

JOINT STOCK COMPANY KAZKOMMERTSBANK

**Condensed Interim Consolidated Financial
Statements (Unaudited)**

For the three months ended 31 March 2007

**and Report on Review of Interim Financial
Statements**

JOINT STOCK COMPANY KAZKOMMERTSBANK

TABLE OF CONTENTS

	Page
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2007 (UNAUDITED)	1
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS	2
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2007 (UNAUDITED):	
Condensed interim consolidated income statement (unaudited)	3
Condensed interim consolidated balance sheet (unaudited)	4
Condensed interim consolidated statement of changes in equity (unaudited)	5
Condensed interim consolidated statement of cash flows (unaudited)	6-7
Selected explanatory notes to the condensed interim consolidated financial statements (unaudited)	8-41

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2007 (UNAUDITED)

The following statement, which should be read in conjunction with independent auditors' responsibilities stated in the independent auditors' report on review of interim financial statements 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 unaudited condensed interim consolidated financial statements of Joint Stock Company Kazkommertsbank and its subsidiaries (the "Group").

Management is responsible for the preparation of the condensed interim consolidated financial statements that present fairly the financial position of the Group as at 31 March 2007, and the results of its operations, cash flows and changes in equity for the three months ended 31 March 2007, in accordance with International Financial Reporting Standards ("IFRS").

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

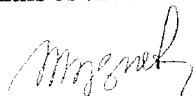
- Selecting suitable accounting principles and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the condensed interim consolidated financial statements; and
- Preparing the condensed interim 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 condensed interim 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 condensed interim consolidated financial statements for the three months ended 31 March 2007 were authorised for issue on 16 May 2007 by the Management Board of JSC Kazkommertsbank.

On behalf of the Management Board of the Bank:



Zhusupova N.A.
Chairman of the Board

16 May 2007
Almaty



Shoinbekova G.K.
Chief Accountant

16 May 2007
Almaty

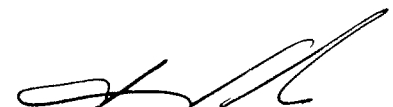
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Shareholders of JSC Kazkommertsbank:

We have reviewed the accompanying condensed interim consolidated balance sheet of JSC Kazkommertsbank and its subsidiaries (together, the "Group") as at 31 March 2007, the related condensed interim consolidated income statement, and condensed interim consolidated statements of cash flows and changes in equity for the three months ended 31 March 2007. These condensed interim consolidated financial statements are the responsibility of the Group's management.

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists principally of making inquiries of persons responsible for financial and accounting matters, and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express an audit opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed interim consolidated financial statements for them to be in conformity with International Financial Reporting Standard 34 "Interim Financial Reporting".



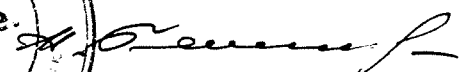
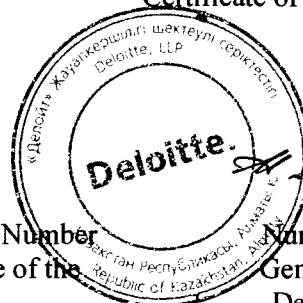
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Deloitte, LLP

State license on auditing of the Republic of Kazakhstan Number 0000015, type MFU-2, given by the Ministry of Finance of the Republic of Kazakhstan dated 13 September 2006



Durlan Bekenov
General Director
Deloitte, LLP


16 May 2007

JOINT STOCK COMPANY KAZKOMMERTSBANK


CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2007 (UNAUDITED)

	Notes	Three months ended 31 March 2007 (unaudited) (KZT million)	Three months ended 31 March 2006 (unaudited) (KZT million)
Interest income	5	62,573	28,282
Interest expense	5	(35,642)	(16,489)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		26,931	11,793
Provisions for impairment losses on interest bearing assets	6	(9,239)	(775)
NET INTEREST INCOME		17,692	11,018
Net gain/(loss) on financial assets at fair value through profit or loss	7	5,011	(706)
Net (loss)/gain on foreign exchange operations		(3,101)	1,173
Fee and commission income	8	5,117	3,239
Fee and commission expense	8	(491)	(346)
Other income		1,108	626
NET NON-INTEREST INCOME		7,644	3,986
OPERATING INCOME		25,336	15,004
OPERATING EXPENSES	9	(6,076)	(3,716)
OPERATING PROFIT		19,260	11,288
Provision for insurance and impairment losses on other transactions	6	(312)	(214)
Provision for guarantees and other off-balance sheet contingencies	6	(1,554)	(514)
Share of results of associates		27	169
PROFIT BEFORE INCOME TAX		17,421	10,729
Income tax expense	10	(4,914)	(2,988)
NET PROFIT		12,507	7,741
Attributable to:			
Equity holders of the parent		12,000	7,338
Minority Interest		507	403
EARNINGS PER SHARE <i>Basic and diluted (KZT)</i>	11	20.87	19.56

On behalf of the Management Board of the Bank:


Zhusupova N.A.
Chairman of the Board

16 May 2007
Almaty


Shoinbekova G.K.
Chief Accountant

16 May 2007
Almaty

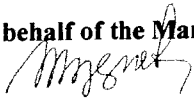
The notes on pages 8-41 form an integral part of these condensed interim consolidated financial statements. The Independent Auditors' Report on Review of Interim Financial Statements is on page 2.

JOINT STOCK COMPANY KAZKOMMERTSBANK


CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007 (UNAUDITED)

	Notes	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
ASSETS:			
Cash and balances with national (central) banks	12	285,595	209,005
Precious metals		409	807
Financial assets at fair value through profit or loss	13	261,476	322,618
Loans and advances to banks	14	135,011	197,191
Loans to customers	15	1,835,973	1,678,840
Investments available-for-sale		2,145	2,628
Investments held to maturity		1,183	357
Investments in associates		1,782	1,755
Goodwill		2,405	2,405
Property, equipment and intangible assets		17,857	15,681
Other assets	16	10,739	13,015
TOTAL ASSETS		2,554,575	2,444,302
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and advances from banks	17	704,595	884,301
Customer accounts	18	733,619	687,806
Derivative financial instruments	13	3,907	3,554
Debt securities issued	19	646,415	424,162
Other borrowed funds	20	76,037	68,814
Provisions	6	8,517	6,758
Deferred income tax liabilities	10	20,215	17,471
Dividends payable		150	1
Other liabilities	21	7,806	8,587
		2,201,261	2,101,454
Subordinated debt	22	77,442	78,922
Total liabilities		2,278,703	2,180,376
EQUITY:			
Equity attributable to equity holders of the parent:			
Share capital		6,996	6,995
Share premium		152,612	152,534
Property revaluation reserve		2,429	2,436
Reserves		98,155	86,689
Total equity attributable to equity holders of the parent		260,192	248,654
Minority interest		15,680	15,272
Total equity		275,872	263,926
TOTAL LIABILITIES AND EQUITY		2,554,575	2,444,302

On behalf of the Management Board of the Bank:


Zhusupova N.A.
Chairman of the Board

16 May 2007
Almaty


Shoinbekova G.K.
Chief Accountant

16 May 2007
Almaty

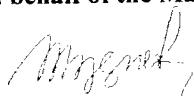
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JOINT STOCK COMPANY KAZKOMMERTSBANK


CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2007 (UNAUDITED)

	Share capital	Share premium	Investments available-for-sale fair value reserve	Investments revaluation reserve	Property revaluation reserve	Retained earnings	Total equity attributable to equity holders of the parent	Minority interest	Total equity
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
31 December 2005	4,996	15,902	1	3	1,520	58,873	81,295	6,976	88,271
Share capital increase of - ordinary shares	1	11	-	-	-	-	12	-	12
Depreciation of property revaluation reserve	-	-	-	-	(5)	5	-	-	-
Unrealized gains on revaluation of investments available-for-sale	-	-	32	-	-	-	32	-	32
Exchange differences on translation of foreign operations	-	-	-	-	-	(74)	(74)	(44)	(118)
Net profit	-	-	-	-	-	7,338	7,338	403	7,741
31 March 2006 (unaudited)	4,997	15,913	33	3	1,515	66,142	88,603	7,335	95,938
31 December 2006	6,995	152,534	40	76	2,436	86,573	248,654	15,272	263,926
Share capital increase of - ordinary shares	2	160	-	-	-	-	162	-	162
Repurchase of own shares	(1)	(82)	-	-	-	-	(83)	-	(83)
Property revaluation	-	-	-	-	2	-	2	-	2
Depreciation of property revaluation reserve	-	-	-	-	(9)	9	-	-	-
Unrealized loss on revaluation of investments available-for-sale	-	-	(17)	-	-	-	(17)	-	(17)
Exchange differences on translation of foreign operations	-	-	-	(79)	-	(447)	(526)	(99)	(625)
Net profit	-	-	-	-	-	12,000	12,000	507	12,507
31 March 2007 (unaudited)	6,996	152,612	23	(3)	2,429	98,135	260,192	15,680	275,872

On behalf of the Management Board of the Bank:


Zhusupova N.A.
Chairman of the Board

16 May 2007
 Almaty


Shoinbekova G.K.
Chief Accountant

16 May 2007
 Almaty

The notes on pages 8-41 form an integral part of these condensed interim consolidated financial statements. The Independent Auditors' Report on Review of Interim Financial Statements is on page 2.

