

ATF Bank
Consolidated Financial Statements

31 December 2006

Together with Report of Independent Auditors

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of ATF Bank JSC -

We have audited the accompanying consolidated financial statements of ATF Bank JSC and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2006 and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2006, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

March 16, 2007
Almaty, Kazakhstan

CONSOLIDATED BALANCE SHEETS**As at December 31,***(Thousands of Kazakh tenge)*

	<i>Notes</i>	<i>2006</i>	<i>2005 (restated)</i>	<i>2004</i>
Assets				
Cash and cash equivalents	4	152,583,714	33,049,949	14,047,880
Obligatory reserves	5	65,463,692	4,264,255	2,389,710
Amounts due from credit institutions	6	71,857,687	3,391,378	3,511,038
Financial assets at fair value through profit and loss	7	169,649,201	26,379,619	8,650,301
Available-for-sale investments	8	21,456,924	33,015,441	707,475
Held-to-maturity investment securities	8	-	-	26,008,120
Securities pledged under repurchase agreements		14,088,572	-	-
Loans to customers	9,10	523,653,161	244,874,389	112,090,157
Investment in associates	11	146,518	169,480	313,143
Insurance reserve, reinsurance share	13	5,255,816	3,537,255	156,257
Current tax assets		621,024	488,772	180,294
Property and equipment	12	16,802,169	5,240,414	3,316,174
Deferred tax assets	14	-	-	514,982
Other assets		5,759,718	4,761,137	2,016,365
Total assets		1,047,338,196	359,172,089	173,901,896
Liabilities				
Amounts due to the Government and the NBRK	15	3,682,363	2,910,588	3,340,948
Amounts due to credit institutions	16	449,790,874	89,993,229	38,762,706
Amounts due to customers	17	360,379,801	116,681,855	68,746,828
Insurance reserves	13	6,300,991	4,217,523	515,510
Debt securities issued	18	137,608,310	98,429,845	43,307,137
Subordinated debt	19	30,105,563	17,779,474	259,695
Deferred tax liabilities	14	227,482	-	-
Provisions	10	521,065	283,270	253,679
Other liabilities		1,496,586	1,572,427	535,404
Total liabilities		990,113,035	331,868,211	155,721,907
Equity:				
Share capital:	20			
- common shares		30,200,005	16,600,000	12,870,761
- preferred shares		15,400,000	3,400,000	1,900,000
Additional paid-in capital		242,185	242,185	201,900
Treasury shares		(82,349)	-	-
Reserves		879,035	684,921	465,325
Retained earnings		10,159,737	6,186,910	2,742,003
Total equity attributable to shareholders of the Bank		56,798,613	27,114,016	18,179,989
Minority interest		426,548	189,862	-
Total equity		57,225,161	27,303,878	18,179,989
Total liabilities and equity		1,047,338,196	359,172,089	173,901,896

Signed and authorized for release on behalf of the Board of Directors of the Bank

Talgat Kuanyshhev

Chairman of the Board

Aida Derevyanko

Chief accountant

March 16, 2007

The accompanying notes on pages 7 to 54 are integral part of these audited consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME
For the years ended December 31, 2006, 2005 and 2004
(Thousands of Kazakh tenge)

	<i>Notes</i>	<i>2006</i>	<i>2005 (restated)</i>	<i>2004</i>
Interest income				
Loans to customers		46,354,928	21,690,614	10,992,017
Securities		4,583,352	1,958,668	1,465,739
Amounts due from credit institutions		1,585,432	772,129	185,902
		<u>52,523,712</u>	<u>24,421,411</u>	<u>12,643,658</u>
Interest expense				
Amounts due to customers		(9,159,941)	(5,146,252)	(2,794,551)
Amounts due to credit institutions		(11,126,737)	(2,756,736)	(1,437,454)
Debt securities issued		(12,692,961)	(7,318,327)	(1,513,328)
Subordinated debt		(1,903,454)	(916,031)	(62,585)
		<u>(34,883,093)</u>	<u>(16,137,346)</u>	<u>(5,807,918)</u>
Net interest income		<u>17,640,619</u>	<u>8,284,065</u>	<u>6,835,740</u>
Impairment of interest earning assets	10	(7,236,400)	(2,101,002)	(2,894,106)
Net interest income after impairment of interest earning assets		<u>10,404,219</u>	<u>6,183,063</u>	<u>3,941,634</u>
Fee and commission income	22	5,075,905	3,190,309	2,349,227
Fee and commission expense	22	(455,680)	(393,914)	(379,421)
Net fee and commission income		<u>4,620,225</u>	<u>2,796,395</u>	<u>1,969,806</u>
Gains less losses from financial assets at fair value through profit and loss		(592,788)	61,470	455,832
Realised gains less losses from available-for-sale securities		(15,206)	5,040	15,460
Dealing profits on precious metals, net		96,241	(7,579)	1,533
Gains less losses from foreign currencies:				
- dealing		952,482	1,239,560	780,724
- translation difference		818,161	(45,837)	(121,799)
Insurance underwriting income	23	1,277,313	1,009,964	810,282
Share of income of associate	11	44,468	39,708	49,787
Other income		197,726	585,860	60,752
Other non interest income		<u>2,778,397</u>	<u>2,888,186</u>	<u>2,052,571</u>
Salaries and benefits	24	(5,424,267)	(3,390,823)	(2,481,425)
Administrative and other operating expenses	24	(3,465,188)	(2,435,254)	(1,750,868)
Depreciation and amortization	12	(855,772)	(590,023)	(378,321)
Taxes other than income taxes		(618,355)	(402,720)	(311,180)
Impairment of other assets and provisions	10	(179,277)	(134,482)	(82,961)
Insurance claims incurred	13	(442,865)	(430,863)	(332,520)
Other non interest expense		<u>(10,985,724)</u>	<u>(7,384,165)</u>	<u>(5,337,275)</u>
Income before income tax		<u>6,817,117</u>	<u>4,483,479</u>	<u>2,626,736</u>
Income tax expense	14	(2,521,707)	(667,931)	(306,894)
Net income		<u>4,295,410</u>	<u>3,815,548</u>	<u>2,319,842</u>
Attributable to:				
Shareholders of the Bank		4,262,677	3,804,878	2,319,842
Minority interest		32,733	10,670	-
Basic and diluted earnings per share (Tenge)	25	181	221	224

The accompanying notes on pages 7 to 54 are integral part of these audited consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2006, 2005 and 2004

(Thousands of Kazakh tenge)

	<i>Attributable to shareholders of the Bank</i>						<i>Revaluation reserve for available-for-sale securities</i>
	<i>Share capital - common shares</i>	<i>Share capital - preferred shares</i>	<i>Additional paid-in capital</i>	<i>Treasury shares</i>	<i>General reserves</i>	<i>Retained earnings</i>	
At December 31, 2005 (as previously reported)	16,600,000	3,400,000	242,185	-	825,296	6,427,584	(144,309)
Accrual of annual bonus	-	-	-	-	-	(240,674)	-
At December 31, 2005 (restated)	16,600,000	3,400,000	242,185	-	825,296	6,186,910	(144,309)
Fair value change of available-for-sale securities, net of tax	-	-	-	-	-	-	(33,391)
Realized fair value of available-for-sale securities, net of tax	-	-	-	-	-	-	15,206
Exchange difference	-	-	-	-	-	-	-
Total income and expense recognized directly in equity	-	-	-	-	-	-	(18,185)
Net income	-	-	-	-	-	4,262,677	-
Total income for the year	-	-	-	-	-	4,262,677	(18,185)
Dividends declared and paid - preferred shares (Note 20)	-	-	-	-	-	(348,000)	-
Dividends of subsidiaries to minority shareholders	-	-	-	-	-	-	-
Acquisition of minority interests in existing subsidiaries	-	-	-	-	-	58,150	-
Minority interest arising on acquisition of subsidiary (Note 2)	-	-	-	-	-	-	-
Treasury shares purchased (Note 20)	-	-	-	(82,349)	-	-	-
Equity recognized as liability (Note 16)	(1,999,995)	-	-	-	-	-	-
Capital contribution	15,600,000	12,000,000	-	-	-	-	-
At December 31, 2006	30,200,005	15,400,000	242,185	(82,349)	825,296	10,159,737	(162,494)

