>	<u>87,369</u>	<u>6,976</u>	<u>94,345</u>

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2006

	Share capital	Share premium	Investments available-for-sale fair value reserve	Fixed assets revaluation reserve	Retained earnings	Total equity attributable to shareholders of the parent	Minority interest	Total equity
	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)
Resale of own shares	1	10	-	-	-	11	-	11
Amortization of fixed assets revaluation reserve	-	-	-	(6)	6	-	-	-
Unrealized gain on revaluation of available-for-sale investments	-	-	32	-	-	32	-	32
Dividends on preference shares	-	-	-	-	(164)	(164)	-	(164)
Foreign exchange differences	-	-	-	-	-	-	(44)	(44)
Net income	-	-	-	-	7,429	7,429	403	7,832
31 March 2006 (unaudited)	<u>4,998</u>	<u>22,317</u>	<u>33</u>	<u>1,514</u>	<u>65,815</u>	<u>94,677</u>	<u>7,335</u>	<u>102,012</u>

On behalf of the Board of the Bank:

Zhusupova N.A.
Chairman of the Board

26 May 2006
Almaty

Cheusov P.A.
Chief Accountant

26 May 2006
Almaty

The notes on pages 9-27 form an integral part of these condensed consolidated interim financial statements.

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2006

Notes	Three months ended 31 March 2006 (unaudited) (mln. tenge)	Three months ended 31 March 2005 (unaudited) (mln. tenge)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before income tax	10,818	7,712
Adjustments for:		
Provision for impairment losses on interest bearing assets	(161)	1,010
Provision for insurance reserves and reserves for impairment losses on other transactions	214	308
Provision for guarantees and other off-balance liabilities	426	212
Unrealised gain and amortisation of discounts on securities	80	(332)
Amortization of discount on issued securities	(134)	346
Depreciation and amortization	408	356
Change in interest accruals, net	4,164	(1,233)
Exchange rate difference from translation of investments at average rate	4,362	12
Share of results of associates	(169)	(38)
Gain on sale of fixed and intangible assets, net	-	3
Net change in fair value of derivative financial instruments	758	(278)
	<hr/>	<hr/>
Cash flows from operating activities before changes in operating assets and liabilities	20,766	8,078
Changes in operating assets and liabilities (Increase)/decrease in operating assets:		
Minimum reserve deposit with Central Bank of Russian Federation	(120)	177
Loans and advances to banks	24,342	7,579
Precious metals	-	(792)
Assets held-for-trading	3,577	(3,601)
Securities purchased under reverse repurchase agreements	(4,971)	(8,067)
Loans to customers	(88,655)	(14,286)
Other assets	(3,603)	7,429
Increase/(decrease) in operating liabilities:		
Loans and advances from banks	(21,247)	(43,122)
Securities sold under repurchase agreements	(50,286)	-
Customer accounts	30,480	3,197
Other borrowed funds	(1,596)	2,602
Other liabilities	4,057	2,275
	<hr/>	<hr/>
Cash outflow from operating activities before taxation	(87,256)	(38,531)
Income tax paid	(575)	(1,983)
	<hr/>	<hr/>
Net cash outflow from operating activities	(87,831)	(40,514)

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2006

	Notes	Three months ended 31 March 2006 (mln. tenge)	Three months ended 31 March 2005 (mln. tenge)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed and intangible assets		(827)	(346)
Dividends received		-	10
Net proceeds on sale/(purchase) of investments available-for-sale		(168)	448
Net proceeds on sale/(purchase) of investments held-to-maturity		(13)	20
Acquisition of subsidiaries, net of cash of acquired entities		(35)	-
		<u>(1,043)</u>	<u>132</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from debt securities issued		41,161	20,873
Subordinated debt		(1,371)	5,422
(Repurchase)/resale of own shares		12	100
		<u>39,802</u>	<u>26,395</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(49,072)	(13,987)
CASH AND CASH EQUIVALENTS, at beginning of the period		227,476	81,858
<i>Effect of foreign exchange rate changes</i>		<u>(2,369)</u>	<u>59</u>
CASH AND CASH EQUIVALENTS, at end of the period		<u><u>176,035</u></u>	<u><u>67,930</u></u>

Interest paid and received by the Bank in cash during the three months ended 31 March 2006 amounted to KZT 10,416 mln. and KZT 26,559 mln., respectively.

Interest paid and received by the Bank in cash during the three months 31 March 2006 amounted to KZT 10,160 mln. and KZT 15,951 mln., respectively.

On behalf of the Board of the Bank:

Zhusupova N.A.
Chairman of the Board

26 May 2006
Almaty

Cheusov P.A.
Chief Accountant

26 May 2006
Almaty

The notes on pages 9-27 form an integral part of these condensed consolidated interim financial statements.

JOINT STOCK COMPANY KAZKOMMERTSBANK

SELECTIVE NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2006

1. ORGANISATION

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

The registered address of the Kazkommertsbank is 135 “Zh”, Gagarin Ave., Almaty, Republic of Kazakhstan.