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2007 (UNAUDITED)

	Notes	Three months ended 31 March 2007 (unaudited) (KZT million)	Three months ended 31 March 2006 (unaudited) (KZT million)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		17,421	10,729
Adjustments for:			
Provision for impairment losses on interest bearing assets	6	9,239	775
Provision for insurance and impairment losses on other transactions	6	312	214
Provision for guarantees and other off-balance contingencies	6	1,554	514
Amortisation of (discount)/premium of financial assets at fair value through profit or loss		(951)	80
Amortization of discount/(premium) on debt securities issued		63	(134)
Depreciation and amortization	9	568	408
Change in interest accruals, net		15,317	4,164
Unrealized foreign exchange loss		2,322	2,863
Share of results of associates		(27)	(169)
Net gain on sale of property, equipment and intangible assets		(1)	-
Net change in fair value of financial assets at fair value through profit or loss		(5,393)	915
Cash inflow from operating activities before changes in operating assets and liabilities		40,424	20,359
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Minimum reserve deposit with Central Bank of Russian Federation		(460)	(120)
Minimum reserve deposit with National Bank of the Republic of Kazakhstan		(2,803)	-
Loans and advances to banks		70,692	22,154
Precious metals		398	-
Financial assets at fair value through profit or loss		69,067	3,419
Loans to customers		(146,017)	(94,945)
Other assets		3,211	(859)
Increase/(decrease) in operating liabilities:			
Loans and advances from banks		(184,422)	(51,975)
Customer accounts		11,703	10,923
Other borrowed funds		7,223	(1,596)
Other liabilities		(1,274)	5,771
Cash outflow from operating activities before taxation		(132,258)	(86,869)
Income tax paid		(2,170)	(575)
Net cash outflow from operating activities		(134,428)	(87,444)

JOINT STOCK COMPANY KAZKOMMERTSBANK

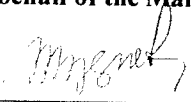
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2007 (UNAUDITED)

	Notes	Three months ended 31 March 2007 (unaudited) (KZT million)	Three months ended 31 March 2006 (unaudited) (KZT million)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets		(3,265)	(829)
Net proceeds on sale/(purchase) of investments available-for-sale		455	(168)
Net purchase of investments held to maturity		(824)	(13)
Purchase of subsidiaries, excluding cash acquired by the company		-	(35)
Net cash outflow from investing activities		<u>(3,634)</u>	<u>(1,045)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issue of ordinary share capital		162	12
Repurchase of own shares		(83)	-
Proceeds from debt securities issued		214,944	41,161
Subordinated debt		(1,370)	(1,682)
Net cash inflow from financing activities		<u>213,653</u>	<u>39,491</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		75,591	(48,998)
CASH AND CASH EQUIVALENTS, beginning of period	12	114,215	227,476
<i>Effect of changes in foreign exchange rate on cash and cash equivalents</i>		409	(2,443)
CASH AND CASH EQUIVALENTS, end of period	12	<u>190,215</u>	<u>176,035</u>

Interest paid and received by the Group in cash during the three months ended 31 March 2007 amounted to KZT 29,334 million and KZT 53,005 million.

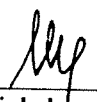
Interest paid and received by the Group in cash during the three months ended 31 March 2006 amounted to KZT 10,825 million and KZT 26,130 million.

On behalf of the Management Board of the Bank:



Zhusupova N.A.
Chairman of the Board

16 May 2007
Almaty



Shoinbekova G.K.
Chief Accountant

16 May 2007
Almaty

The notes on pages 8-41 form an integral part of these condensed interim consolidated financial statements. The Independent Auditors' Report on Review of Interim Financial Statements is on page 2.

JOINT STOCK COMPANY KAZKOMMERTSBANK

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2007 (UNAUDITED)

1. ORGANISATION

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

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

The Bank has 24 branches in the Republic of Kazakhstan, and a representative office in London (Great Britain) and Dushanbe (Tajikistan).

The Bank is a parent company of the banking group (the “Group”) which consists of the following enterprises consolidated in the condensed interim consolidated financial statements:

Name	Country of operation	The Bank ownership interest		Type of operation
		31 March 2007	31 December 2006	
JSC Kazkommerts Securities	Republic of Kazakhstan	100%	100%	Securities market transactions
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
JSC OCOPAIM Grantum Asset Management	Republic of Kazakhstan	100%	100%	Investment management of pension assets
LLP Kazkommerts RFCA	Republic of Kazakhstan	100%	-	Securities market transactions on the Regional Financial Center of Almaty special trade floor
JSC Kazkommerts Life	Republic of Kazakhstan	100%	-	Life insurance
JSC Kazkommertsbank Kyrgyzstan	Kyrgyz Republic	93.58%	93.58%	Commercial bank
JSC Grantum APF	Republic of Kazakhstan	80.01%	80.01%	Pension fund
JSC Insurance Company Kazkommerts-Policy	Republic of Kazakhstan	65%	65%	Insurance

Notwithstanding the Bank 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. The control assumed a possibility for the Bank to issue loans to customers of MKB and receive income from such activity. In 2003 shareholders of MKB and the Bank 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 the Bank 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 the Bank. In September 2006 the Bank and shareholders of MKB cancelled the agreements of trust management for 2.6% interest in the share capital of MKB, decreasing the trust management from 60.04% to 57.44%. In fourth quarter of 2006 MKB increased its charter capital by 750 million Russian roubles (KZT 3,608 million at average exchange rate effective in 4th quarter of 2006) and additional paid-in capital by 562.5 million Russian roubles (KZT 2,706 million at average exchange rate effective in 4th quarter of 2006). On 15 December 2006 the Board of Directors of the Bank approved an informal agreement between the Bank and the existing shareholders of MKB on the acquisition of 52.11% interest in the share capital of MKB and on obtaining remaining 47.89% interest in trust management. At present time permission on acquisition was received from the Agency of the Republic of Kazakhstan on regulation and supervision of the financial market and financial organizations ("FMSA"). Related documentation was sent to the regulatory bodies of the Russian Federation. At the present time there is permission # 03-28-012/25710 dated 24 April 2007 from the Central Bank of Russian Federation on the acquisition of 52.11% interest in the share capital of MKB. Expected date of purchase of share in the share capital of MKB is June-July 2007.

On 11 January 2007 one of the Bank's subsidiaries LLP "Kazkommertsbank RFCA" started its operation. The Company received a licence on conducting transactions # 0401201454 dated 02 March 2007 from FMSA.

2. BASIS OF PRESENTATION

Accounting basis

The condensed interim consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard № 34 "Interim Financial Reporting". 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 interim consolidated financial statements should be read in conjunction with the consolidated financial statements and with the selective notes to the consolidated financial statements of the Group for the year ended 31 December 2006.

The condensed interim consolidated financial statements have been prepared on the accrual basis of accounting under the historical cost convention, except for the revaluation of property and the cost of financial assets and liabilities modified for the measurement at fair value of investments available-for-sale, financial assets and liabilities at fair value through profit or loss, and derivative financial instruments.

The preparation of the condensed interim consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities of the Group, and disclosure of contingent assets and liabilities at the date of the 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 provisions on loans and investments, determination of the fair value of financial instruments and determination of the deferred tax liabilities.

Although the condensed interim consolidated financial statements are unaudited, they do reflect all adjustments that, in the opinion of management of the Group, 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

Basis of consolidation

In preparing these condensed interim consolidated financial statements the Group has applied the same accounting policies and methods of computation as those applied in the consolidated financial statements of the Group for the year ended 31 December 2006.

4. RECLASSIFICATIONS

Certain reclassifications have been made to the condensed interim consolidated financial statements as at 31 March 2006 and for the three months then ended to conform to the presentation as at 31 March 2007 and for the three months then ended as current period presentation provides a better view of the financial position of the Group.

5. NET INTEREST INCOME

	Three months ended 31 March 2007 (unaudited) (KZT million)	Three months ended 31 March 2006 (unaudited) (KZT million)
Interest income		
Interest income on loans to customers and on reverse repurchase agreements:		
- loans to customers	53,283	24,077
- reverse repurchase agreements	798	228
Interest on debt securities	2,858	1,796
Interest income on loans and advances to banks and on reverse repurchase agreements:		
- loans and advances to banks	2,693	1,573
- reverse repurchase agreements	243	21
Amortization of discount on loans	2,698	587
	<hr/>	<hr/>
Total interest income	62,573	28,282
Interest expense		
Interest on debt securities issued	12,794	7,911
Interest expense on customer accounts and repurchase agreements:		
- customer accounts	10,814	3,497
- repurchase agreements	21	36
Interest expense on loans and advances from banks and repurchase agreements:		
- loans and advances from banks	9,112	3,974
- repurchase agreements	1,397	67
Dividends on preferred shares	149	164
Interest expense on securitization program	1,086	714
Other interest expense	269	126
	<hr/>	<hr/>
Total interest expense	35,642	16,489
	<hr/>	<hr/>
Net interest income before provision for impairment losses on interest bearing assets	26,931	11,793

6. ALLOWANCE FOR IMPAIRMENT LOSSES, OTHER PROVISIONS

	Loans and advances to banks (KZT million)	Loans to customers (KZT million)	Total (KZT million)
31 December 2005	1,245	42,162	43,407
(Reversal of provision)/provision	(551)	1,326	775
Write-off of assets	-	(127)	(127)
Exchange rate difference	-	(957)	(957)
	<u>694</u>	<u>42,404</u>	<u>43,098</u>
31 March 2006 (unaudited)	<u>694</u>	<u>42,404</u>	<u>43,098</u>
31 December 2006	857	73,936	74,793
(Reversal of provision)/provision	(284)	9,523	9,239
Write-off of assets	-	(109)	(109)
Recoveries of assets previously written-off	-	5	5
Exchange rate difference	(22)	(1,217)	(1,239)
	<u>(22)</u>	<u>(1,217)</u>	<u>(1,239)</u>
31 March 2007 (unaudited)	<u>551</u>	<u>82,138</u>	<u>82,689</u>