The accompanying notes on pages 7 to 54 are integral part of these audited consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2006, 2005 and 2004

(Thousands of Kazakh tenge)

	<i>Attributable to shareholders of the Bank</i>						
	<i>Share capital - common shares</i>	<i>Share capital - preferred shares</i>	<i>Additional paid-in capital</i>	<i>General reserve</i>	<i>Retained earnings</i>	<i>Revaluation reserve for available-for-s ales securities</i>	<i>Curren translat reserve</i>
At December 31, 2003	4,339,523	1,900,000	201,900	465,325	1,435,485	-	
Net income	-	-	-	-	2,319,842	-	
Total income	-	-	-	-	2,319,842	-	
Dividends capitalized	588,078	-	-	-	(588,078)	-	
Dividends declared	-	-	-	-	(106,246)	-	
Dividends declared-preferred shares	-	-	-	-	(319,000)	-	
Capital Contribution	7,943,160	-	-	-	-	-	
At December 31, 2004	12,870,761	1,900,000	201,900	465,325	2,742,003	-	
Fair value change of available-for-sale securities, net of tax	-	-	-	-	-	(139,269)	
Realized fair value of available-for-sale securities, net of tax	-	-	-	-	-	(5,040)	
Exchange difference	-	-	-	-	-	-	3
Total income and expense recognized directly in equity	-	-	-	-	-	(144,309)	3
Net income (restated)	-	-	-	-	3,804,878	-	
Total income for the year	-	-	-	-	3,804,878	(144,309)	3
Transfers	-	-	-	359,971	(359,971)	-	
Minority interest arising on acquisition of subsidiary	-	-	-	-	-	-	
Capital contribution	3,729,239	1,500,000	40,285	-	-	-	
At December 31, 2005 (restated)	16,600,000	3,400,000	242,185	825,296	6,186,910	(144,309)	3

The accompanying notes on pages 7 to 54 are integral part of these audited consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS**For the years ended December 31***(Thousands of Kazakh tenge)*

	<i>Notes</i>	<i>2006</i>	<i>2005 (restated)</i>	<i>2004</i>
Cash flows from operating activities				
Income before income tax		6,817,117	4,483,479	2,626,736
Adjustments for:				
Depreciation and amortization	12	855,772	590,023	378,321
Income from associates	11	(44,468)	(39,708)	(49,787)
Impairment of interest earning assets	10	7,236,400	2,101,002	2,894,106
Other provisions	10	179,277	134,482	82,961
Provision for claims, and change in unearned premium reserves		695,930	682,759	526,610
Loss on sale of premises and equipment	24	35,014	6,177	9,333
Unrealized foreign exchange(gain)/ loss		(827,153)	49,293	299,148
Unrealized loss/(gain) on securities		590,634	97,944	(285,195)
Excess of share of fair value of acquired net assets over cost		(88,956)	(4,938)	-
Operating income before changes in net operating assets		15,449,567	8,100,513	6,482,233
(Increase) decrease in operating assets:				
Obligatory reserves		(61,199,437)	(1,874,545)	(614,577)
Financial assets at fair value through profit and loss		(146,706,070)	(17,698,416)	15,115,732
Securities pledged under repurchase agreements		(14,088,572)	-	-
Loans to customers		(299,543,811)	(129,123,278)	(60,072,156)
Due from credit institutions		(68,414,290)	573,177	(3,604,613)
Other assets		(870,214)	(1,977,823)	(913,208)
Increase (decrease) in operating liabilities				
Amounts due to the Government and the NBRK		1,066,139	(553,185)	(104,277)
Amounts due to credit institutions		367,919,976	49,405,421	7,702,897
Amounts due to customers		247,396,414	44,384,127	26,191,216
Claims paid net of reinsurance	13	(331,023)	(361,744)	(326,579)
Other liabilities		146,221	1,211,395	(14,337)
Net cash flows from/(used in) operating activities before income tax		40,824,900	(47,914,358)	(10,157,669)
Income tax paid		(2,426,477)	(468,427)	(739,902)
Net cash flows from/(used in) operating activities		38,398,423	(48,382,785)	(10,897,571)
Cash flows from investing activities:				
Net cash (paid)/ received on acquisition of subsidiaries		(57,958)	408,413	-
Increase of share in associated company		(127,500)	-	-
Acquisition of associate		(146,518)	-	(212,540)
Acquisition of minority interest in subsidiary		(31,641)	-	-
Purchases of premises and equipment		(12,410,474)	(2,245,635)	(1,374,922)
Proceeds from sale of property and equipment		166,205	31,184	10,614
Purchases of intangible assets		(432,643)	(859,343)	(282,828)
Purchases of available-for-sale securities		(11,486,173)	(228,744,506)	(7,100,717)
Proceeds from sale of available-for-sale investments		22,366,502	217,250,143	6,275,169
Purchases of held-to-maturity securities		-	(12,081,688)	(47,139,565)
Proceeds from maturities of held-to-maturity investments		-	17,611,133	20,748,458
Net cash used in investing activities		(2,160,200)	(8,630,299)	(29,076,331)

The accompanying notes on pages 7 to 54 are integral part of these audited consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS**For the years ended December 31***(Thousands of Kazakh tenge)*

	<i>Notes</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>
Cash flow from financing activities:				
Subordinated debt issued		12,683,819	17,511,564	-
Subordinated debt repaid		-	-	(1,199,871)
Debt securities issued		45,275,637	53,095,947	42,477,951
Capital contributions		27,600,000	5,269,524	7,943,160
Treasury shares purchased		(82,349)	-	-
Dividends paid		(356,616)	(198,000)	(410,246)
Net cash flow from financing activities		85,120,491	75,679,035	48,810,994
Effects of exchange rates changes on cash and cash equivalents		(1,824,949)	336,118	(625,031)
Net change in cash and cash equivalents		119,533,765	19,002,069	8,212,061
Cash and cash equivalents at the beginning of year	4	33,049,949	14,047,880	5,835,819
Cash and cash equivalents at the end of year	4	152,583,714	33,049,949	14,047,880
Supplementary information:				
Interest received		42,444,690	21,804,662	11,971,787
Interest paid		31,219,245	12,728,151	4,438,669

The accompanying notes on pages 7 to 54 are integral part of these audited consolidated financial statements

(Thousands of Kazakh tenge)

1. Principal activities

ATF Bank and its subsidiaries ("the Group") provide retail, corporate banking services in Kazakhstan, Russia and Kyrgyzstan and pension fund management and insurance services in Kazakhstan. The parent company of the Group, ATF Bank (the "Bank"), is registered as a joint stock company and incorporated and domiciled in the Republic of Kazakhstan.

The Bank operates under a general banking license issued on February 3, 2006 by the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Institutions ("FMSA"), which also allows the Bank to conduct operations with precious metals and foreign currency operations. The Bank also possesses licenses for securities operations and custody services from the National Bank of the Republic of Kazakhstan ("NBRK") granted on November 27, 2003.

The Bank accepts deposits from the public, extends credit, transfers payments in Kazakhstan and abroad, exchanges currencies and provides other banking services to its commercial and retail customers. The Bank has five subsidiaries and one associate (Note 2). The Bank's registered legal address is 100 Furmanov Avenue, Almaty, Republic of Kazakhstan.

On September 9, 2004 the Bank became a member of the obligatory deposit insurance system. The system operates under the Law of the Republic of Kazakhstan on "Obligatory insurance of second tier banks deposits" dated on July 7, 2006 and is governed by the FMSA. Insurance covers Bank's liabilities to individual depositors for amounts up to KZT 700 thousand for each individual in the event of business failure and revocation of the NBRK banking license.

The Bank has a primary listing on the Kazakhstani Stock Exchange and certain of its debt securities are listed on the Luxemburg and London Stock Exchanges. At December 31, 2006, 2005 and 2004 the Group had forty eight, thirty seven and thirty six branches located throughout Kazakhstan, respectively.