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

Kazkommertsbank is a parent company of the Banking Group (the “Bank”) which consists of the following enterprises consolidated in the interim financial statements:

Name	Country of operation	The Bank ownership interest		Type of operation
		31 March 2006	31 December 2005	
JSC Kazkommerts Securities	Republic of Kazakhstan	100%	100%	Securities market transactions
JSC SK Kazkommerts-Policy	Republic of Kazakhstan	65%	65%	Insurance
LLP Processing Company	Republic of Kazakhstan	100%	100%	Payment card and related services
Kazkommerts International B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
Kazkommerts Finance II B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
Kazkommerts Capital II B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
OJSC Kazkommertsbank Kyrgyzstan	Kyrgyz Republic	93.58%	93.58%	Commercial bank
JSC OCOPAIM ABN AMRO Asset Management	Republic of Kazakhstan	100%	100%	Investment management of pension assets
JSC ABN AMRO CaspiyMunaiGaz APF	Republic of Kazakhstan	80.01%	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 into the condensed consolidated interim financial statements of the Bank since the Bank was able and exercised effective control over its activity. In 2003 shareholders of MKB and Kazkommertsbank entered into agreements of trust management of 60.04% interest in the share capital of MKB. At the same time between shareholders of MKB owning 39.96% interest in the share capital of MKB and Kazkommertsbank there is an agreement on segregation of responsibility regarding management of MKB providing for non-involvement of these shareholders in the policy of the activity of MKB determined by Kazkommertsbank.

2. BASIS OF PRESENTATION

Accounting basis

The condensed consolidated interim financial statements of the Bank have been prepared in accordance with International Accounting Standard № 34 “Interim Financial Statements”. Accordingly, certain information and disclosures normally required to be included in the notes to the annual financial statements have been omitted or condensed. The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and the selective notes to the consolidated financial statements of the Bank for the year ended 31 December 2005.

The condensed consolidated interim financial statements have been prepared on the accrual basis of accounting under the historical cost convention, except for the revaluation of buildings and constructions and the cost of financial assets and liabilities modified for the measurement at fair value of available-for-sale investment securities, financial assets and liabilities held-for-trading, and derivative financial instruments.

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management of the Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities of the Bank, and disclosure of contingent assets and liabilities at the date of the 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 setup of impairment loss on loans and investments and determination of the fair value of financial instruments.

Although the condensed consolidated interim financial statements are unaudited, they do reflect all adjustments that, in the opinion of management of the Bank, are necessary for a fair presentation of the results of operations for the interim periods. All such adjustments to the financial statements are of a normal, recurring nature. Because the results from common banking activities are so closely related and responsive to changes in market conditions, the results for any interim period are not necessarily indicative of the results that can be expected for the year.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed consolidated interim financial statements the Bank has applied the same accounting principles as those applied in the consolidated financial statements of the Bank for the year ended 31 December 2005.

4. NET INTEREST INCOME

	Three months ended 31 March 2006 (unaudited) (mln. tenge)	Three months ended 31 March 2005 (unaudited) (mln. tenge)
Interest income		
Interest on loans to customers	24,582	16,616
Interest on debt securities	1,796	1,081
Interest on loans and advances to banks	1,573	354
Interest on reverse repurchase transactions	249	125
	<u>28,200</u>	<u>18,176</u>
Interest expense		
Interest on debt securities issued	8,406	5,189
Interest on customer accounts	2,992	2,056
Interest on loans and advances from banks	3,880	1,844
Interest on repurchase transactions	104	36
Other interest expenses	839	76
	<u>16,221</u>	<u>9,201</u>
Net interest income before provision for impairment losses on interest bearing assets	<u>11,979</u>	<u>8,975</u>

5. OTHER INCOME

	Three months ended 31 March 2006 (unaudited) (mln. tenge)	Three months ended 31 March 2005 (unaudited) (mln. tenge)
Insurance premiums	475	567
Fines and penalties received	55	7
Gain on sale of fixed assets	9	3
Other	113	16
	<u>652</u>	<u>593</u>

6. INCOME TAX

Temporary differences as at 31 March 2006 and 31 December 2005 comprise:

	31 March 2006 (unaudited) (mln. tenge)	31 December 2005 (mln. tenge)
Deferred tax assets:		
Unrealized gain on securities revaluation	232	-
Other tax assets	580	459
	<u>812</u>	<u>459</u>
Total deferred tax assets	<u>812</u>	<u>459</u>

	31 March 2006 (unaudited) (mln. tenge)	31 December 2005 (mln. tenge)
Deferred tax liabilities:		
Loans to banks and customers	9,487	7,440
Fixed assets	739	650
Provisions under guarantees and letters of credit	283	372
Unrealized gain on securities revaluation	-	183
Investments in associates	151	94
Other liabilities	8	10
	<u>10,668</u>	<u>8,749</u>
Total deferred tax liabilities	<u>10,668</u>	<u>8,749</u>
Net deferred tax liabilities	<u><u>9,856</u></u>	<u><u>8,290</u></u>