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

	Insurance provisions (KZT million)	Other assets (KZT million)	Total (KZT million)
31 December 2005	2,345	131	2,476
Provision	182	32	214
Write-off of assets	-	(25)	(25)
	<u>182</u>	<u>(25)</u>	<u>(25)</u>
31 March 2006 (unaudited)	<u>2,527</u>	<u>138</u>	<u>2,665</u>
31 December 2006	2,703	117	2,820
Provision	266	46	312
Write-off of assets	-	(3)	(3)
Recoveries of assets previously written off	-	1	1
Exchange rate difference	-	1	1
	<u>-</u>	<u>1</u>	<u>1</u>
31 March 2007 (unaudited)	<u>2,969</u>	<u>162</u>	<u>3,131</u>

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

	2007 (KZT million)	2006 (KZT million)
1 January	4,055	2,589
Provision	1,554	514
Exchange difference	<u>(61)</u>	<u>(88)</u>
31 March (unaudited)	<u><u>5,548</u></u>	<u><u>3,015</u></u>
	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Insurance provisions	2,969	2,703
Provision for guarantees and other off-balance sheet contingencies	<u>5,548</u>	<u>4,055</u>
Total provisions	<u><u>8,517</u></u>	<u><u>6,758</u></u>

7. NET GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Three months ended 31 March 2007 (unaudited) (KZT million)	Three months ended 31 March 2006 (unaudited) (KZT million)
Trading (loss)/gain on operations with financial assets at fair value through profit or loss, net		
- Bonds	(226)	43
- Ordinary shares	3	5
- Derivative financial instruments on bonds	(3)	-
- Derivative financial instruments on foreign currency	<u>(156)</u>	<u>161</u>
	(382)	209
Fair value adjustment on financial assets at fair value through profit or loss, net		
- Bonds	(55)	(1,335)
- Ordinary shares	875	1,267
- Derivative financial instruments on foreign currency	4,572	(847)
- Derivative financial instruments on precious metals	<u>1</u>	<u>-</u>
	<u>5,393</u>	<u>(915)</u>
Total net gain/(loss) on financial assets at fair value through profit or loss	<u><u>5,011</u></u>	<u><u>(706)</u></u>

8. FEE AND COMMISSION INCOME AND EXPENSE

	Three months ended 31 March 2007 (unaudited) (KZT million)	Three months ended 31 March 2006 (unaudited) (KZT million)
Fee and commission income:		
Cash operations	1,489	849
Documentary operations	1,209	716
Foreign exchange and securities operations	831	476
Settlements	629	532
Plastic cards operations	599	351
Encashment operations	51	32
Other	309	283
	<hr/>	<hr/>
Total fee and commission income	5,117	3,239
	<hr/>	<hr/>
Fee and commission expense:		
Plastic cards services	212	140
Insurance activity	169	93
Foreign exchange and securities operations	45	29
Correspondent bank services	29	51
NBRK computation center services	20	21
Documentary operations	6	1
Other	10	11
	<hr/>	<hr/>
Total fee and commission expense	491	346
	<hr/>	<hr/>

9. OPERATING EXPENSES

	Three months ended 31 March 2007 (unaudited) (KZT million)	Three months ended 31 March 2006 (unaudited) (KZT million)
Staff costs	3,273	2,025
Depreciation and amortization	568	408
Payments to the Deposit Insurance Fund	331	84
Operating lease	321	208
Advertising costs	233	193
Value added tax	200	116
Property and equipment maintenance	199	107
Consulting and audit services	145	34
Communication	141	95
Business trip expenses	93	52
Taxes, other than income tax	70	43
Security services	67	33
Bank cards services	64	35
Training and information services	63	16
Vehicle maintenance	61	44
Stationery	34	18
Charity and sponsorship expenses	32	38
Representative expenses	16	8
Mail and courier expenses	15	10
Other expenses	150	149
	<hr/>	<hr/>
Total operating expenses	6,076	3,716
	<hr/>	<hr/>

10. INCOME TAXES

Tax effect of temporary differences as at 31 March 2007 and 31 December 2006 comprise:

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Deferred tax assets:		
Losses carried forward from dealing with securities	1,213	-
Bonuses accrued	513	325
Unamortized commission for loans issued	223	191
Provision for unearned premium, net of reinsurance	134	123
Unrealized revaluation of investments	-	10
Other assets	-	34
	<u>2,083</u>	<u>683</u>
Deferred tax liabilities:		
Loans to banks and customers	16,169	13,662
Unrealized revaluation of investments	3,003	1,530
Property, equipment and intangible assets	1,562	1,583
Provision on guarantees and letters of credit	1,134	1,167
Investments in associates	430	201
Other liabilities	-	11
	<u>22,298</u>	<u>18,154</u>
Net deferred tax liabilities	<u>20,215</u>	<u>17,471</u>

Relationships between tax expenses and accounting profit for the three months ended 31 March 2007 and 31 March 2006 are explained as follows:

	Three months ended 31 March 2007 (unaudited) (KZT million)	Three months ended 31 March 2006 (unaudited) (KZT million)
Profit before income tax	<u>17,421</u>	<u>10,729</u>
Tax at the statutory tax rate (30%)	5,226	3,219
Tax exempt interest income on mortgage loans and financial leasing	(298)	(303)
Tax exempt interest income and other related income on state and quoted securities listed with "A" and "B" ratings	(133)	(176)
Other tax exempt income	(18)	(9)
Non deductible interest expense	39	86
Dividends on preferred shares	89	49
Other non deductible expenditures	179	72
Tax effect on income of subsidiaries taxed at different rates	(170)	50
	<u>4,914</u>	<u>2,988</u>
Income tax expense	<u>4,914</u>	<u>2,988</u>
Current income tax expense	2,170	1,420
Deferred income tax expense	<u>2,744</u>	<u>1,568</u>
Income tax expense	<u>4,914</u>	<u>2,988</u>

	2007 (unaudited) (KZT million)	2006 (KZT million)
Deferred income tax liabilities		
1 January	17,471	8,290
Decrease in property and equipment revaluation reserve	-	407
Deferred income tax expense	<u>2,744</u>	<u>8,774</u>
31 March/31 December	<u><u>20,215</u></u>	<u><u>17,471</u></u>

11. EARNINGS PER SHARE

	Three months ended 31 March 2007 (unaudited) (KZT million)	Three months ended 31 March 2006 (unaudited) (KZT million)
Net profit for the three month period attributable to equity holders of the parent	<u>12,000</u>	<u>7,338</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>574,830,364</u>	<u>374,992,503</u>
Earnings per share – basic and diluted (KZT)	<u><u>20.87</u></u>	<u><u>19.56</u></u>

12. CASH AND BALANCES WITH NATIONAL (CENTRAL) BANKS

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Cash on hand	30,138	31,100
Balances with national (central) banks	<u>255,457</u>	<u>177,905</u>
Total cash and balances with the national (central) banks	<u><u>285,595</u></u>	<u><u>209,005</u></u>

The balances with Central Bank of Russian Federation (“CBR”) as at 31 March 2007 and 31 December 2006 include KZT 2,172 million and KZT 1,712 million, respectively, which represents the permanent minimum reserve deposits required by the CBR. The Group is required to maintain the reserve balance at the CBR at all times.

Cash balances in the NBRK accounts and hard cash as at 31 March 2007 and 31 December 2006 include KZT 137,804 million and KZT 135,001 million, respectively, which represents the minimum reserve deposits required by the NBRK. The Group is required to maintain hard cash in KZT and cash in correspondent accounts in the NBRK, exceeding minimum required reserve at all times.

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

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Cash and balances with national (central) banks	285,595	209,005
Loans and advances to banks in OECD countries	44,684	41,923
Less minimum reserve deposit with the NBRK	(137,804)	(135,001)
Less minimum reserve deposit with the CBR	(2,172)	(1,712)
Less accrued interest income with the NBRK and OECD countries	(88)	-
	<u>190,215</u>	<u>114,215</u>
Total cash and cash equivalents	<u>190,215</u>	<u>114,215</u>

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Debt securities	242,038	309,405
Equity investments	7,459	6,126
Derivative financial instruments	11,979	7,087
	<u>261,476</u>	<u>322,618</u>
Total financial assets at fair value through profit or loss	<u>261,476</u>	<u>322,618</u>

	Effective interest rate	31 March 2007 (unaudited) (KZT million)	Effective interest rate	31 December 2006 (KZT million)
	%		%	
Debt securities:				
Bonds of international financial organizations	1.21-17.5%	171,155	1.1-17.5%	217,362
Bonds of Kazakhstani companies	4.9-11.70%	23,070	8.0-11.30%	18,230
Short-term notes of the NBRK	4.24-4.55%	14,973	5.04%	34,895
Bonds of Kazakhstani banks	6.8-10.9%	8,692	6.8-10.9%	17,378
Eurobonds of Hellenic Republic (Greece)	3.60%	8,195	3.60%	8,233
Bonds of Russian companies	7.20-13.80%	7,852	7.95-13.30%	5,321
Bonds of local executive bodies of the Russian Federation	7.95-13.30%	2,220	7.20-10.90%	1,496
Eurobonds of Kazakhstani banks	7.88-9.0%	1,997	7.88-9.0%	2,332
Bonds of federal loan of the Ministry of Finance of the Russian Federation	6.30-10.00%	1,183	6.30-10.00%	1,392
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	11.13%	1,039	11.13%	1,052
State treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	3.78-6.68%	1,036	3.78-6.68%	998
Bonds of Development Bank of Kazakhstan	6.5-7.125%	388	6.5-7.125%	476
Bonds of Atyrau local executive bodies	8.50%	238	8.50%	240
		<u>242,038</u>		<u>309,405</u>
Total debt securities		<u>242,038</u>		<u>309,405</u>