As at December 31, the following shareholders own more than 5% of the outstanding shares:

Shareholder	2006	2005	2004
	%	%	%
The Bank of New York (nominee holder)	23.4	23.1	29.8
Mr. Bulat Zhamitovich Utemuratov	21.6	-	-
Mr. Alidar Bulatovich Utemuratov	15.2	-	-
Mr. Anuar Bulatovich Utemuratov	15.2	-	-
JSC Kazzink	6.8	-	-
Astana Motors LLP	5.0	5.0	-
Rink-Invest LLP	-	19.2	10.5
JSC Olzha	-	6.9	-
JSC Pension Fund BTA Kurmet-Kazakhstan	-	6.0	-
JSC Accumulation Pension Fund of Halyk Bank	-	5.0	7.0
TOO Stels Company	-	-	5.7
Agrotechpostavki LLP	-	-	5.4
Others less than 5%	12.8	34.8	41.6
	100.0	100.0	100.0

As at 31 December 2006, entities related to certain members of the Board of Directors and Management Board held in aggregate 3,946,930 common shares representing 20.01% of the Bank's share capital (2004 and 2005: nil).

(Thousands of Kazakh tenge)

2. Basis of Preparation

General

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Group maintains its records and prepares its financial statements for regulatory purposes in accordance with IFRS.

The consolidated financial statements are prepared under the historical cost convention modified for the measurement at fair value of financial assets at fair value through profit or loss and available-for-sale securities.

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts. These estimates are based on information available as of the date of the financial statements. The primary estimates, which relate to the allowance for loan losses, reserves for insurance claims, income taxes, other provisions and the fair values of investments, are based on information available as of the date of the financial statements. Actual results, therefore, could differ from these estimates.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the amendment to IAS 39 "Financial Instruments: Recognition and Measurement": Financial Guarantees, effective for annual periods beginning on or after 1 January 2006. The amendment addresses the treatment of financial guarantee contracts by the issuer. Under the amended IAS 39, financial guarantee contracts are recognized initially at fair value and subsequently remeasured at the higher of the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18 "Revenue".

The adoption of the above pronouncement did not have a significant impact on the Group's consolidated financial statements.

IFRSs and IFRIC interpretations not yet effective

The Group has not applied the following IFRSs and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that have been issued but are not yet effective:

IFRS 7 "Financial Instruments: Disclosures";
IFRS 8 "Operating Segments";
Amendment to IAS 1 "Presentation of financial Statements" - "Capital Disclosures";
IFRIC 8 "Scope of IFRS 2";
IFRIC 9 "Reassessment of Embedded Derivatives";
IFRIC 10 "Interim Financial Reporting and Impairment";
IFRIC 11 "IFRS 2 - Group and Treasury Share Transaction".
IFRIC 12 "Service Concession Arrangements"

The Group expects that the adoption of the pronouncements listed above will have no significant impact on the Group's consolidated financial statements in the period of initial application, except for the inclusion of new disclosures in accordance with IFRS 7 to enable users of the consolidated financial statements to evaluate the significance of the Group's financial instruments, the nature and extent of risks arising from those financial instruments.

*(Thousands of Kazakh tenge)***Subsidiaries**

The consolidated financial statements include the following subsidiaries:

<i>Subsidiary</i>	<i>Holding, %</i>			<i>Country</i>	<i>Date of incorporation</i>	<i>Industry</i>	<i>Date of acquisition</i>
	<i>2006</i>	<i>2005</i>	<i>2004</i>				
Insurance Company ATF Policy JSC	100.0%	100.0%	100.0%	Kazakhstan	December 1999	Insurance	December 1999
Omsk Commercial Bank Sibir CJSC	100.0%	100.0%	-	Russia	November 1992	Banking	November 2005
ATF Capital B.V.	100.0%	-	-	The Netherlands	April 2006	Financing	April 2006
ATF Bank Kyrgyzstan OJSC	94.2%	73.9%	-	Kyrgyzstan	August 1991	Banking	May-September 2005
National pension fund Otan JSC	61.9%	-	-	Kazakhstan	September 2001	Pension fund	December 2006
ATF DPR Company	-	-	-	Cayman Islands	March 2006	Financing	March 2006

On April 26, 2006, the Bank established a new subsidiary, ATF Capital B.V.. As at December 31, 2006, the Bank owned 100% of the share capital of ATF Capital B.V..

During 2006, the Bank increased its holding in OJSC ATF Bank Kyrgyzstan by 20.3% from 73.9% to 94.2% through the capitalization of dividends of KZT 20,027, purchase of shares from the secondary market of KZT 31,641 and contribution to the share capital of KZT 1,116,342. During 2005, the Bank increased its holding in the share capital of ATF Bank Kyrgyzstan OJSC from 34.4% to 73.9% for KZT 135,378 and acquired 100% of share capital of Omsk Commercial Bank Sibir CJSC ("SibirBank") for KZT 58,699.

In 2006 the Bank established a special purpose entity ATF DPR Company for a cross-border future flow securitization program (See Note 21).

As of beginning of 2006 the Bank hold a shareholding of 24.3% in National pension fund Otan JSC ("Pension fund"). In July of 2006, the Bank acquired additional 18.2% of the voting shares of the Pension Fund for KZT 127,500 and increased its holding up to 42.5%. The Bank commenced consolidating the Pension Fund within its consolidated financial statements starting from December 5, 2006 when additional shares comprising 19.4% of total voting shares were acquired for KZT 97,000.

As of the acquisition dates, the fair value of the identifiable assets and liabilities of Pension Fund in 2006 were as follows:

	<i>July 21, 2006</i> <i>42.5 %</i>	<i>December 5, 2006</i> <i>61.9 %</i>
Cash and cash equivalents	65,149	39,042
Amounts due from credit institutions	285,613	354,859
Financial assets at fair value through profit and loss	1,120	1,120
Available-for-sale securities	329,534	318,729
Property and equipment and intangible assets	24,285	30,849
Other assets	40,401	53,458
Total liabilities	(21,710)	(21,595)
Net assets	724,392	776,462
Less other/ minority interest	(416,526)	(295,832)
Share in net assets at the date of acquisition	(145,044)	(329,996)
Consideration paid	(127,500)	(97,000)
Excess of share in the net fair value / carrying value of the identifiable assets and liabilities over consideration paid	35,322	53,634

(Thousands of Kazakh tenge)

The fair value of the identifiable assets and liabilities of ATF Bank Kyrgyzstan at the date of obtaining control and of SibirBank at the date of acquisition were:

	<i>2005</i>	
	<i>ATF Bank Kyrgyzstan May 1</i>	<i>SibirBank November 2</i>
Cash and cash equivalents	638,223	71,049
Amounts due from credit institutions	371,632	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	129,849	-
Loans to customers	1,663,097	147,637
Property and equipment and intangible assets	195,490	2,909
Other assets	74,959	35,609
Total liabilities	<u>(2,540,813)</u>	<u>(193,567)</u>
Net assets	532,437	63,637
Less other/ minority interest	(349,066)	-
Share in net assets at the date of acquisition	(183,371)	-
Consideration paid	-	(58,699)
Excess of share in the net fair value / carrying value of the identifiable assets and liabilities over consideration paid	<u>-</u>	<u>4,938</u>

As of the date of acquisitions of shares of Otan, ATF Bank Kyrgyzstan and SibirBank, the estimated fair values of their net assets approximated their carrying values.

Otan's financial results from December 5, 2006, the date of acquisition, to December 31, 2006 comprised KZT 16,177 (ATF Bank Kyrgyzstan from May 1, 2006 to December 31, 2006 - KZT 52,599; SibirBank from November 2, 2006 to December 31, 2006 - net loss of KZT 964). Had the Group consolidated in its statement of income result of Pension Fund starting from January 1, 2006, the revenue and net income would be KZT 60,463,325 and KZT 4,417,130, respectively (2005: KZT 40,843,665 and KZT 4,771,148, respectively).