Relationships between tax expenses and accounting profit for the three months ended 31 March 2006 and 31 March 2005 are explained as follows:

	Three months ended 31 March 2006 (unaudited) (mln. tenge)	Three months ended 31 March 2005 (unaudited) (mln. tenge)
Profit before income tax	<u>10,818</u>	<u>7,712</u>
Tax at the statutory tax rate (30%)	3,245	2,314
Tax effect of permanent differences	<u>(259)</u>	<u>(331)</u>
Income tax expense	<u><u>2,986</u></u>	<u><u>1,983</u></u>
Current income tax expense	1,420	569
Provision for deferred tax liabilities	<u>1,566</u>	<u>1,414</u>
Income tax expense	<u><u>2,986</u></u>	<u><u>1,983</u></u>

7. EARNINGS PER SHARE

	Three months ended 31 March 2006 (unaudited) (mln. tenge)	Three months ended 31 March 2005 (unaudited) (mln. tenge)
Profit:		
Net profit for the period, attributable to the equity holders of the parent	7,429	5,429
Less:		
Dividends on preferred shares	<u>(164)</u>	<u>(167)</u>
Income less dividends on preferred shares	<u>7,265</u>	<u>5,262</u>
Weighted average number of common shares for basic and diluted earnings per share	<u>374,992,503</u>	<u>346,139,830</u>
Earnings per share – basic and diluted (KZT)	<u><u>19.37</u></u>	<u><u>15.20</u></u>

8. ASSETS HELD-FOR-TRADING

	Interest to nominal	31 March 2006 (unaudited) (mln. tenge)	Interest to nominal	31 December 2005 (mln. tenge)
	%		%	
Debt securities:				
Eurobonds KfW Intl Finance	4.5-5.25%	25,853	5.25%	6,722
Bonds of Freddie Mac	2.18-9.21%	13,272	4.60%	12,965
Bonds of Federal Home Loan Bank	4.06%	12,888	4.06%	13,529
Eurobonds of European Investment Bank	3-5.625%	12,709	3-5.625%	13,577
Eurobonds of Hellenic Republic	3.6%	10,495	-	-
Eurobonds of Caisse D'Amortissement Delta France	4.75%	6,454	4.60%	6,732
Corporate bonds of issuers of the Russian Federation	7.5-19.22%	4,878	7.5-15.5%	5,371
US exchequer bonds	4-4.06%	4,777	2.7306-10.7225%	21,403
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	4.05-8.29%	4,634	2.75-5.5%	6,783
Bonds of the Food Contract Corporation	8%	4,436	-	-
Bonds of Almaty Merchant Bank	8.125-8.5%	4,441	8.50-10%	4,466
Short-term notes of NBRK	1.96-2.09%	3,184	2.22%	1,003
Eurobonds of TuranAlemFinance B.V.	7.875-8.5%	2,791	7.875-8%	334
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	11.13%	2,492	11.13%	2,159
Bonds of KazTransOil	8.50%	2,248	8.50%	2,379
Bonds of Halyk Bank	7.75-8.125%	2,052	7.5-7.75%	556
Bonds of Bank CenterCredit	8-9%	1,580	8.5-10.4%	680
Bonds of Development Bank of Kazakhstan	6-8.5%	1,573	9.1-13%	964
Bonds of local executive bodies of the Russian Federation	8.20-13.30%	1,149	8.20-13.30%	1,080
Bonds of JP Morgan Chase Bank	10.62%	1,001	-	-
Eurobonds of ALB Finance B.V	9%	682	9%	280
Bonds of Karazhanbasmunai	9.90%	671	9.1-9.9%	667
Bonds of NSCC Kazstroyservice	9%	657	-	-
Bonds of Kazakhaltyn	9.90%	594	9.90%	579
Bonds of Nurbank	9%	540	-	-
Bonds of BTA Ipoteka	8.5%	504	-	-
Eurobonds of CenterCredit B.V.	8%	324	-	-
Bonds of Atyrau local executive committee	8.5%	287	8.5-8.6%	292
Bonds of Bank TuranAlem	8-9.90%	278	8-9.90%	272
Bonds of Astana city administration	8.50%	266	8.50%	267
Bonds of Federal Farm Credit Bank	3.38%	250	3.38%	263
Bonds of federal loan Ministry of Finance of the Russian Federation	10%	204	10%	210
Bonds of Kazakh Mortgage Company	6.9-12.25%	138	6.9-12.25%	191
Bonds of KazTransCom	8%	133	8%	135
Bonds of Astana Finance	9.40%	129	9.40%	126
Bonds of Kazakhstan kagazy	10.40%	128	10.40%	132
Bonds of Khimfarm	10%	118	10%	121
Bonds of Glotur	10%	105	10%	102
Bonds of Kazatomprom	8.50%	86	8.50%	88
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
Eurobonds of Bank Nederlandse Gemeenten	-	-	2.50%	5,432
Bonds of the Government of Finland	-	-	5.88%	4,794
Bonds of Mangistau REK	-	-	13%	65
		129,001		138,569