	Ownership share %	31 March 2007 (unaudited) (KZT million)	Ownership share %	31 December 2006 (KZT million)
Equity investments:				
ADR Kazakhtelecom	0.65%	3,597	5.11%	2,342
GDR of Kazakhstani companies	0.006-0.25%	2,660	3.247%	1,148
Shares of Kazakhstani companies	0.03%-0.402%	996	0.016%-0.391%	2,498
Shares of Kazakhstani banks	0.0001%-0.33%	118	0.003%-0.013%	64
Shares of Russian companies	0.0001%-0.12%	80	0.0001%-0.12%	74
Shares of Russian banks	0.0001%	8	-	-
Total equity securities		<u>7,459</u>		<u>6,126</u>

As at 31 March 2007 and 31 December 2006 included in financial assets at fair value through profit or loss is accrued interest income on debt securities amounting to KZT 2,023 million and KZT 1,816 million, respectively.

As at 31 March 2007 and 31 December 2006 financial assets at fair value through profit or loss included short-term notes of the NBRK, bonds of the federal loan of the Ministry of Finance of the Russian Federation, and bonds of Kazakhstani and Russian companies pledged under repurchase agreements with other banks/customers with fair value amounting to KZT 171,041 million and KZT 262,008 million, respectively. As at 31 March 2007 and 31 December 2006 all the agreements mature in May 2007 and January 2007, respectively (Note 17, 18).

	Nominal value	31 March 2007 Net fair value (unaudited) (KZT million)		Nominal value	31 December 2006 Net fair value (KZT million)	
		Assets	Liabilities		Assets	Liabilities
Derivative financial instruments:						
Foreign exchange contracts						
Foreign exchange swap	57,891	8,531	(1,350)	29,704	4,075	(876)
Interest swap	312,325	2,127	(2,335)	128,055	2,284	(2,544)
Forward contracts	92,980	1,321	(217)	72,480	728	(130)
Securities purchase/sale contracts						
Forward contracts	629	-	(5)	610	-	(4)
		<u>11,979</u>	<u>(3,907)</u>		<u>7,087</u>	<u>(3,554)</u>

14. LOANS AND ADVANCES TO BANKS

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Loans and advances to banks	95,636	122,266
Correspondent accounts with other banks	14,240	30,277
Loans under reverse repurchase agreements	<u>25,686</u>	<u>45,505</u>
	135,562	198,048
Less allowance for impairment losses	<u>(551)</u>	<u>(857)</u>
Total loans and advances to banks	<u>135,011</u>	<u>197,191</u>

Movements in allowances for impairment losses on loans and advances to banks for the three months ended 31 March 2007 and 31 March 2006 are disclosed in Note 6.

Loans and advances to banks included accrued interest of KZT 1,099 million and KZT 860 million as of 31 March 2007 and 31 December 2006, respectively.

The fair value of pledged assets and carrying value of loans under reverse repurchase agreements as at 31 March 2007 and 31 December 2006 comprised:

	31 March 2007 (unaudited) (KZT million)		31 December 2006 (KZT million)	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Shares of Kazakhstani companies	6,848	9,803	4,940	3,254
Shares of Kazakhstani banks	9,071	6,623	817	760
Bonds of Kazakhstani banks	7,549	6,573	8,667	7,100
Bonds of Ministry of Finance of the Republic of Kazakhstan	1,649	1,673	4,763	4,339
Bonds of Kazakhstani companies	1,128	1,014	6,127	5,042
Notes of the NBRK	-	-	26,318	25,010
	<u>-</u>	<u>-</u>	<u>26,318</u>	<u>25,010</u>
Total loans under reverse repurchase agreements	<u>26,245</u>	<u>25,686</u>	<u>51,632</u>	<u>45,505</u>

As at 31 March 2007 the guarantee deposit included in loans and advances to banks was placed with JP Morgan Chase Bank London as security for a reserve letter of credit in the amount of KZT 2,493 million.

15. LOANS TO CUSTOMERS

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Originated loans	1,875,763	1,713,183
Net investments in finance lease	4,865	4,573
Loans under reverse repurchase agreements	<u>37,483</u>	<u>35,020</u>
	1,918,111	1,752,776
Less allowance for impairment losses	<u>(82,138)</u>	<u>(73,936)</u>
Total loans to customers	<u>1,835,973</u>	<u>1,678,840</u>

As at 31 March 2007 and 31 December 2006 accrued interest income included in loans to customers amounted to KZT 40,875 million and KZT 33,106 million, respectively.

Movements in allowances for impairment losses for the three months ended 31 March 2007 and 31 March 2006 are disclosed in Note 6.

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Analysis by type of collateral:		
Loans collateralized by real estate	539,917	429,701
Loans collateralized by guarantees of enterprises	243,293	219,410
Loans collateralized by shares of the banks and other companies	234,403	199,680
Loans collateralized by mixed types of collateral	188,173	168,269
Loans collateralized by equipment	97,739	127,966
Loans collateralized by accounts receivable	88,389	106,318
Loans collateralized by cash or Kazakhastani Government guarantees	58,935	51,414
Loans collateralized by inventories	45,727	69,070
Loans collateralized by guarantees of financial institutions	43,829	46,104
Loans collateralized by securities	15,677	6,183
Loans with collateral under the registration process (land, building, shares, guarantee, other)	184,647	160,300
Unsecured loans	95,244	94,425
	<u>1,835,973</u>	<u>1,678,840</u>
Total loans to customers	<u>1,835,973</u>	<u>1,678,840</u>
	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Analysis by sector:		
Trade	321,887	296,022
Individuals	320,484	261,708
Housing construction	231,635	225,622
Commercial real estate construction	212,478	163,481
Real estate	146,189	138,179
Investments and finance	104,416	87,724
Industrial and other construction	67,762	64,131
Food industry	39,244	52,802
Energy	42,937	44,877
Hotel business	33,319	41,079
Agriculture	47,341	38,931
Transport and communication	40,425	38,675
Production of construction materials	28,315	33,760
Machinery construction	22,725	21,778
Mining and metallurgy	18,760	20,309
Medicine	2,944	2,467
Culture and art	444	568
Other	154,668	146,727
	<u>1,835,973</u>	<u>1,678,840</u>
Total loans to customers	<u>1,835,973</u>	<u>1,678,840</u>

Loans to individuals comprise the following products:

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Mortgage loans	178,480	148,346
Consumer loans	89,291	74,987
Car loans	17,540	15,672
Other	35,173	22,703
	<u>320,484</u>	<u>261,708</u>
Total loans to individuals	<u>320,484</u>	<u>261,708</u>

As at 31 March 2007 and 31 December 2006 the Group has granted loans to the following borrowers, each of whom has debt amount individually exceeding 10% of the Group's equity, calculated in accordance with the rules set out by the Basle Committee (Note 28).

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Kuat Holding	45,678	35,229
Alibi Holding	44,607	36,715
Ordabasy Corporation	37,626	34,492
Mayberry Financial Services S.A.	35,984	34,942
Silk Way Build Holding	31,296	-
Corcutt Real Estate S.A.	30,301	-
Visor Solution Holding	29,646	-
Jeilan Limited Holding	-	36,423
	<u>255,138</u>	<u>177,801</u>
	<u>255,138</u>	<u>177,801</u>

As at 31 March 2007 and 31 December 2006 a significant part of loans (70.70% and 70.34%, respectively, of the total portfolio) is granted to companies operating on the territory of the Republic of Kazakhstan, which represents significant geographical concentration.

The fair value of pledged assets and carrying value of loans under reverse repurchase agreements as at 31 March 2007 and 31 December 2006 comprised:

	31 March 2007 (unaudited) (KZT million)		31 December 2006 (KZT million)	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Shares of Kazakhstani companies	44,345	20,805	30,640	21,574
Shares of Russian companies	9,977	7,886	6,686	5,803
Bonds of Kazakhstani companies	3,435	3,246	3,000	3,112
Bonds of Russian companies	2,680	2,634	1,318	1,157
Bonds of Kazakhstani banks	1,443	1,450	1,362	1,914
Shares of Kazakhstani banks	1,088	1,001	521	585
Shares of Russian banks	484	461	958	875
	<u>63,452</u>	<u>37,483</u>	<u>44,485</u>	<u>35,020</u>
Total loans under reverse repurchase agreements	<u>63,452</u>	<u>37,483</u>	<u>44,485</u>	<u>35,020</u>

16. OTHER ASSETS

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Prepayments and other debtors	4,631	4,968
Prepaid expenses	3,307	3,232
Tax settlements, other than income tax	1,488	1,101
Insurance agreement accounts receivable	1,167	1,220
Income tax prepayments	307	2,611
	<hr/>	<hr/>
	10,900	13,132
Less allowance for impairment losses	(161)	(117)
	<hr/>	<hr/>
Total other assets	<u>10,739</u>	<u>13,015</u>

Movements in allowances for impairment losses for the three months ended 31 March 2007 and 31 March 2006 are disclosed in Note 6.