Associates accounted for under the equity method

The following associates are accounted for under the equity method and are included in other assets:

<i>Associate</i>	<i>Holding, %</i>		<i>Country</i>	<i>Industry</i>	<i>Share in net income</i>		
	<i>2006</i>	<i>2005</i>			<i>2004</i>	<i>2006</i>	<i>2005</i>
Sohibkorbank OJSC	24.1%	-	- Tajikistan	Banking			
National pension fund				Pension assets			
Otan JSC	-	24.3%	24.3% Kazakhstan	accumulation	44,1	16,5	37,29
ATF Bank Kyrgyzstan OJSC	-	-	34.4% Kyrgyzstan	Banking		22,7	12,48

At December 27, 2006, the Bank acquired 24.1% of the share capital of Sohikorbank OJSC for KZT 146,518.

*(Thousands of Kazakh tenge)***Restatements**

The Bank did not accrue annual bonus to its employees for 2005 in the amount of KZT 240,674, net of tax, as of December 31, 2005. The effect of the restatement on the consolidated balance sheet and consolidated statement of income as of December 31, 2005 and for the year then ended is summarized below:

<i>2005</i>	<i>As previously reported</i>	<i>Adjustments</i>	<i>As reported herein</i>
Current tax assets	385,626	103,146	488,772
Other liabilities	1,228,607	343,820	1,572,427
Equity	27,544,552	(240,674)	27,303,878
Salaries and benefits	(3,047,003)	(343,820)	(3,390,823)
Income tax expense	(771,077)	103,146	(667,931)
Net income	4,056,222	(240,674)	3,815,548
Basic and diluted earnings per share (Tenge)	235	(14)	221

(Thousands of Kazakh tenge)

3. Summary of significant accounting policies

Subsidiaries

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights, or otherwise has power to exercise control over their operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intragroup transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Acquisition of subsidiaries

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Bank. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of purchase consideration over the Bank's share in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill. If the cost of the acquisition is less than the Bank's share in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired the difference is recognized directly in the consolidated statement of income.

Minority interest is the interest in subsidiaries not held by the Group. The minority interest is presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity.

Losses allocated to minority interest do not exceed the minority interest in the equity of the subsidiary unless there is a binding obligation of the minority to fund the losses. All such losses are allocated to the Group.

Increase in ownership interest in subsidiaries

The differences between the carrying value of net assets acquired from the minority holders in a subsidiary and the paid consideration for such acquisition are charged or credited to retained earnings.

Investments in associates

The Groups' investment in its associates is accounted for under the equity method of accounting. An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group (generally investments of between 20% to 50% in a company's equity). The investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The Group's share of its associates' profits or losses is recognized in the consolidated statement of income, and its share of movements in reserves is recognized in equity. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless the Group is obliged to make further payments to, or on behalf of, the associate.

Unrealised gains on transactions between the Bank and its associates are eliminated to the extent of the Bank's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Recognition of financial instruments

The Group recognizes financial assets and liabilities on its balance sheet when, and only when, it becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are recognized using trade date accounting.

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

(Thousands of Kazakh tenge)

Offsetting

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

Cash and cash equivalents

Cash and cash equivalents are recognized and measured at the fair value of consideration received. Cash and cash equivalents consist of cash on hand, amounts due from the NBRK, excluding obligatory reserves, and due from credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

Obligatory reserves

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

Amounts due from credit institutions

In the normal course of business, the Group maintains current accounts or deposits for various periods of time with other banks. Amounts due from credit institutions with a fixed maturity term are subsequently measured at amortized cost using the effective interest method. Those that do not have fixed maturities are carried at cost. Amounts due from credit institutions are carried net of any allowance for impairment.

Repurchase and reverse repurchase agreements and securities lending

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the consolidated balance sheet and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within amounts due to credit institutions or customers. Securities purchased under agreements to resell ("reverse repo") are recorded as amounts due from credit institutions or loans to customers as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of repo agreements using the effective yield method.

Securities lent to counterparties are retained in the consolidated balance sheet. Securities borrowed are not recorded in the consolidated balance sheet, unless these are sold to third parties, in which case the purchase and sale are recorded within gains less losses from trading securities in the consolidated statement of income. The obligation to return them is recorded at fair value as a trading liability.

Financial assets at fair value through profit or loss

Financial assets and financial liabilities classified in this category are designated by management on initial recognition when the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the balance sheet at fair value. Changes in fair value are recorded in "Gains less losses from financial assets at fair value through profit and loss". Interest earned or incurred is accrued in interest income or expense, respectively, according to the terms of the contract, while dividend income is recorded in "Other operating income" when the right to the repayment has been established.

(Thousands of Kazakh tenge)

Investment securities

The Group classified its investment securities into two categories:

- Securities with fixed maturities and fixed or determinable payments that management has both the positive intent and the ability to hold to maturity are classified as held-to-maturity. The Group does not classify any financial assets as held-to-maturity if the Group had, during the current financial year or during the preceding two financial years sold, transferred or exercised a put option on more than an insignificant portion of held-to-maturity investments before their maturity; and
- Securities that are not classified by the Bank as held-to-maturity or financial assets at fair value through profit or loss are included in the available-for-sale portfolio.

The Bank classifies investment securities depending upon the intent of management at the time of the purchase. Shares of associates and subsidiaries held by the Bank exclusively with a view to their future disposal are also classified as available-for-sale. Investment securities are initially recognized in accordance with the policy stated above and subsequently re-measured using the following policies:

Held-to-maturity investment securities - at amortized cost using the effective interest method. Allowance for impairment is estimated on a case-by-case basis.

Available-for-sale investment securities are subsequently re-measured at fair value, which is equal to the market value as at the balance sheet date.

Gains and losses arising from changes in the fair value of available-for-sale investment securities are recognized in equity as fair value change of available-for-sale financial assets in the period that the change occurs. When the securities are disposed of or impaired, the related accumulated fair value adjustment is included in the consolidated statement of income as gains less losses from available-for-sale securities.

Since a significant amount of the held-to-maturity securities were sold during 2005, the Bank is prohibited from classifying any securities as held-to-maturity until January 1, 2008.

Loans to customers

Loans granted by the Group by providing funds directly to the borrower are categorized as loans originated by the Group and are initially recorded in accordance with the recognition of financial instruments policy. The difference between the nominal amount of consideration given and the fair value of loans issued at other than market terms is recognized in the period the loan is issued as initial recognition of loans to customers at fair value in income statement. Loans to customers with fixed maturities are subsequently measured at amortized cost using the effective interest method. Those that do not have fixed maturities are carried at cost. Loans to customers are carried net of any allowance for impairment.

Taxation

The current income tax charge is calculated in accordance with the regulations of the Republic of Kazakhstan and other tax authorities and of the cities in which the Group has affiliates, branches and subsidiaries.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

(Thousands of Kazakh tenge)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Republic of Kazakhstan also has various operating taxes, which are assessed on the Group's activities. These taxes are included as a component in the statement of income.

Allowances for impairment of financial assets

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Impairment losses of financial assets carried at cost are not reversed.

When an asset is uncollectible, it is written off against the related allowance for impairment. Such assets are written off after all necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the charge for impairment of financial assets in the consolidated statement of income.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings and constructions	25
Furniture, fixture and equipment	8
Vehicles	7
Computers	5

The carrying amounts of property and equipment are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down. Impairment is recognized in the respective period and is included in administrative and operating expenses.

Costs related to repairs and renewals are charged when incurred and included in administrative and operating expenses, unless they qualify for capitalization.

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary or associate at the date of acquisition. Goodwill on an acquisition of a subsidiary is included in intangible assets. Goodwill on an acquisition of an associate is included in the investments in associates. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

Borrowings

Borrowings, which include amounts due to the Government, NBRK, amounts due to credit institutions, customers and debt securities issued are initially recorded in accordance with recognition of financial instruments policy. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the

(Thousands of Kazakh tenge)

statement of income over the period of the borrowings using the effective interest method. If the Group purchases its own debt, it is removed from the balance sheet and the difference between the carrying amount of the liability and the consideration paid is recognized in net interest income.