	Ownership share %	31 March 2006 (unaudited) (mln. tenge)	Ownership share %	31 December 2005 (mln. tenge)
Shares:				
ADR Kazakhtelecom	5.11%	2,263	5.11%	1,673
Shares of Ust-Kamenogorsk Titanium and Magnesium Plant	0.55%	156	-	-
Kazzinc	0.05%	127	0.04%	35
Kazakhtelecom shares				
- ordinary	0.69%	65	0.01%	4
- preference	9.68%	10	0.08%	5
Aktobemunaigaz	-	-	0.004%	8
		<u>2,621</u>		<u>1,725</u>
Total assets held-for-trading		<u><u>131,622</u></u>		<u><u>140,294</u></u>

9. LOANS TO CUSTOMERS, LESS ALLOWANCE FOR IMPAIRMENT LOSSES

	31 March 2006 (unaudited) (mln. tenge)	31 December 2005 (mln. tenge)
Loans issued	824,948	757,119
Accrued interest income on loans to customers	<u>16,671</u>	<u>14,887</u>
	841,619	772,006
Less allowance for impairment losses	<u>(42,404)</u>	<u>(42,162)</u>
Total loans to customers, less allowance for impairment losses	<u><u>799,215</u></u>	<u><u>729,844</u></u>
	31 March 2006 (unaudited) (mln. tenge)	31 December 2005 (mln. tenge)
Loans collateralized by real estate	238,916	203,045
Loans collateralized by combined collateral	120,709	104,917
Loans collateralized by guarantees of enterprises	116,069	102,095
Loans collateralized by accounts receivable	97,204	126,953
Loans collateralized by equipment	75,290	74,697
Loans collateralized by shares of other companies	40,392	33,759
Loans collateralized by inventories	36,746	29,893
Loans collateralized by cash or Kazakhstani Government guarantees	17,203	14,606
Loans collateralized by guarantees of financial institutions	13,724	3,197
Unsecured loans	<u>85,366</u>	<u>78,844</u>
	841,619	772,006
Less allowance for impairment losses	<u>(42,404)</u>	<u>(42,162)</u>
Total loans to customers, less allowance for impairment losses	<u><u>799,215</u></u>	<u><u>729,844</u></u>

	31 March 2006 (unaudited) (mln. tenge)	31 December 2005 (mln. tenge)
Analysis by sector:		
Construction	246,553	210,431
Trade	176,753	147,657
Individuals	112,953	101,844
Transport and communication	39,524	41,040
Agriculture	32,555	33,137
Energy	31,665	33,922
Investments and finance	31,345	30,237
Mining and metallurgy	28,607	25,681
Food industry	25,072	30,145
Real estate	17,260	15,743
Hotel business	16,857	17,394
Machinery construction	13,829	13,488
Culture and art	685	747
Other	67,961	70,540
	<u>841,619</u>	<u>772,006</u>
Less allowance for impairment losses	<u>(42,404)</u>	<u>(42,162)</u>
Total loans to customers, less allowance for impairment losses	<u><u>799,215</u></u>	<u><u>729,844</u></u>

10. INVESTMENTS AVAILABLE-FOR-SALE

	Interest to nominal %	31 March 2006 (unaudited) (mln. tenge)	Interest to nominal %	31 December 2005 (mln. tenge)
Debt securities				
Eurobonds of Ministry of Finance of the Republic of Kazakhstan	2.75-6.99%	335	2.75-6.99%	340
Notes of the National Bank of the Republic of Kazakhstan	1.2%	187	-	-
Bonds of Kazakhstan Mortgage Company	6.9-8.29%	90	6.9-8.29%	87
		<u>612</u>		<u>427</u>
	Interest to nominal %	31 March 2006 (unaudited) (mln. tenge)	Interest to nominal %	31 December 2005 (mln. tenge)
Equity securities				
Aktobemunaigaz	0.004%	14	-	-
		<u>14</u>		<u>-</u>
Total investments available-for-sale		<u><u>626</u></u>		<u><u>427</u></u>

11. INVESTMENTS HELD-TO-MATURITY

	Interest to nominal %	31 March 2006 (unaudited) (mln. tenge)	Interest to nominal %	31 December 2005 (mln. tenge)
Bonds of the Ministry of Finance of the Republic of Kazakhstan	4-4.3%	233	4-4.3%	234
Bonds of Bank CenterCredit	8.5%	115	8.5%	94
Bonds of Halyk Bank	7.75%	111	7.75%	99
Bonds of ATF Bank	8.5%	94	8.5%	92
Bonds of the Ministry of Finance of the Republic of Kyrgyzstan	4.52-8.15%	41	4.52-8.15%	40
Bonds of the National bank of the Kyrgyz Republic	-	-	4.9%	3
Total investments held-to-maturity		<u>594</u>		<u>562</u>