17. LOANS AND ADVANCES FROM BANKS

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Correspondent accounts of other banks	29,112	46,273
Loans from banks and financial institutions, including:		
Syndicated loan from a group of banks (<i>ING Bank N.V.</i>) (maturity – February 2008, interest rate - 5.67%)	104,775	107,377
Syndicated loan from a group of banks (<i>Bank of Tokyo Mitsubishi/ING UniCredit/Standard Chartered Bank</i>) (maturity – December 2007, interest rate – 5.625%)	86,742	88,481
Syndicated loan from a group of banks (<i>Bank of Tokyo Mitsubishi</i>) (maturity – December 2008, interest rate - 6.22%)	59,519	61,044
Syndicated loan from a group of banks (<i>Bank of Tokyo Mitsubishi/ING UniCredit/Standard Chartered Bank</i>) (maturity – December 2009, interest rate – 5.95%)	37,042	37,809
Loan from EBRD (maturity - September 2007, interest rate – 5.69%-6.25%)	4,955	4,933
Loan from EBRD (maturity - December 2009, interest rate – 4.376% – 6.403%)	2,762	2,371
Loans with other banks and financial institutions	204,553	276,779
Term deposits of banks	5,611	8,382
Loans under repurchase agreements	169,524	250,852
	<hr/>	<hr/>
Total loans and advances from banks	<u>704,595</u>	<u>884,301</u>

As of 31 March 2007 and 31 December 2006 loans and advances from banks included accrued interest expenses in the amounts of KZT 3,951 million and KZT 3,391 million, respectively.

As at 31 March 2007 loans with other banks and financial institutions for KZT 186,496 million (91.17% of total loans with other banks and financial institutions) consisted of 42 banks and financial institutions of such countries as Russia, Great Britain, the Netherlands, Czech Republic, Canada, the USA, Switzerland, Kuwait, Austria, Luxemburg, Korea, Kazakhstan, Germany, Belgium, and Singapore. Maturities of these loans are from 3 days up to 101 months. Interest rates on these loans vary from 1% to 10.412%.

As at 31 December 2006 loans with other banks and financial institutions for KZT 262,938 million (95.00% of total loans with other banks and financial institutions) consisted of 34 banks and financial institutions of such countries as Russia, Great Britain, the Netherlands, Czech Republic, Canada, the USA, Switzerland, Kuwait, Austria, Luxemburg, Korea, Kazakhstan, Germany, Belgium, and Singapore. Maturities of these loans are from 1 month up to 67 months. Interest rates on these loans vary from 0.5% to 10.412%.

As at 31 March 2007 and 31 December 2006 included in loans and advances from banks are loans under repurchase agreements amounting to KZT 169,524 million and KZT 250,852 million, respectively with maturity in April 2007 and January 2007, respectively.

Fair value of assets pledged and carrying value of loans under repurchase agreements as at 31 March 2007 and 31 December 2006 are presented as follows:

	31 March 2007 (unaudited) (KZT million)		31 December 2006 (KZT million)	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Bonds of international financial organizations	157,247	157,321	208,837	204,549
Eurobonds of countries-members of OECD	8,200	8,269	7,946	8,408
Bonds of Russian companies	2,441	2,301	-	-
Bonds of local executive bodies of the Russian Federation	1,703	1,633	-	-
Notes of the NBRK	-	-	24,944	24,942
Bonds of Kazakhstani companies	-	-	13,151	10,952
Bonds of Kazakhstani banks	-	-	2,485	2,001
	<u>169,591</u>	<u>169,524</u>	<u>257,363</u>	<u>250,852</u>
Total loans under repurchase agreements				

18. CUSTOMER ACCOUNTS

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Time deposits	567,557	425,822
Demand deposits	164,364	257,600
Loans under repurchase agreements	<u>1,698</u>	<u>4,384</u>
Total customer accounts	<u>733,619</u>	<u>687,806</u>

As at 31 March 2007 and 31 December 2006 customer accounts included accrued interest expense in the amounts of KZT 7,117 million and KZT 7,466 million, respectively.

As at 31 March 2007 and 31 December 2006 customer accounts were pledged as a guarantee for issued letters of credit and other transactions relating to contingent liabilities in the amounts of KZT 5,174 million and KZT 2,542 million, respectively.

As at 31 March 2007 and 31 December 2006 the customer accounts in the amounts of KZT 321,250 million (43.79%) and KZT 250,184 million (36.37%), respectively, were due to ten customers, which represents significant concentration.

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Analysis by sector:		
Individuals	237,811	196,072
Chemical and petrochemical industry	226,520	167,466
Investments and finance	70,132	52,076
Transport and communication	44,450	30,209
Construction	33,927	75,750
Individual services	26,681	36,608
Trade	24,203	52,364
Agriculture	20,906	20,232
Mining and metallurgy	8,680	7,724
Education	5,421	2,170
Real estate	4,598	11,266
Distribution of electricity, gas and water	3,340	3,352
Health care	1,815	965
Light industry	1,737	3,592
Machinery construction	1,377	689
Food industry	930	1,568
Public organizations and unions	780	680
Culture and art	748	1,031
Hotel business	644	4,972
Other	18,919	19,020
	<u>733,619</u>	<u>687,806</u>
Total customer accounts	<u>733,619</u>	<u>687,806</u>

As at 31 March 2007 and 31 December 2006 customer accounts included loans under repurchase agreements amounting to KZT 1,698 million and KZT 4,384 million, respectively, with maturity in six months.

Fair value of assets pledged and carrying value of loans under repurchase agreements as at 31 March 2007 and 31 December 2006 are presented as follows:

	31 March 2007 (unaudited) (KZT million)		31 December 2006 (KZT million)	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Shares of Russian companies	696	987	1,551	1,515
Bonds of Russian companies	497	475	2,477	2,304
Bonds of local executive bodies of the Russian Federation	257	236	617	565
	<u>1,450</u>	<u>1,698</u>	<u>4,645</u>	<u>4,384</u>
Total loans under repurchase agreements	<u>1,450</u>	<u>1,698</u>	<u>4,645</u>	<u>4,384</u>

19. DEBT SECURITIES ISSUED

	Currency	Maturity date	Annual coupon rate %	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Eurobonds of Kazkommerts International B.V.:					
Issued in May 2002 at the price of 99.043%	USD	May 2007	10.125%	17,146	17,594
Issued in November 2002 at the price of 107.00%	USD	May 2007	10.125%	6,188	6,350
Issued in February 2006 at the price of 100.00%	SGD	February 2009	4.25%	8,165	8,288
Issued in November 2004 at the price of 98.967%	USD	November 2009	7.0%	41,691	42,786
Issued in February 2005 at the price of 98.967%	USD	November 2009	7.0%	18,562	19,050
Issued in March 2006 at the price of 99.993%	EUR	March 2011	5.125%	47,867	48,465
Issued in February 2007 at the price of 99.962%	GBP	February 2012	7.625%	85,099	-
Issued in April 2003 at the price of 97.548%	USD	April 2013	8.5%	42,610	43,729
Issued in April 2004 at the price of 99.00%	USD	April 2013	8.5%	18,562	19,050
Issued in April 2004 at the price of 99.15%	USD	April 2014	7.875%	48,881	50,165
Issued in November 2005 at the price of 98.32%	USD	November 2015	8.0%	61,628	63,246
Issued in November 2006 at the price of 98.282%	USD	November 2016	7.50%	61,875	63,500
Issued in February 2007 at the price of 99.277%	EUR	February 2017	6.875%	123,795	-
				<u>582,069</u>	<u>382,223</u>
(Less)/including:					
Discount on debt securities issued				(6,303)	(5,023)
Amounts of accrued interest on debt securities issued				<u>12,545</u>	<u>6,385</u>
Total issued Eurobonds of Kazkommerts International B.V.				588,311	383,585
Issued bonds of the Bank				-	3,036
Amounts of accrued expenses on issued bonds of the Bank				-	97
Issued promissory notes and bonds of MKB				57,509	36,982
Accrued interest expense on issued promissory notes and bonds of MKB				<u>595</u>	<u>462</u>
Total debt securities issued				<u><u>646,415</u></u>	<u><u>424,162</u></u>

As at 31 March 2007 and 31 December 2006 accrued interest expense is included in long term debt securities issued amounting to KZT 13,139 million and KZT 6,944 million, respectively.

In February 2007 Eurobonds were issued by Kazkommerts International B.V., a subsidiary of the Bank, and were guaranteed by the Bank. For Eurobonds with maturity of February 2012 interest is paid on 13 February, for Eurobonds with maturity of February 2017 interest is paid on 13 February.