Provisions

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

Retirement and other benefit obligations

The Group does not have any pension arrangements separate from the State pension system of the Republic of Kazakhstan, which requires current contributions by the employer calculated as a percentage of current gross salary payments; such expense is charged in the period the related salaries are earned. The Group has no post-retirement benefits or significant other compensated benefits requiring accrual.

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognized as additional paid-in capital.

Where the Bank or its subsidiaries purchases the Bank's shares, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from total equity as treasury shares until they are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in equity. Treasury shares are stated at historical cost.

Dividends are recognized as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements are authorised for issue.

Contingencies

Contingent liabilities are not recognized in the consolidated balance sheet but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the consolidated balance sheet but disclosed when an inflow of economic benefits is probable.

Income and expense recognition

Interest income and expense are recognized on an accrual basis calculated using the effective interest method. Loan origination fees for loans issued to customers are deferred (together with related direct costs) and recognized as an adjustment to the effective yield of the loans. Fees, commissions and other income and expense items are generally recorded on an accrual basis when the service has been provided. Portfolio and other management advisory and service fees are recorded based on the applicable service contracts. Asset management fees related to investment funds are recorded over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

Foreign currency translation

The consolidated financial statements are presented in KZT which is the Bank's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Gains and losses resulting from the translation of foreign currency transactions are recognized in the consolidated statement of income as gains less losses from foreign currencies - translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(Thousands of Kazakh tenge)

Differences between the contractual exchange rate of a transaction in a foreign currency and the Kazakhstan Stock Exchange ("KASE") exchange rate on the date of the transaction are included in gains less losses from dealing in foreign currencies. The official KASE exchange rates at December 31, 2006 and 2005, were 127 KZT and 133.98 KZT to 1 USD, respectively.

As at the reporting date, the assets and liabilities of the entities whose functional currency is different from the presentation currency of the Group are translated into KZT at the rate of exchange ruling at the balance sheet date and, their statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a subsidiary or an associate whose functional currency is different from the presentation currency of the Group, the deferred cumulative amount is transferred to the consolidated statement of income.

Insurance underwriting income

Underwriting income (loss) includes net written insurance premiums and commissions earned on ceded reinsurance adjusted for the net change in the unearned premium reserve.

Upon the inception of a contract, premiums are recorded as written and are earned on a pro rata basis over the term of the related policy coverage. The unearned premium reserve represents the portion of the premiums written relating to the unexpired terms of coverage and is included within reserve for insurance claims in the accompanying consolidated balance sheets.

Losses and loss adjustments are charged to income as incurred through the reassessment of the reserve for claims and loss adjustment expenses, and included within other expenses in the accompanying consolidated statement of income.

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

Reserve for insurance losses and loss adjustment expenses

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

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

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

Reinsurance

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

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses, and ceded unearned premiums. Amounts receivable from re-insurers are estimated in a manner consistent with the claim liability associated with the reinsured policy.

Reinsurance assets are recorded gross unless a right of offset exists and are included in the accompanying consolidated balance sheets within other assets.

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

Trust activities

Assets held in trust or fiduciary capacity, comprising pension assets managed by the Group, are not treated as assets of the Group, and, accordingly are not included in these financial statements.

(Thousands of Kazakh tenge)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Allowance for impairment of loans and receivables

The Bank regularly reviews its loans and receivables to assess impairment. The Bank uses its judgment to estimate the amount of any impairment loss in cases where a borrower is in financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Bank estimates changes in future cash flows based on observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans and receivables. The Bank uses its judgment to adjust observable data for a group of loans or receivables to reflect current circumstances.

Claims liability arising from insurance contracts

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the balance sheet date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the balance sheet claims provision. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision. General insurance claims provisions are not discounted for the time value of money.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment income, segment expenses and segment performance include transfers between business segments and between geographical segments.

*(Thousands of Kazakh tenge)***4. Cash and cash equivalents**

Cash and cash equivalents consist of the following at December 31:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
Time deposits with the NBRK	60,020,000	-	500,625
Correspondent accounts with other banks	42,975,655	12,834,827	9,671,876
Correspondent accounts with the NBRK	23,637,729	9,043,005	565,265
Short-term deposits with other banks	14,882,703	3,900,780	-
Cash on hand	11,067,627	7,271,337	3,310,114
Cash and cash equivalents	152,583,714	33,049,949	14,047,880

Interest rates and maturity of the interest bearing cash and cash equivalents are as follows:

	<i>2006</i>		<i>2005</i>		<i>2004</i>	
	<i>%</i>	<i>Maturity</i>	<i>%</i>	<i>Maturity</i>	<i>%</i>	<i>Maturity</i>
Time deposits with the NBRK	4.5%	2007	-	-	2.5%	2005
Short-term deposits with other banks	5.2%	2007	7.0%	2006	-	-

At December 31, 2006, the top ten counterparty banks accounted for 32.4% (2005 and 2004: 63.2% and 74.3%) of total cash and cash equivalents and represented 86.4% (2005 and 2004: 76.5% and 57.4%) of the Group's total equity.

At December 31, 2006 the top ten counterparty banks accounted for 74.3% (2005 and 2004: 95.4% and 96.0%) of total current accounts with banks.

5. Obligatory reserves

Obligatory reserves represent a correspondent account held by the ATF Bank JSC with the NBRK of KZT 65,424,452 , KZT 4,260,089 and KZT 2,389,710 as at December 31, 2006, 2005 and, 2004 respectively and a correspondent account held by Sibir Bank CJSC with the CBRF in Russian Rubles equivalent to KZT 39,240 (2005: KZT 4,166; 2004: nil) .

6. Amounts due from credit institutions

Amounts due from credit institutions at December 31 comprise:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
Time deposits	69,072,369	3,235,378	1,548,577
Loans to local credit institutions	2,785,318	156,000	783,389
Correspondent accounts with other banks	-	-	1,180,322
Less-allowance for impairment	-	-	(1,250)
Amounts due from credit institution	71,857,687	3,391,378	3,511,038
Subject to repurchase agreements pledged as collateral against interbank borrowings	60,365,950	-	-

(Thousands of Kazakh tenge)

The interest rates and maturities are as follow:

	2006		2005		2004	
	%	Maturity	%	Maturity	%	Maturity
Time deposits	3.7%-9.5%	2007-2010	7.1%-10.0%	2006-2010	3.6%-14.0%	2005
Loans to local credit institutions	7.2%-8.0%	2007	7.4%-10.0%	2006	7.4%-9.0%	2005

Correspondent accounts with other banks represent restricted amounts held by other banks as collateral for letter of credit.

At December 31, 2006 deposits with two OECD based credit institutions were pledged as collateral against the Group's borrowings in the amount of KZT 332,060 (2005 and 2004: nil).

At December 31, 2006, the top five counterparty banks accounted for 61.1% (2005 and 2004: 100.0% and 98.4%) of total amounts due from credit institutions and represented 76.7% (2005 and 2004: 12.4% and 19.0%) of the Group's total equity.

7. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss at December 31 consist of the following:

	2006	2005	2004
Debt securities:			
Bonds of foreign financial institutions	73,596,522	-	-
Notes of the NBRK	57,657,298	13,181,205	601,289
US Treasury bills	12,539,155	2,308,014	4,340,452
Bonds of local financial organizations	9,343,054	1,413,021	499,400
Government securities of OECD based countries	9,093,812	673,887	-
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	3,605,007	6,110,160	-
Corporate bonds	3,334,706	466,888	83,976
Bonds of CBRF	283,271	-	-
Euronotes of the Republic of Kazakhstan	60,109	2,226,444	3,125,184
	169,512,934	26,379,619	8,650,301
Equity securities:			
Shares of Kazakh financial organizations	136,267	-	-
Financial assets at fair value through profit or loss	169,649,201	26,379,619	8,650,301
Subject to repurchase agreements	18,979,770	10,004	3,989,005
Pledged as collateral against interbank borrowings	70,791,878	-	-

(Thousands of Kazakh tenge)

Interest rates and maturities of financial assets at fair value through profit or loss are as follow:

	2006		2005		2004	
	%	Maturity	%	Maturity	%	Maturity
Bonds of foreign financial institutions	2.5%-7.5%	2007-2027	-	-	-	-
Notes of the NBRK	3.9%-4.1%	2007	3.0%-4.0%	2006	5.1%	2005
US Treasury bills	4.5%-4.9%	2007-2036	5.4%	2031	4%-8.3%	2005-2013
Bonds of local financial organizations	6.0%-10.7%	2007-2026	7.5%-15.0%	2006-2015	8.5%-12.0%	2006-2009
Government securities of OECD based countries	3.5%	2008	4.6%	2008	-	-
Treasury bills of the Ministry of Finance	3.4%-6.7%	2008-2014	3.5%-7.0%	2006-2013	-	-
Corporate bonds	4.9%-13.0%	2008-2013	8.0%-10.4%	2006-2012	8.0%-13.0%	2005-2010
Bonds of the Russian Federation	6.1%-10.0%	2008-2011	-	-	-	-
Euronotes of the Republic of Kazakhstan	11.1%	2007	11.1%	2007	11.1%	2007

8. Investment securities

Available-for-sale securities at December 31 comprise:

	2006	2005	2004
Bonds of foreign financial institutions	6,269,369	5,438,745	-
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	4,950,002	9,855,912	-
Government securities of OECD based countries	4,515,737	10,033,843	-
Corporate bonds	4,144,551	3,691,141	-
Bonds of local financial institutions	1,228,714	1,453,202	-
Sovereign bonds of the Republic of Kyrgyzstan	327,161	260,154	-
US Treasury bills	-	2,154,342	707,475
Notes of the NBRK	-	128,102	-
	21,435,534	33,015,441	707,475
Equity Securities:			
Shares of Kazakh financial organizations	16,519	-	-
Corporate shares	4,871	-	-
Available-for-sale securities	21,456,924	33,015,441	707,475
Subject to repurchase agreements	1,379,488	-	-
Pledged as collateral against interbank borrowings	7,262,251	4,731,713	-

(Thousands of Kazakh tenge)

Interest rates and maturities of these securities are as follows:

	2006		2005		2004	
	%	Maturity	%	Maturity	%	Maturity
Bonds of foreign financial institutions	2.0%-10.6%	2008-2021	3.5%-8.1%	2008-2014	-	-
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	4.1%-6.4%	2008-2010	4.1%-8.9%	2006-2010	-	-
Government securities of OECD based countries	3.5%-4.2%	2007-2008	3.5%-4.2%	2007-2008	-	-
Corporate bonds	6.0%-10.9%	2008-2017	7.0%-9.0%	2006-2014	-	-
Bonds of Kazakh financial institutions	5.0%-12.0%	2007-2015	5.0%-9.0%	2007-2013	-	-
Sovereign bonds of the Republic of Kyrgyzstan	9.3%	2007-2008	5.1%-13.9%	2006	-	-
US Treasury bills	-	-	3.5%-4.2%	2006-2011	5.4%	2031
Notes of the NBRK	-	-	1.8%-3.1%	2006	-	-

Held-to-maturity investments as at December 31, 2004 comprise the following (the Group did not have held-to-maturity portfolio as at December 31, 2006 and 2005):

	2004	
	Carrying value	Nominal value
Notes of the NBRK	21,674,595	22,020,830
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	1,325,137	1,300,000
US Treasury bills	3,008,388	2,990,000
Held-to-maturity securities	26,008,120	26,310,830

Interest rates and maturities of these securities are as follow:

	2004	
	%	Maturity
Notes of the NBRK	2.8%-5.1%	2005
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	5.7%-6.4%	2006-2011
US Treasury bills	4.3%	2012-2014

9. Loans to customers

Loans to customers consist of the following at December 31:

	2006	2005	2004
Loans	535,664,452	251,385,322	117,016,420
Advances	2,851,095	1,137,874	577,135
	538,515,547	252,523,196	117,593,555
Less - Allowance for impairment	(14,862,386)	(7,648,807)	(5,503,398)
Loans to customers	523,653,161	244,874,389	112,090,157

(Thousands of Kazakh tenge)

The Group's gross loan portfolio is concentrated in the following main sectors at December 31:

	<i>2006</i>	<i>%</i>	<i>2005</i>	<i>%</i>	<i>2004</i>	<i>%</i>
Construction	113,761,062	21.1	29,328,396	11.6	10,570,038	9.0
Individuals:	82,458,832	15.3	42,208,255	16.7	17,017,001	14.5
-Mortgage	58,765,423	10.9	18,994,526	7.5	8,680,786	7.4
-Consumer purposes	21,000,432	3.9	19,961,496	7.9	5,578,025	4.7
-Car loans	2,692,977	0.5	3,252,233	1.3	2,758,190	2.3
Wholesale trading:	73,075,260	13.6	46,296,683	18.3	21,565,067	18.3
-Working capital increase	25,615,004	4.8	17,344,211	6.9	8,893,178	7.6
-Maintenance and repair	13,579,259	2.5	2,949,206	1.2	3,232,236	2.7
-Purchase of consumer goods	10,495,800	1.9	11,298,715	4.5	2,392,863	2.0
-Purchase and sale of oil products	8,617,350	1.6	4,046,702	1.6	2,378,289	2.0
-Agricultural products	11,547,012	2.1	8,293,004	3.3	2,675,764	2.3
-Purchase of equipment	1,977,153	0.4	2,254,561	0.9	1,842,807	1.6
-Services	1,243,682	0.2	110,284	-	149,930	0.1
Investment companies	74,779,725	13.9	34,472,294	13.7	-	-
Retail trading	31,150,425	5.8	10,330,050	4.1	6,231,723	5.3
Services	28,423,178	5.3	5,375,795	2.1	4,648,118	4.0
Food industry	27,123,361	5.0	25,641,601	10.2	17,023,359	14.5
Agriculture	23,650,072	4.4	13,558,870	5.4	8,773,040	7.5
Transport	15,211,248	2.8	5,876,032	2.3	3,930,903	3.3
Real estate	13,030,630	2.4	4,197,199	1.7	1,211,382	1.0
Textile industry	7,960,651	1.5	5,197,151	2.1	4,875,541	4.1
Hotel services	7,253,701	1.3	1,257,054	0.5	3,208,190	2.7
Oil and Gas	5,557,058	1.0	2,331,378	0.9	3,123,715	2.7
Chemical	5,177,560	1.0	1,694,110	0.7	776,564	0.7
Mining	1,557,577	0.3	1,225,628	0.5	2,390,743	2.0
Metallurgy	1,446,525	0.3	2,480,430	1.0	1,727,231	1.5
Communications	1,324,840	0.2	723,044	0.3	1,866,056	1.6
Entertainment	1,200,342	0.3	639,559	0.2	264,287	0.2
Other	24,373,500	4.5	19,689,667	7.7	8,390,597	7.1
	538,515,547	100.0	252,523,196	100.0	117,593,555	100.0

At December 31, 2006, the largest ten borrowers accounted for 23.43% of the Group's gross loans (2005: 24.7%, 2004: 19.79%). The amount of accrued interest on impaired loans comprised KZT 4,970,059 (2005 and 2004: 1,438,406 and KZT 103,660).