12. INVESTMENTS IN ASSOCIATES AND OTHER ENTITIES

	31 March 2006 (unaudited)		31 December 2005	
	Ownership share %	Amount (mln. tenge)	Ownership share %	Amount (mln. tenge)
Pension Fund "Ular Umit"	41.18%	593	41.18%	388
LLP "First Credit Bureau"	18.40%	37	18.40%	37
		<u>630</u>		<u>425</u>

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

13. OTHER ASSETS, LESS ALLOWANCE FOR IMPAIRMENT LOSSES

	31 March 2006 (unaudited) (mln. tenge)	31 December 2005 (mln. tenge)
Prepayments and other debtors	2,619	2,926
Income tax prepayments	2,427	1,685
Insurance debtors	1,458	1,041
Prepaid expenses	844	977
Tax settlements, other than income tax	44	587
	<u>7,392</u>	<u>7,216</u>
Less allowance for impairment losses	<u>(158)</u>	<u>(130)</u>
Total other assets, less allowance for impairment	<u>7,234</u>	<u>7,086</u>

14. DEBT SECURITIES ISSUED

	Maturity date month/year	Annual coupon rate %	31 March 2006 (unaudited) (mln. tenge)	31 December 2005 (mln. tenge)
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%	17,795	18,562
Tranche B, issued in November 2002 and placed at the price of 107.00%	8 May 2007	10.125%	6,422	6,699
In April 2013:				
Tranche A, issued in April 2003 at the price of 97.548%	16 April 2013	8.5%	43,714	45,730
Tranche B issued in April 2003 and placed in May 2003 at the price of 99.00%	16 April 2013	8.5%	19,268	20,097
In April 2014:				
Issued in April 2004 at the price of 99.15%	7 April 2014	7.875%	50,224	52,386
In November 2009:				
Tranche A issued in November 2004 at the price of 98.967%	3 November 2009	7.0%	43,275	46,880
Tranche B issued in February 2005 at the price of 98.967%	3 November 2009	7.0%	19,268	20,097
In November 2015:				
Issued in November 2005 at the price of 98.32%	3 November 2015	7.94%	64,225	66,990
In February 2009:				
Issued in February 2006 at the price of 100%	24 February 2009	4.25%	7,928	-
In March 2011:				
Issued in March 2006 at the price of 99.993%	24 March 2011	5.125%	43,375	-
			<u>315,494</u>	<u>277,441</u>
Including /(less):				
Discount on debt securities issued			(4,130)	(4,098)
Amounts of accrued interest on debt securities issued			<u>9,342</u>	<u>4,124</u>
Total issued Eurobonds of				
Kazkommerts International B.V.			320,706	277,467
Issued bonds of Kazkommertsbank			4,010	3,957
Amounts of accrued expenses on issued bonds of Kazkommertsbank				
			59	127
Issued promissory notes of MKB				
			22,490	21,040
Accrued interest expense on issued promissory notes of MKB				
			<u>268</u>	<u>542</u>
Total debt securities issued				
			<u><u>347,533</u></u>	<u><u>303,133</u></u>

Eurobonds were issued by Kazkommerts International B.V., a subsidiary of the Kazkommertsbank, and guaranteed by the Kazkommertsbank. For Eurobonds with a maturity in May 2007, coupon is paid semi-annually on 8 May and 8 November, while for those having a maturity in April 2013, interest is paid on 16 April and 16 October, for Eurobonds with maturity in April 2014, interest is paid on 7 April and 7 October, for Eurobonds with maturity in November 2009, interest is paid on 3 May and 3 November, for Eurobonds with maturity in November 2015, interest is paid on 3 May and 3 November, for Eurobonds (denominated in Singapore dollars) having a maturity in February 2009 interest is paid on 24 August and 24 February, for Eurobonds with a maturity in March 2011 interest is paid on 23 March.

15. OTHER LIABILITIES

	31 March 2006 (unaudited) (mln. tenge)	31 December 2005 (mln. tenge)
Taxes payable, other than income tax	3,228	1,760
Payable to employees	1,891	1,032
Accounts payable to reinsurers	851	611
Prepayments received	282	412
Other	1,717	776
	<u>7,969</u>	<u>4,591</u>

16. FINANCIAL COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank 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.

As at 31 March 2006 and 31 December 2005 accrued allowance for impairment losses on letters of credit and guarantees amounted to 3,015 mln. tenge and 2,589 mln. tenge, 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 March 2006 and 31 December 2005, the nominal or contract amounts and risk-weighted amounts were:

	31 March 2006		31 December 2005	
	Nominal amount	Risk weighted amount	Nominal amount	Risk weighted amount
Contingent liabilities and credit commitments				
Guarantees issued and similar commitments	46,674	46,674	39,928	39,928
Letters of credit and other transaction related to contingent obligations	61,444	11,698	59,951	11,680
Commitments on loans and unused credit lines	<u>4,645</u>	<u>4,645</u>	<u>2,671</u>	<u>2,671</u>
Total contingent liabilities and credit commitments	<u>112,763</u>	<u>63,017</u>	<u>102,550</u>	<u>54,279</u>

Capital commitments – The Bank had no material commitments for capital expenditure outstanding as at 31 March 2006.