20. OTHER BORROWED FUNDS

	Currency	Maturity date	Interest rate %	31 March 2007 (unaudited) (KZT million)	Interest rate %	31 December 2006 (KZT million)
Kazkommerts DPR Company	USD	June 2013	6.58 – 7.95%	55,352	6.59 – 7.95%	56,792
Moore’s Creek	KZT	February 2009	7.56%	6,446	-	-
DEG-Deutsche Investitions MBH	USD	January 2014	6.88 – 8.63%	6,309	7.88 – 8.86%	6,559
Societe Generale Financial Corp	USD	September 2017	5.55%	2,913	-	-
Intesa Soditic Trade Finance Ltd	USD	February 2009	6.86 – 7.22%	2,404	6.86%	2,545
Private Export Funding Corporation	USD	March 2011	5.75 – 5.97%	1,392	5.65 – 5.97%	1,160
Funding of agricultural equipment purchasing by Export Development Canada	USD	March 2011	5.64 – 5.9%	891	5.64 – 6.04%	990
Funding by the Ministry of Finance of Republic of Kazakhstan and regional centers	KZT	September 2011	0.5% - 5.81%	146	0.5 – 5.81%	156
Funding by the Ministry of Finance of Republic of Kazakhstan	EUR	December 2009	5.0%	103	5.0%	104
DEERE Credit	USD	June 2011	5.8%	53	5.75 – 5.8%	480
Funding of agricultural equipment purchasing by Atlantik Forfaiting AG	USD	October 2007	9.53%	26	9.53%	26
Funding by Ministry of Finance of Kyrgyz Republic	USD	July 2015	1.5%	2	1.5%	2
Total other borrowed funds				<u>76,037</u>		<u>68,814</u>

As at 31 March 2007 and 31 December 2006 accrued interest expense included in other borrowed funds in the amount of KZT 255 million tenge and KZT 255 million tenge, respectively.

21. OTHER LIABILITIES

	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Payable to employees	2,836	1,576
Taxes payable, other than income tax	2,323	2,992
Accounts payable on re-insurers	624	616
Advances received	99	144
Other	1,924	3,259
Total other liabilities	<u>7,806</u>	<u>8,587</u>

22. SUBORDINATED DEBT

	Currency	Maturity date (year)	Interest rate %	31 March 2007 (unaudited) (KZT million)	31 December 2006 (KZT million)
Subordinated debt of Kazkommerts Finance II B.V.	USD	2016	9.6417%	25,036	26,239
Subordinated debt of Citigroup GMD AG & CO	USD	2014	8.194%	12,865	12,943
Perpetual debt of Kazkommerts Finance II B.V.	USD	-	9.2531%	12,679	12,715
Subordinated bonds	KZT	2015	7.5%	12,397	12,639
Debt component of preference shares	KZT	-	-	5,905	5,758
Indexed subordinated bonds	KZT	2007	7.0%	3,470	3,479
International subordinated debt	USD	2007	11%	2,543	2,537
Subordinated bonds of MKB	USD	2016	10%	2,506	2,570
Subordinated bonds	USD	2007	5.5%	41	42
Total subordinated debt				<u>77,442</u>	<u>78,922</u>

As at 31 March 2007 and 31 December 2006 accrued interest expenses included in subordinated debt amounted to KZT 1,549 million and KZT 1,677 million, respectively.

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.

23. SHARE CAPITAL AND SHARE PREMIUM

Dividends accrued on preference shares amounted to KZT 149 million and KZT 164 million in the first quarter of 2007 and 2006, respectively (Note 5). In the first quarter of 2007 and 2006 no dividends on ordinary shares have been declared.

24. 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.

As at 31 March 2007 and 31 December 2006 accrued provision on letters of credit and guarantees amounted to KZT 5,548 million and KZT 4,055 million, 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 2007 and 31 December 2006, the nominal or contract amounts and risk-weighted amounts were:

	31 March 2007 (unaudited)		31 December 2006	
	Nominal amount (KZT million)	Risk weighted amount (KZT million)	Nominal Amount (KZT million)	Risk weighted amount (KZT million)
Contingent liabilities and credit commitments				
Guarantees issued and similar commitments	103,793	103,793	91,683	91,683
Letters of credit and other transaction related to contingent obligations	104,092	19,403	92,413	17,982
Commitments on loans and unused credit lines	11,293	11,293	10,921	10,921
Total contingent liabilities and credit commitments	<u>219,178</u>	<u>134,489</u>	<u>195,017</u>	<u>120,586</u>

Capital commitments

As at 31 March 2007 and 31 December 2006 the capital commitments amounted to KZT 5,497 million and KZT 5,866 million, respectively.

Operating lease commitments

No material rental commitments were outstanding as at 31 March 2007 and 31 December 2006.

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 depository services to its customers. As at 31 March 2007 and 31 December 2006 the Group had customer securities in its nominal holder accounts totaling:

- on broker-dealer operations 74,660,032 items and 41,579,877 items, respectively.
- on custodial operations 1,097,903,700 items and 726,520,526 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 Management's judgment of the Group's business activities was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest. Such uncertainty may relate to valuation of financial instruments, loss and impairment provisions and market level for deals' pricing. The Group believes that it has already made all tax accruals, 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 2007 and 31 December 2006 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 Kazakhstan. 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.

25. TRANSACTIONS WITH RELATED PARTIES

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

- (a) Parties that directly, or indirectly through one or more intermediaries: control, or are controlled by, or are under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries); have an interest in the Group that gives them significant influence over the Bank; and that have joint control over the Group;
- (b) Associates – enterprises on which the Group has significant influence and which is neither a subsidiary nor a joint venture of the investor;
- (c) Joint ventures in which the Group is a venturer;
- (d) Members of key management personnel of the Group or its parent;
- (e) Close members of the family of any individuals referred to in (a) or (d);
- (f) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) Post-employment benefit plans for the benefit of employees of the Group, or of any entity that is a related party of the Group.

The Group had the following transactions outstanding with related parties:

	31 March 2007 (unaudited) (KZT million)		31 December 2006 (KZT million)	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers	1,525	1,918,111	2,052	1,752,776
- entities with joint control or significant influence over the entity	113		114	
- key management personnel of the entity or its parent	1,412		1,938	
- other related parties	-		-	
Allowance for impairment losses	39	82,138	50	73,936
- entities with joint control or significant influence over the entity	15		15	
- key management personnel of the entity or its parent	24		35	
- other related parties	-		-	
Investments in associates	1,744	1,782	1,718	1,755
- to associates	1,744		1,718	
Customer accounts	4,331	733,619	8,326	687,806
- entities with joint control or significant influence over the entity	1,138		92	
- associates	1,236		1,050	
- key management personnel of the entity or its parent	1,926		7,062	
- other related parties	31		122	
Provision for guarantees and other off-balance sheet contingencies	-	5,548	356	4,055
- key management personnel of the entity or its parent	-		1	
- other related parties	-		355	
Commitments on loans and unused credit lines	542	11,293	651	10,921
- entities with joint control or significant influence over the entity	210		215	
- key management personnel of the entity or its parent	332		431	
- other related parties	-		5	
Guarantees issued and similar commitments	18	103,793	7,142	91,683
- key management personnel of the entity or its parent	18		30	
- other related parties	-		7,112	

Included in the income statement for the three months ended 31 March 2007 and 2006 are the following amounts which arose due to transactions with related parties:

	Three months ended 31 March 2007 (unaudited) (KZT million)		Three months ended 31 March 2006 (unaudited) (KZT million)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	21	62,573	62	28,282
Interest expense	(68)	(35,642)	(43)	(16,489)
Operating expenses	(76)	(6,076)	(71)	(3,716)
<i>Short-term employee benefits</i>	(76)	(3,273)	(71)	(2,025)

Key management personnel compensation for the three months ended 31 March 2007 and 31 March 2006 is represented by short-term employee benefits.

26. 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 of operating assets and liabilities, being the majority of the balances 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	Three months ended 31 March 2007 (unaudited) (KZT million)
External interest income	9,816	46,934	5,626	110	87	-	62,573
Internal interest income	5,426	8,459	25,351	-	14,344	(53,580)	-
External interest expenses	(4,095)	(6,741)	(24,883)	1	76	-	(35,642)
Internal interest expenses	(6,482)	(25,593)	(7,161)	-	(14,344)	53,580	-
Net interest income before provision for impairment losses on interest bearing assets	4,665	23,059	(1,067)	111	163	-	26,931
Provisions for impairment losses on interest bearing assets	(2,433)	(7,065)	259	-	-	-	(9,239)
Net non-interest income	1,842	2,644	2,405	841	(4)	(84)	7,644
Operating income	4,074	18,638	1,597	952	159	(84)	25,336
Operating expenses	(3,091)	(2,583)	(274)	(200)	(12)	84	(6,076)
Operating profit	983	16,055	1,323	752	147	-	19,260
Share of results of associates	-	-	27	-	-	-	27
Provision for guarantees and other off-balance sheet contingencies and for impairment losses on other transactions	-	(1,434)	(134)	(298)	-	-	(1,866)
Profit before income tax	983	14,621	1,216	454	147	-	17,421
Income tax expense	-	-	-	-	(4,914)	-	(4,914)
Net profit	983	14,621	1,216	454	(4,767)	-	12,507
Segment assets	320,484	1,478,006	764,316	7,216	963,163	(978,917)	2,554,268
Segment liabilities	237,811	494,110	1,574,503	3,578	911,467	(962,981)	2,258,488