10. Allowance for impairment and provisions

The movements in the allowance for impairment were as follows:

	<i>Loans to customers</i>	<i>Due from credit institutions</i>	<i>Total</i>
December 31, 2003	(3,397,203)	-	(3,397,203)
(Charge)	(2,892,856)	(1,250)	(2,894,106)
Write-offs	1,141,021	-	1,141,021
Recoveries	(354,360)	-	(354,360)
December 31, 2004	(5,503,398)	(1,250)	(5,504,648)
(Charge)/Reversal	(2,102,252)	1,250	(2,101,002)
Write-offs	2,729,875	-	2,729,875
Recoveries	(2,773,032)	-	(2,773,032)
December 31, 2005	(7,648,807)	-	(7,648,807)
(Charge)	(7,236,400)	-	(7,236,400)
Write-offs	880,929	-	880,929
Recoveries	(858,108)	-	(858,108)
December 31, 2006	(14,862,386)	-	(14,862,386)

(Thousands of Kazakh tenge)

The movements in other provisions were as follows:

	<i>Other assets</i>	<i>Letters of credit and guarantees</i>	<i>Total</i>
December 31, 2003	(84,188)	(158,964)	(243,152)
(Charge)/ Reversal	11,754	(94,715)	(82,961)
Write-offs	4,916	-	4,916
Recoveries	(2,089)	-	(2,089)
December 31, 2004	(69,607)	(253,679)	(323,286)
(Charge)	(105,513)	(28,969)	(134,482)
Write-offs	12,758	-	12,758
Recoveries	(86)	(622)	(708)
December 31, 2005	(162,448)	(283,270)	(445,718)
(Charge)/ Reversal	58,384	(237,661)	(179,277)
Recoveries	25,962	-	25,962
Translation	(563)	(134)	(697)
December 31, 2006	(78,665)	(521,065)	(599,730)

Impairment reserve for other assets and letter of credit and guarantees are included with the carrying value of the other assets and provisions, respectively. These provisions are expected to be utilised during 2007.

11. Investments in associates

At December 31, investments in associated companies comprise:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
Balance, beginning of the period	169,480	313,143	-
Increase in the share of associated company	127,500	-	-
Income from acquisition	35,322	-	-
Purchase of an associate	146,518	-	263,356
Share of net income	44,468	39,708	49,787
Reclassification of goodwill due to full consolidation	(46,774)	-	-
Transfer due to acquisition and full consolidation	(329,996)	(183,371)	-
Investments in associates	146,518	169,480	313,143

For the complete list of associates refer to the Note 2.

(Thousands of Kazakh tenge)

The following table is a summary of the balance sheets of associates at December 31, 2006 and the financial results for the periods, when associated companies were accounted for under the equity method:

	<i>2006 Sokhibkor Bank OJSC</i>	<i>2006 National Pension Fund Otan JSC</i>	<i>2005 National Pension Fund Otan JSC</i>	<i>2005 ATF Bank Kyrgyzstan OJSC</i>	<i>2004 National Pension Fund Otan JSC</i>	<i>2004 ATF Bank Kyrgyzstan OJSC</i>
Cash and cash equivalents	117,056	-	25,833	-	37,854	305,916
Amounts due from credit institutions	29,403	-	45,181	-	55,232	770,284
Investments securities	3,266	-	376,486	-	333,306	164,452
Loans to customers	748,531	-	-	-	-	1,631,392
Property and equipment	226,861	-	16,932	-	14,386	193,680
Commission receivable	-	-	38,202	-	16,581	-
Other assets	208,561	-	11,137	-	3,311	11,844
Amounts due to credit institutions	(570,345)	-	-	-	-	(218,774)
Amounts due to customers	(75,950)	-	-	-	-	(2,355,993)
Other liabilities	(79,425)	-	(13,733)	-	(14,127)	(47,387)
Net assets	607,958	-	500,038	-	446,543	455,414
Interest income	68,420	35,236	34,253	136,148	38,763	295,695
Interest expense	(27,086)	(1,771)	(1,667)	(30,868)	(1,243)	(67,757)
Net interest income	41,334	33,465	32,586	105,280	37,520	227,938
Impairment of interest earning assets	(13,971)	-	-	10,062	-	(28,770)
Fee and commission, net	10,498	303,331	228,675	51,711	220,666	83,098
Administrative and other operation expenses	(31,510)	(189,327)	(163,203)	(73,382)	(90,000)	(224,228)
Income before income tax expense	6,351	147,469	98,058	93,671	168,186	58,038
Income tax expense	(1,678)	(25,749)	(28,120)	(22,542)	(14,696)	(21,733)
Net income	4,673	121,720	69,938	71,129	153,490	36,305

*(Thousands of Kazakh tenge)***12. Property and equipment**

The movements on the Group's property and equipment during the year were as follows:

<i>Cost</i>	<i>Land and Buildings</i>	<i>Vehicles</i>	<i>Computers</i>	<i>Other assets</i>	<i>CIP</i>	<i>Total</i>
At December 31, 2003	1,344,094	308,563	309,200	933,214	-	2,895,071
Additions	546,540	91,324	163,873	463,202	109,983	1,374,922
Disposals	(12,288)	(7,698)	(17,791)	(15,060)	-	(52,837)
At December 31, 2004	1,878,346	392,189	455,282	1,381,356	109,983	4,217,156
Acquisition of subsidiaries	130,434	9,325	22,854	35,785	-	198,398
Additions	1,176,036	241,641	173,522	654,227	209	2,245,635
Disposal	(24,624)	(17,028)	(25,214)	(39,186)	-	(106,052)
At December 31, 2005	3,160,192	626,127	626,444	2,032,182	110,192	6,555,137
Acquisition of subsidiaries	-	10,554	8,797	7,979	-	27,330
Additions	3,527,352	301,220	427,871	649,053	7,504,978	12,410,474
Disposal	(120,713)	(57,442)	(39,687)	(71,212)	(25,778)	(314,832)
At December 31, 2006	6,566,831	880,459	1,023,425	2,618,002	7,589,392	18,678,109
<i>Accumulated depreciation</i>						
At December 31, 2003	(115,352)	(81,614)	(159,030)	(259,384)	-	(615,380)
Charge	(58,957)	(47,958)	(85,348)	(126,228)	-	(318,491)
Disposals	1,978	4,072	15,729	11,110	-	32,889
At December 31, 2004	(172,331)	(125,500)	(228,649)	(374,502)	-	(900,982)
Charge	(82,982)	(75,617)	(122,125)	(201,708)	-	(482,432)
Disposals	3,775	15,218	21,173	28,525	-	68,691
At December 31, 2005	(251,538)	(185,899)	(329,601)	(547,685)	-	(1,314,723)
Charge	(119,339)	(105,849)	(228,823)	(220,819)	-	(674,830)
Disposals	405	18,494	33,241	61,473	-	113,613
At December 31, 2006	(370,472)	(273,254)	(525,183)	(707,031)	-	(1,875,940)
At December 31, 2006	6,196,359	607,205	498,242	1,910,971	7,589,392	16,802,169
At December 31, 2005	2,908,654	440,228	296,843	1,484,497	110,192	5,240,414
At December 31, 2004	1,706,015	266,689	226,633	1,006,854	109,983	3,316,174

Depreciation and amortization in the consolidated statements of income also include amortization of intangible assets of KZT 180,942, KZT 107,591 and KZT 59,830 for 2006, 2005 and 2004 respectively.

*(Thousands of Kazakh tenge)***13. Insurance reserves**

Insurance reserves comprised the following at December 31:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
Unearned premiums, reinsurance share	5,253,887	3,534,096	153,696
Reserves for claims, reinsurance share	1,929	3,159	2,561
	5,255,816	3,537,255	156,257
Unearned premiums	(6,095,187)	(4,122,331)	(490,035)
Reserves for claims	(205,804)	(95,192)	(25,475)
	(6,300,991)	(4,217,523)	(515,510)
Net insurance reserves	(1,045,175)	(680,268)	(359,253)

Reserves have been established on the basis of information currently available, including potential outstanding loss notifications, experience with similar claims and case law. The reserve for claims incurred but not reported is actuarially determined by lines of business and is based on statistical claims' data for the period typical for loss development of the classes and sub-classes of business, the Group's previous experience and availability of data. While the management consider that the gross reserve for claims and the related reinsurance recoveries are fairly stated on the basis of the information available to them, the ultimate liability may vary as a result of subsequent information and events and may result in adjustments to the amounts provided. Any adjustments to the amount of reserves will be reflected in the financial statements in the period in which the necessary adjustments become known and estimable.