Operating lease commitments – No material rental commitments were outstanding as at 31 March 2006 and 31 December.

Fiduciary activities – In the normal course of its business the Bank enters into agreements with limited right on decision making with clients for their assets management in accordance with specific criteria established by clients. The Bank 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 Bank 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 Bank also provides depositary services to its customers. As at 31 March 2006 and 31 December 2005 the Bank had customer securities totaling:

- on broker-dealer operations - 15,848,595 items and 13,175,579 items, respectively.
- on custodial operations - 337,202,964 items and 333,537,909 items, respectively.

Legal proceedings – From time to time and in the normal course of business, claims against the Bank 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 financial statements.

Taxes – Due to the presence in commercial legislation of the countries where the Bank 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 Management's judgment of the Bank's business activities to be challenged by the tax authorities, the Bank 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 Bank believes that it has already made all tax payments, and therefore no allowance has been made in the 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 March 2006 and 31 December 2005 the Bank 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 Bank's principal business activities are within the Republic of Kazakhstan. Laws and regulations affecting the business environment in the Republic of Kazakhstan are subject to rapid changes and the Bank's assets and operations could be at risk due to negative changes in the political and business environment.

17. 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 Bank had the following transactions outstanding with related parties:

	31 March 2006 (mln. tenge)		31 December 2005 (mln. tenge)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Loans to customers	1,317	841,619	1,785	772,006
- <i>who are under common control jointly with the Bank</i>	261		342	
- <i>individuals influencing the Bank's operations, and their close family members</i>	443		453	
- <i>key management personnel of the Bank</i>	581		954	
- <i>Other related parties</i>	32		36	
Allowance for impairment losses	41	42,404	51	42,162
- <i>who are under common control jointly with the Bank</i>	18		20	
- <i>individuals influencing the Bank's operations, and their close family members</i>	9		9	
- <i>key management personnel of the Bank</i>	12		20	
- <i>Other related parties</i>	2		2	
Customer accounts	2,690	311,772	2,274	303,405
- <i>who directly or indirectly, through one or several intermediaries, control the Bank</i>	-		1	
- <i>who are under common control jointly with the Bank</i>	28		15	
- <i>associates of the Bank</i>	1,472		1,093	
- <i>individuals influencing the Bank's operations, and their close family members</i>	476		486	
- <i>key management personnel of the Bank</i>	682		672	
- <i>Other related parties</i>	32		7	
Commitments on loans and unused card limits	38	4,645	45	2,671
- <i>individuals influencing the Bank's operations, and their close family members</i>	17		17	
- <i>key management personnel of the Bank</i>	21		28	
Provision for guarantees	19	46,674	19	39,928
- <i>who are under common control jointly with the Bank</i>	-		-	
- <i>individuals influencing the Bank's operations, and their close family members</i>	1		1	
- <i>key management personnel of the Bank</i>	18		18	

Included in the consolidated interim profit and loss account for the three months ended 31 March 2006 are the following amounts which arose due to transactions with related parties:

	Three months ended 31 March 2006 (mln. tenge)		Three months ended 31 March 2005 (mln. tenge)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	62	28,200	60	18,176
Interest expense	(43)	(16,221)	(33)	(9,201)
Benefits of key personnel	71	2,019	50	1,398

18. RISK MANAGEMENT POLICIES

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

The Bank 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 Bank'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 Bank 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 Bank's interest rate position, which provides the Bank with a positive interest margin. The Department of Financial Control conducts monitoring of the Bank's current financial performance, estimates the Bank's sensitivity to changes in interest rates and its influence on the Bank's profitability.

The majority of the Bank'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 Bank monitors its interest rate margin and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk.