	Retail Banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	Three months ended 31 March 2006 (unaudited) (KZT million)
External interest income	5,954	18,711	3,555	62	-	-	28,282
Internal interest income	2,177	3,295	15,503	-	8,952	(29,927)	-
External interest expenses	(1,572)	(1,911)	(12,707)	3	(302)	-	(16,489)
Internal interest expenses	<u>(3,675)</u>	<u>(11,808)</u>	<u>(5,589)</u>	<u>-</u>	<u>(8,855)</u>	<u>29,927</u>	<u>-</u>
Net interest income before provision for impairment losses on interest bearing assets	2,884	8,287	762	65	(205)	-	11,793
Provisions for impairment losses on interest bearing assets	(1,477)	881	(175)	(4)	-	-	(775)
Net non-interest income	<u>1,220</u>	<u>1,679</u>	<u>396</u>	<u>411</u>	<u>280</u>	<u>-</u>	<u>3,986</u>
Operating income	2,627	10,847	983	472	75	-	15,004
Operating expenses	<u>(1,714)</u>	<u>(1,641)</u>	<u>(204)</u>	<u>(153)</u>	<u>(4)</u>	<u>-</u>	<u>(3,716)</u>
Operating profit	913	9,206	779	319	71	-	11,288
Share of results of associates	-	-	169	-	-	-	169
Provision for guarantees and other off-balance sheet contingencies and for impairment losses on other transactions	<u>-</u>	<u>(457)</u>	<u>(98)</u>	<u>(173)</u>	<u>-</u>	<u>-</u>	<u>(728)</u>
Profit before income tax	913	8,749	850	146	71	-	10,729
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,988)</u>	<u>-</u>	<u>(2,988)</u>
Net profit	<u>913</u>	<u>8,749</u>	<u>850</u>	<u>146</u>	<u>(2,917)</u>	<u>-</u>	<u>7,741</u>
Segment assets	<u>107,469</u>	<u>691,746</u>	<u>386,736</u>	<u>6,532</u>	<u>579,527</u>	<u>(589,615)</u>	<u>1,182,395</u>
Segment liabilities	<u>106,826</u>	<u>206,368</u>	<u>789,807</u>	<u>3,365</u>	<u>557,623</u>	<u>(584,962)</u>	<u>1,079,027</u>

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair value disclosures of financial instruments is made in accordance with the requirements of IAS 32 “Financial Instruments: 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 March 2007 (unaudited)		31 December 2006	
	Carrying value (KZT million)	Fair value (KZT million)	Carrying value (KZT million)	Fair value (KZT million)
Cash and balances with national (central) banks	285,595	285,595	209,005	209,005
Precious metals	409	409	807	807
Financial assets at fair value through profit or loss	261,476	261,476	322,618	322,618
Loans and advances to banks	135,011	135,570	197,191	203,318
Investment available-for-sale	2,145	2,145	2,628	2,628
Investment held to maturity	1,183	1,173	357	357
Investments in associates	1,782	1,782	1,755	1,755
Other assets	10,739	10,739	13,015	13,015
Loans and advances from banks	704,595	704,662	884,301	890,812
Customer accounts	733,619	733,371	687,806	688,067
Derivative financial instruments	3,907	3,907	3,554	3,554
Debt securities issued	646,415	645,929	424,162	434,851
Other borrowed funds	76,037	76,037	68,814	68,814
Dividends payable	150	150	1	1
Other liabilities	7,806	7,806	8,587	8,587
Subordinated debt	77,442	78,940	78,922	79,928

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 financial instruments.

28. REGULATORY MATTERS

Quantitative measures established by regulation to ensure capital adequacy require the Group to maintain minimum amounts and ratios 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:

Estimation	Description of position
0%	Cash and balances with national (central) banks
0%	State debt securities
20%	Loans and advances to banks for up to one year
100%	Loans to customers
100%	Guarantees
50%	Obligations and commitments on unused loans with the initial maturity of over one year
100%	Other assets

As at 31 March 2007 the Group's total capital amount for capital adequacy purposes was KZT 338,919 million and tier 1 capital amount was KZT 270,020 million with ratios of 14.95% and 11.91%, respectively.

As at 31 December 2006 the Group's total capital amount for capital adequacy purposes was KZT 327,063 million and tier 1 capital amount was KZT 270,384 million with ratios of 15.05% and 12.45%, respectively.

As at 31 March 2007 and and 31 December 2006 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.

29. 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 March 2007 (unaudited)			31 December 2006		
	% in KZT	% in USD	% in other currencies	% in KZT	% in USD	% in other currencies
ASSETS:						
Financial assets at fair value through profit or loss	7.08	4.01	6.63	6.54	4.95	11.00
Loans and advances to banks	5.11	7.89	2.33	1.97	8.26	2.51
Loans to customers	12.94	12.29	12.82	13.56	12.20	12.89
Investments available-for-sale and held to maturity	7.83	11.13	6.44	8.13	9.21	7.05
LIABILITIES:						
Loans and advances from banks	2.45	6.38	3.29	3.01	6.44	4.65
Customer accounts	6.31	5.19	4.77	5.44	4.20	4.41
Debt securities issued	-	8.13	6.83	7.00	8.13	11.47
Other borrowed funds	4.28	7.64	5.00	1.95	6.90	5.00
Subordinated debt	7.50	8.28	-	7.50	8.32	-

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 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 March 2007 Total (unaudited)
(KZT million)							
ASSETS :							
Financial assets at fair value through profit or loss	98,045	111,961	48,509	936	-	-	259,451
Loans and advances to banks	68,312	25,225	31,963	7,119	1,262	-	133,881
Loans to customers	80,208	125,488	352,682	632,947	602,759	-	1,794,084
Investments available-for-sale	2	1,190	904	-	-	-	2,096
Investments held to maturity	383	39	100	362	290	-	1,174
Total interest bearing assets	246,950	263,903	434,158	641,364	604,311	-	2,190,686
Cash and balances with national (central) banks	285,507	-	-	-	-	-	285,507
Precious metals	409	-	-	-	-	-	409
Investments in associates	-	-	-	-	-	1,782	1,782
Goodwill	-	-	-	-	-	2,405	2,405
Property, equipment and intangible assets	-	-	-	-	-	17,857	17,857
Accrued interest income on interest-bearing assets	26,820	16,834	1,285	243	8	-	45,190
Other assets	3,914	835	5,854	136	-	-	10,739
TOTAL ASSETS	563,600	281,572	441,297	641,743	604,319	22,044	2,554,575
LIABILITIES:							
Loans and advances from banks	230,178	56,812	230,658	175,791	7,150	-	700,589
Customer accounts	335,813	34,705	196,278	140,184	19,522	-	726,502
Debt securities issued	1,038	29,196	3,456	247,317	352,268	-	633,275
Other borrowed funds	-	-	81	17,959	57,742	-	75,782
Subordinated debt	-	-	47	10,342	65,505	-	75,894
Total interest bearing liabilities	567,029	120,713	430,520	591,593	502,187	-	2,212,042
Derivative financial instruments	-	3,812	95	-	-	-	3,907
Provisions	686	600	2,972	1,172	118	2,969	8,517
Deferred income tax liability	10,315	9,614	286	-	-	-	20,215
Dividends payable	150	-	-	-	-	-	150
Accrued interest expense on interest-bearing liabilities	10,569	7,178	7,085	1,205	29	-	26,066
Other liabilities	3,636	1,002	2,172	16	980	-	7,806
TOTAL LIABILITIES	592,385	142,919	443,130	593,986	503,314	2,969	2,278,703
Liquidity gap	(28,785)	138,653	(1,833)	47,757	101,005		
Interest sensitivity gap	(320,079)	143,190	3,638	49,771	102,124		
Cumulative interest sensitivity gap	(320,079)	(176,889)	(173,251)	(123,480)	(21,356)		
Cumulative interest sensitivity gap as a percentage of total assets	(12.53)%	(6.92)%	(6.78)%	(4.83)%	(0.84)%		

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2006 Total (KZT million)
ASSETS:							
Financial assets at fair value through profit or loss	38,297	217,265	64,627	613	-	-	320,802
Loans and advances to banks	152,190	21,099	21,722	27	1,293	-	196,331
Loans to customers	108,530	136,764	317,916	619,350	463,174	-	1,645,734
Investments available-for-sale	475	-	557	1,207	350	-	2,589
Investments held to maturity	-	-	39	22	290	-	351
Total interest bearing assets	299,492	375,128	404,861	621,219	465,107	-	2,165,807
Cash and balances with national (central) banks	209,005	-	-	-	-	-	209,005
Precious metals	807	-	-	-	-	-	807
Investments in associates	-	-	-	-	-	1,755	1,755
Goodwill	-	-	-	-	-	2,405	2,405
Property, equipment and intangible assets	-	-	-	-	-	15,681	15,681
Accrued interest income on interest-bearing assets	29,322	5,013	1,427	59	6	-	35,827
Other assets	4,142	2,319	6,439	115	-	-	13,015
TOTAL ASSETS	542,768	382,460	412,727	621,393	465,113	19,841	2,444,302
LIABILITIES:							
Loans and advances from banks	336,544	111,831	51,564	379,901	1,070	-	880,910
Customer accounts	355,322	116,990	105,051	78,489	24,488	-	680,340
Debt securities issued	4,288	661	33,589	142,960	235,720	-	417,218
Other borrowed funds	-	-	262	6,804	61,493	-	68,559
Subordinated debt	-	-	41	5,988	71,216	-	77,245
Total interest bearing liabilities	696,154	229,482	190,507	614,142	393,987	-	2,124,272
Derivative financial instruments	73	2,554	927	-	-	-	3,554
Provisions	712	378	1,306	1,640	18	2,704	6,758
Deferred income tax liability	11,624	5,831	16	-	-	-	17,471
Dividends payable	1	-	-	-	-	-	1
Accrued interest expense on interest-bearing liabilities	5,962	5,738	7,266	735	32	-	19,733
Other liabilities	2,518	3,395	2,654	20	-	-	8,587
TOTAL LIABILITIES	717,044	247,378	202,676	616,537	394,037	2,704	2,180,376
Liquidity gap	(174,276)	135,082	210,051	4,856	71,076		
Interest sensitivity gap	(396,662)	145,646	214,354	7,077	71,120		
Cumulative interest sensitivity gap	(396,662)	(251,016)	(36,662)	(29,585)	41,535		
Cumulative interest sensitivity gap as a percentage of total assets	(16.23)%	(10.27)%	(1.50)%	(1.21)%	1.70%		