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 March 2006 Total (mln. tenge)
ASSETS:							
Cash and balances with national (central) banks	36,000	-	-	-	-	-	36,000
Assets held-for-trading	13,701	14,386	102,101	-	-	-	130,188
Loans and advances to banks, less allowance for impairment losses	101,012	17,138	2,330	374	1,275	(694)	121,435
Loans to customers, less allowance for impairment losses	35,046	36,454	193,263	317,446	242,739	(42,404)	782,544
Securities purchased under reverse repurchase agreements	17,731	1,126	-	-	-	-	18,857
Investments available-for-sale	187	9	36	285	103	-	620
Investments held-to-maturity	-	7	142	146	290	-	585
Total interest bearing assets	203,677	69,120	297,872	318,251	244,407	(43,098)	1,090,229
Cash and balances with national (central) banks	53,645	-	-	-	-	-	53,645
Derivative financial instruments	637	-	-	-	-	-	637
Investments in associates and other entities	-	-	-	-	630	-	630
Goodwill	-	-	-	-	2,405	-	2,405
Fixed and intangible assets, less accumulated depreciation	-	-	-	-	9,076	-	9,076
Accrued interest income on interest-bearing assets	7,887	4,290	4,764	1,442	13	-	18,396
Other assets, less allowance for impairment losses	2,324	1,494	1,186	4,908	50	(158)	9,804
TOTAL ASSETS	268,170	74,904	303,822	324,601	256,581	(43,256)	1,184,822
LIABILITIES:							
Loans and advances from banks	15,116	16,794	169,469	84,022	8,598	-	293,999
Securities sold under repurchase agreements	8,809	-	-	-	-	-	8,809
Customer accounts	187,110	23,967	63,016	31,904	963	-	306,960
Debt securities issued	967	-	8,730	153,565	174,602	-	337,864
Other borrowed funds	401	-	18,597	29,766	-	-	48,764
Subordinated debt	-	-	-	6,137	37,939	-	44,076
Total interest bearing liabilities	212,403	40,761	259,812	305,394	222,102	-	1,040,472
Derivative financial instruments	104	159	610	629	-	-	1,502
Dividends payable	-	-	164	-	-	1	165
Reserves	-	-	-	-	-	5,542	5,542
Deferred tax liability	-	-	-	9,856	-	-	9,856
Accrued interest expense on interest-bearing liabilities	7,774	5,958	2,025	1,081	466	-	17,304
Other liabilities	5,668	83	2,152	66	-	-	7,969
TOTAL LIABILITIES	225,949	46,961	264,763	317,026	222,568	5,543	1,082,810
Liquidity gap	42,221	27,943	39,059	7,575	34,013		
Interest sensitivity gap	(8,726)	28,359	38,060	12,857	22,305		
Cumulative interest sensitivity gap	(8,726)	19,633	57,693	70,550	92,855		
Cumulative interest sensitivity gap as a percentage of total assets	(0.7%)	1.7%	4.9%	6.0%	7.8%		

	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 2005 Total (mln. tenge)
ASSETS:							
Assets held-for-trading	43,052	22,057	73,538	-	-	-	138,647
Loans and advances to banks, less allowance for impairment losses	228,267	18,642	6,756	-	1,340	(1,245)	253,760
Loans to customers, less allowance for impairment losses	36,725	49,281	174,041	294,794	202,278	(42,162)	714,957
Securities purchased under reverse repurchase agreements	11,379	1,307	1,200	-	-	-	13,886
Investments available-for-sale	-	-	37	286	97	-	420
Investments held-to-maturity	13	5	133	125	280	-	556
Total interest bearing assets	319,436	91,292	255,705	295,205	203,995	(43,407)	1,122,226
Cash and balances with central (national) 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	27	-	-	222	8,413	-	8,662
Other assets, less allowance for impairment losses	6,017	4,132	5,036	1,560	10	-	16,755
Accrued interest income on interest bearing assets	2,474	361	3,707	465	209	(130)	7,086
TOTAL ASSETS	365,187	95,785	264,448	297,529	215,457	(43,537)	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	-	-	24	3,631	46,704	-	50,359
Subordinated debt	-	-	-	6,377	39,054	-	45,431
Total interest bearing liabilities	262,733	36,444	256,729	242,633	272,482	-	1,071,021
Derivative financial instruments	188	-	1	-	-	-	189
Dividends payable	1	-	-	-	-	-	1
Reserves	-	-	-	-	-	4,934	4,934
Deferred tax liability	-	-	-	8,290	-	-	8,290
Accrued interest expenses on interest bearing liabilities	2,189	1,268	6,593	1,448	-	-	11,498
Other liabilities	1,329	2,075	746	441	-	-	4,591
TOTAL LIABILITIES	266,440	39,787	264,069	252,812	272,482	4,934	1,100,524
Liquidity gap	98,747	55,998	379	44,717	(57,025)		
Interest sensitivity gap	56,703	54,848	(1,024)	52,572	(68,487)		
Cumulative interest sensitivity gap	56,703	111,551	110,527	163,099	94,612		
Cumulative interest sensitivity gap as a percentage of total assets	4.75%	9.34%	9.25%	13.65%	7.92%		

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 Bank 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 Bank an opportunity to minimize losses from significant currency rates fluctuations toward its national currency. The Treasury Department performs daily monitoring of the Bank's open currency position with the aim to match the requirements of national (central) banks.

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

	KZT	USD	EUR	RUR	Other currency	Currency undefined, (including allowance for impairment losses)	31 March 2006 Total
	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)	(mln. tenge)
ASSETS:							
Cash and balances with the national (central) banks	80,630	6,129	804	1,762	333	-	89,658
Assets held-for-trading	21,864	93,032	10,495	6,231	-	-	131,622
Loans and advances to banks, less allowance for impairment losses	4,112	104,606	7,814	3,705	4,671	(694)	124,214
Derivative financial instruments	317	254	27	-	39	-	637
Loans to customers, less allowance for impairment losses	235,516	591,278	7,686	6,953	186	(42,404)	799,215
Securities purchased under reverse repurchase agreements	7,567	-	-	11,266	78	-	18,911
Investments available-for-sale	626	-	-	-	-	-	626
Investments held-to-maturity	552	-	-	-	42	-	594
Goodwill	2,405	-	-	-	-	-	2,405
Investments in associates and other entities	630	-	-	-	-	-	630
Fixed and intangible assets, less accumulated depreciation	8,628	-	-	359	89	-	9,076
Other assets, less allowance for impairment losses	5,186	1,665	223	306	12	(158)	7,234
TOTAL ASSETS	368,033	796,964	27,049	30,582	5,450	(43,256)	1,184,822
LIABILITIES:							
Loans and advances from banks	7,449	274,245	5,757	5,957	2,006	-	295,414
Securities sold under repurchase agreements	-	-	7,577	1,266	-	-	8,843
Derivative financial instruments	1,132	365	-	5	-	-	1,502
Customer accounts	178,019	115,782	7,450	9,963	558	-	311,772
Debt securities issued	4,068	287,219	43,085	5,230	7,931	-	347,533
Other borrowed funds	203	48,546	208	-	-	-	48,957
Reserves	-	-	-	-	-	5,542	5,542
Dividends payable	165	-	-	-	-	-	165
Deferred tax liabilities	9,570	-	-	282	4	-	9,856
Other liabilities	4,488	2,973	222	265	21	-	7,969
Subordinated debt	16,024	29,233	-	-	-	-	45,257
TOTAL LIABILITIES	221,118	758,363	64,299	22,968	10,520	5,542	1,082,810
OPEN BALANCE SHEET POSITION	146,915	38,601	(37,250)	7,614	(5,070)		

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 March 2006:

	KZT	USD	EUR	RUR	Other currency	Currency undefined, (including allowance for impairment losses)	31 March 2006 Total (mln. tenge)
Accounts payable on forward contracts	(42,653)	(52,521)	(821)	(488)	(351)	-	(96,834)
Accounts receivable on forward contracts	<u>1,570</u>	<u>43,502</u>	<u>39,645</u>	<u>3,340</u>	<u>8,071</u>	-	96,128
NET DERIVATIVE FINANCIAL INSTRUMENTS POSITION	<u>(41,083)</u>	<u>(9,019)</u>	<u>38,824</u>	<u>2,852</u>	<u>7,720</u>		
TOTAL OPEN POSITION	<u>105,832</u>	<u>29,582</u>	<u>1,574</u>	<u>10,466</u>	<u>2,650</u>		

	KZT	USD	EUR	RUR	Other currency	Currency undefined, (including allowance for impair- ment losses)	31 December 2005 Total (mln. tenge)
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	3,730	236,837	10,775	2,822	985	(1,245)	253,904
Derivative financial instruments	4	77	-	-	-	-	81
Loans to customers, less allowance for impairment losses	234,047	525,069	7,004	5,493	393	(42,162)	729,844
Securities purchased under agreements to resell	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	8,417	-	-	146	99	-	8,662
Other assets, less allowance for impairment losses	5,187	1,453	93	477	6	(130)	7,086
TOTAL ASSETS	289,530	900,465	19,040	26,746	2,625	(43,537)	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
Provision	-	-	-	-	-	4,934	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	29,857	1	-	-	-	46,139
TOTAL LIABILITIES	187,921	869,131	19,146	17,450	1,942	4,934	1,100,524
OPEN BALANCE SHEET POSITION	101,609	31,334	(106)	9,296	683		

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	USD	EUR	RUR	Other currency	Currency undefined, (including allowance for impairment losses)	31 December 2005 Total (mln. tenge)
Accounts payable on forwards	(9,657)	(9,080)	(795)	-	(155)	-	(19,687)
Accounts receivable on forwards	<u>6,895</u>	<u>11,277</u>	<u>1,192</u>	<u>15</u>	<u>200</u>	-	19,579
NET DERIVATIVE FINANCIAL INSTRUMENTS POSITION	<u>(2,762)</u>	<u>2,197</u>	<u>397</u>	<u>15</u>	<u>45</u>		
TOTAL OPEN POSITION	<u>98,847</u>	<u>33,531</u>	<u>291</u>	<u>9,311</u>	<u>728</u>		

19. SUBSEQUENT EVENTS

On 6 April 2006 JSC ABN AMRO CaspiyMunaiGas, the Bank's subsidiary, was renamed as JSC Grantum APF.

On 21 April 2006 Kazkommertsbank received an authorization from the Agency for Regulation and Supervision of the Financial Market and Financial Organization for the formation of its subsidiary JSC Kazkommerts LIFE № 51 dated 21 April 2006. In addition the Bank sent documents for obtaining a status of the major insurance organization and establishment of an insurance organization. Functioning of the subsidiary insurance organization is planned for June – July 2006.