Currency risk

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

The ALMC controls currency risk by management of the open currency position on the estimated basis of KZT devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rate fluctuations toward its national currency. The Treasury Department performs daily monitoring of the Group's open currency position with the aim to 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 currencies	31 March 2007 Total (unaudited) (KZT million)
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
ASSETS :						
Cash and balances with the national (central) banks	269,385	8,226	3,980	3,418	586	285,595
Precious metals	-	-	-	-	409	409
Financial assets at fair value through profit or loss	56,531	183,483	9,197	11,380	885	261,476
Loans and advances to banks	32,101	84,770	15,161	1,369	1,610	135,011
Loans to customers	513,108	1,261,060	15,137	45,916	752	1,835,973
Investments available-for-sale	2,145	-	-	-	-	2,145
Investments held to maturity	1,121	-	-	-	62	1,183
Investments in associates	1,782	-	-	-	-	1,782
Goodwill	2,405	-	-	-	-	2,405
Property, equipment and intangible assets	16,613	-	-	1,128	116	17,857
Other assets	6,717	2,115	362	1,510	35	10,739
TOTAL ASSETS	901,908	1,539,654	43,837	64,721	4,455	2,554,575
LIABILITIES :						
Loans and advances from banks	23,048	636,401	34,910	9,672	564	704,595
Customer accounts	596,404	108,870	14,235	13,255	855	733,619
Derivative financial instruments	1,666	2,236	-	5	-	3,907
Debt securities issued	-	352,208	171,200	29,174	93,833	646,415
Other borrowed funds	8,262	67,671	104	-	-	76,037
Provisions	4,892	1,951	1,581	89	4	8,517
Deferred income tax liabilities	19,984	-	-	213	18	20,215
Dividends payable	150	-	-	-	-	150
Other liabilities	4,890	1,960	391	434	131	7,806
Subordinated debt	21,772	55,670	-	-	-	77,442
TOTAL LIABILITIES	681,068	1,226,967	222,421	52,842	95,405	2,278,703
OPEN BALANCE SHEET POSITION	220,840	312,687	(178,584)	11,879	(90,950)	

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 2007:

	KZT	USD	EUR	RUR	Other currencies	31 March 2007 (unaudited) Total (KZT million)
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
Accounts payable on forwards	(59,394)	(349,603)	(4,364)	-	(6,079)	(419,440)
Accounts receivable on forwards	68,702	68,367	180,344	7,095	103,212	427,720
NET DERIVATIVE FINANCIAL INSTRUMENTS POSITION	9,308	(281,236)	175,980	7,095	97,133	
TOTAL OPEN POSITION	230,148	31,451	(2,604)	18,974	6,183	

	KZT	USD	EUR	RUR	Other currencies	31 December 2006 Total (KZT million)
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
ASSETS :						
Cash and balances with national (central) banks	189,718	10,548	2,707	5,198	834	209,005
Precious metals	-	-	-	-	807	807
Financial assets at fair value through profit or loss	76,500	228,059	9,621	8,290	148	322,618
Loans and advances to banks	76,647	90,338	15,061	14,154	991	197,191
Loans to customers	525,052	1,117,469	13,683	22,014	622	1,678,840
Investments available-for-sale	2,625	3	-	-	-	2,628
Investments held to maturity	318	-	-	-	39	357
Investments in associates	1,755	-	-	-	-	1,755
Goodwill	2,405	-	-	-	-	2,405
Property, equipment and intangible assets	14,706	-	-	847	128	15,681
Other assets	8,964	2,540	399	1,074	38	13,015
TOTAL ASSETS	898,690	1,448,957	41,471	51,577	3,607	2,444,302
LIABILITIES :						
Loans and advances from banks	171,762	669,690	24,801	17,574	474	884,301
Customer accounts	387,384	262,057	20,855	16,487	1,023	687,806
Derivative financial instruments	1,310	2,239	-	5	-	3,554
Debt securities issued	3,133	354,654	50,149	7,823	8,403	424,162
Other borrowed funds	156	68,554	104	-	-	68,814
Provisions	3,691	1,954	1,108	1	4	6,758
Deferred income tax liabilities	17,370	-	-	85	16	17,471
Dividends payable	1	-	-	-	-	1
Other liabilities	6,677	1,396	48	423	43	8,587
Subordinated debt	21,770	57,152	-	-	-	78,922
TOTAL LIABILITIES	613,254	1,417,696	97,065	42,398	9,963	2,180,376
OPEN BALANCE SHEET POSITION	285,436	31,261	(55,594)	9,179	(6,356)	

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 2006:

	KZT	USD	EUR	RUR	Other currencies	31 December 2006 Total
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
Accounts payable on forwards	(66.282)	(102.482)	(3.482)	(1.263)	-	(173.509)
Accounts receivable on forwards	41.725	61.288	61.333	3.046	9.920	177.312
NET DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(24.557)	(41.194)	57.851	1.783	9.920	
TOTAL OPEN POSITION	260.879	(9.933)	2.257	10.962	3.564	

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 main segment to be the Commonwealth of Independent States, including the Republic of Kazakhstan, (CIS), in which similar risks and profitability are inherent.

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

	Kazakhstan	CIS	OECD countries	Non-OECD countries	31 March 2007 Total (unaudited) (KZT million)
ASSETS:					
Cash and balances with national (central) banks	269,240	5,224	10,986	145	285,595
Precious metals	-	-	409	-	409
Financial assets at fair value through profit or loss	66,636	11,370	183,470	-	261,476
Loans and advances to banks	43,564	46,763	44,684	-	135,011
Loans to customers	1,298,029	269,747	61,916	206,281	1,835,973
Investments available-for-sale	2,145	-	-	-	2,145
Investments held to maturity	1,122	61	-	-	1,183
Investments in associates	1,782	-	-	-	1,782
Goodwill	2,405	-	-	-	2,405
Property, equipment and intangibles assets	16,612	1,245	-	-	17,857
Other assets	7,223	1,917	1,569	30	10,739
TOTAL ASSETS	1,708,758	336,327	303,034	206,456	2,554,575
LIABILITIES:					
Loans and advances from banks	50,087	38,765	589,815	25,928	704,595
Customer accounts	705,907	20,706	4,965	2,041	733,619
Derivative financial instruments	1,568	4	2,335	-	3,907
Debt securities issued	502	56,143	587,809	1,961	646,415
Other borrowed funds	252	2	75,783	-	76,037
Provisions	7,766	360	1	390	8,517
Deferred income tax liabilities	19,983	232	-	-	20,215
Dividends payable	150	-	-	-	150
Other liabilities	5,500	446	1,858	2	7,806
Subordinated debt	21,805	2,506	53,131	-	77,442
TOTAL LIABILITIES	813,520	119,164	1,315,697	30,322	2,278,703
NET POSITION	895,238	217,163	(1,012,663)	176,134	

	Kazakhstan	CIS	OECD countries	Non-OECD countries	31 December 2006 Total (KZT million)
ASSETS:					
Cash and balances with national (central) banks	189,711	6,814	12,480	-	209,005
Precious metals	-	-	807	-	807
Financial assets at fair value through profit or loss	84,385	8,295	229,938	-	322,618
Loans and advances to banks	63,575	91,693	41,923	-	197,191
Loans to customers	1,180,864	228,282	64,396	205,298	1,678,840
Investments available-for-sale	2,628	-	-	-	2,628
Investments held to maturity	318	39	-	-	357
Investments in associates	1,755	-	-	-	1,755
Goodwill	2,405	-	-	-	2,405
Property, equipment and intangibles assets	14,706	975	-	-	15,681
Other assets	9,889	1,355	1,742	29	13,015
TOTAL ASSETS	1,550,236	337,453	351,286	205,327	2,444,302
LIABILITIES:					
Loans and advances from banks	63,345	70,923	722,778	27,255	884,301
Customer accounts	642,492	22,603	20,321	2,390	687,806
Derivative financial instruments	983	4	2,565	2	3,554
Debt securities issued	3,322	37,216	383,396	228	424,162
Other borrowed funds	260	2	68,552	-	68,814
Provisions	6,393	149	1	215	6,758
Deferred income tax liabilities	17,370	101	-	-	17,471
Dividends payable	1	-	-	-	1
Other liabilities	6,766	595	1,174	52	8,587
Subordinated debt	21,909	2,570	54,443	-	78,922
TOTAL LIABILITIES	762,841	134,163	1,253,230	30,142	2,180,376
NET POSITION	787,395	203,290	(901,944)	175,185	

30. SUBSEQUENT EVENTS TRANSACTIONS

In April 2007 Kazkommerts DPR Company in the framework of the Diversified payment rights securitization programme issued bonds insured by Financial Guarantee Insurance Company, MBIA Insurance Corporation and Asian Development Bank, respectively, in amount of USD 500 million with following details:

- Serie 2007A bonds issued in amount of USD 150 million with interest rate of 3-month LIBOR plus 0.20%.
- Serie 2007B bonds issued in amount of USD 250 million with interest rate of 3-month LIBOR plus 0.20%.
- Serie 2007C bonds issued in amount of USD 100 million with interest rate of 3-month LIBOR plus 0.16%.

Maturity of bonds is 10 years with three year grace period repayment of principal amount. All attracted funds were credited to the Bank.

In May 2007 Kazkommerts International B.V. repaid in full the principal on the maturity date to holders of its euronotes issued in May 2002 in the amount of USD 200 million.