The movements on claims reserves during 2006 were as follows:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
Reserves for claims, January 1	95,192	25,475	39,835
Reserves for claims, reinsurers' share January 1	(3,159)	(2,561)	(22,862)
Net reserves for claims, January 1	92,033	22,914	16,973
Plus claims incurred	442,865	430,863	332,520
Less claims paid	(331,023)	(361,744)	(326,579)
Net reserves for claims, December 31	203,875	92,033	22,914

The movements on unearned premiums during 2006 were as follows:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
Gross unearned premiums reserves, January 1	4,122,331	490,035	309,210
Unearned premiums reserves, reinsurance share, January 1	(3,534,096)	(153,696)	(166,961)
Net unearned premiums reserves	588,235	336,339	142,249
Change in unearned premiums reserves	1,972,856	3,632,296	180,825
Change in unearned premiums reserves, reinsurance share	(1,719,791)	(3,380,400)	13,265
Change in unearned premiums reserves, net	253,065	251,896	194,090
Net unearned premiums reserves	841,300	588,235	336,339

*(Thousands of Kazakh tenge)***14. Taxation**

The components of income tax expense were as follows for the years ended December 31:

	<i>2006</i>	<i>2005</i> <i>(restated)</i>	<i>2004</i>
Current tax charge	2,294,225	152,949	736,089
Deferred tax charge (benefit)	227,482	514,982	(429,195)
Income tax expense	2,521,707	667,931	306,894

The Group and its subsidiaries, other than ATF Capital B.V., Omsk Commercial Bank Sibir CJSC, ATF Bank Kyrgyzstan OJSC and ATF DPR Company are subject to taxation in the Republic of Kazakhstan. ATF Capital B.V. is subject to income tax in the Netherlands. Omsk Commercial Bank Sibir CJSC is subject to income tax in the Russian Federation. ATF Bank Kyrgyzstan is subject to income tax in Kyrgyzstan. ATF DPR Company is not subject to income tax in the Cayman Islands. A reconciliation between the provision for income taxes in the accompanying financial statements and income before taxes multiplied by the statutory tax rate of 30% for the years ended December 31, 2006, 2005 and 2004 is as follows:

	<i>2006</i>	<i>2005</i> <i>(restated)</i>	<i>2004</i>
IFRS income before tax	6,817,117	4,483,479	2,626,736
Statutory income tax	30%	30%	30%
Income tax computed at the statutory tax rate	2,045,135	1,345,044	788,020
Non deductible expenses:			
Non-deductible allowance	-	-	(167,500)
Interest on deposits	1,993,143	494,316	97,470
Non-deductible business expenses	19,161	303,381	82,341
Other	78,637	21,838	63,349
Tax exempt income:			
Government securities	(248,592)	(389,256)	(409,598)
Mortgage loans	(1,266,000)	(1,063,960)	(135,280)
Other	(51,322)	(60,657)	(37,518)
Income of subsidiaries taxed at different rate/base	(48,455)	17,225	25,610
Income tax expense	2,521,707	667,931	306,894

Deferred tax assets and liabilities comprised the following:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
Tax effect of deductible temporary differences:			
Provision for loan impairment	-	-	422,938
Written off assets and provisions for other losses	222,014	306,508	334,805
Deferred tax assets	222,014	306,508	757,743
Tax effect of deductible temporary differences:			
Property and equipment	(443,344)	(272,498)	(208,913)
Associates accounted for equity method	(6,152)	(34,010)	(23,242)
Other	-	-	(10,606)
Deferred tax liabilities	(449,496)	(306,508)	(242,761)
Net deferred tax (liabilities)/assets	(227,482)	-	514,982

Kazakhstan, Russian Federation and Kyrgyzstan currently have a number of laws related to various taxes imposed by both federal and regional governmental authorities. Applicable taxes include value added tax, income tax, a number of turnover-based taxes, social taxes, and others. Implementation of regulations is often unclear or nonexistent and few precedents have been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organizations; thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (for example, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

(Thousands of Kazakh tenge)

Management believes that the Group is in substantial compliance with the tax laws affecting its operations; however, the risk remains that relevant authorities could take differing positions with regard to interpretive issues.

15. Amounts due to the Government and the NBRK

At December 31, amounts due to the Government of the Republic of Kazakhstan and the NBRK consisted of the following:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
Time deposit from the NBRK	3,064,189	2,059,333	2,028,667
Amounts due to the Government under international financing programs	560,136	707,611	970,320
Local municipal authorities	58,038	143,644	341,961
Amounts due to the Government and the NBRK	3,682,363	2,910,588	3,340,948

At December 31, 2006, the Group had two KZT denominated time deposits from the NBRK bearing interest at 7.0% and 7.9% (2005 and 2004: 6.0%) per annum and maturing in 2007 (2005: 2006 and 2004: 2005).

At December 31, 2006, 2005 and 2004, the largest part of amounts due to the Government under international financing programs include a loan obtained under a program for co-financing development of small businesses within a framework agreement between the Government and Kreditanshtalt fur Wiederaufbau (Germany). The balance outstanding at December 31, 2006, amounted to KZT 550,757 (2005: KZT 678,806, 2004: KZT 906,549) and matures between 2005 and December 2009. The interest rate on this indebtedness is 5.0% per annum, payable semi-annually. The Bank bears the credit risks related to the loans issued from the borrowings obtained from Kreditanshtalt fur Wiederaufbau (Germany).

The Group participates in the small and medium size business development program funded by the local authorities of the Atyrau, Almaty and Eastern Kazakhstan regions. Part of the loan was repaid during 2006 and the remaining balance will be repaid during 2007. Interest rate 6.0% per annum (2005: 5.9%, 2004: 7.0%).

16. Amounts due to credit institutions

Amounts due to credit institutions consist of the following at December 31:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
Time deposits and loans	353,763,151	86,698,215	32,337,165
Repurchase agreements	93,517,235	10,004	3,702,954
Redeemable common shares	1,999,995	-	-
Loans due to Small Business Development Fund of Kazakhstan	388,231	1,968,489	1,393,014
Current accounts	122,262	1,316,521	1,329,573
Amounts due to credit institutions	449,790,874	89,993,229	38,762,706

Redeemable common shares represent the amount which would be paid by the Group under an agreement (the "Agreement") with a counterparty bank (the "Holder") at the holder's discretion for 266,666 of Bank's shares, in case their market price falls below KZT 7.5 for a share. The shares are redeemable during a period of 5 years starting from September 27, 2006. All shares are KZT denominated and have a nominal value of KZT 1 each. As of December 31, 2006, the market price of the Bank's share was KZT 10.2. Subsequently, in January 2007, the Agreement was canceled, and the Bank's obligations in that regard were terminated and, as a result, the amount under the Agreement of KZT 1,999,995 was reclassified to common share capital in equity.

Included in time deposits and loans is an amount of KZT 12,700,000 (USD 100million) that was withdrawn under the cash flow securitization program (see, Note 21).

(Thousands of Kazakh tenge)

The interest rates and maturities follow:

	2006		2005		2004	
	%	Maturity	%	Maturity	%	Maturity
Time deposits and loans	2.2%-9.1%	2007-2011	0.5%-8.8%	2006-2010	2.8%-9.7%	2005-2009
Repurchase agreements	1.5%-7.7%	2007-2009	7.0%	2006	3.7%-7.0%	2006
Loans due to Small Business Development Fund of Kazakhstan	6.1%	2007	3.6%-6.1%	2006-2008	5.2%-10.1%	2005-2007

17. Amounts due to customers

The amounts due to customers include the following at December 31:

	2006	2005	2004
Customer current accounts:			
Commercial	65,142,213	45,312,597	18,825,197
Individuals	5,627,995	4,767,713	2,307,351
	70,770,208	50,080,310	21,132,548
Term deposits:			
Commercial	218,112,366	43,340,168	34,163,151
Individuals	60,950,841	22,292,017	12,739,805
Held as security against letters of credit and guarantees	10,546,386	969,360	711,324
	289,609,593	66,601,545.0	47,614,280.0
Amounts due to customers	360,379,801	116,681,855	68,746,828

At December 31, 2006, 2005 and 2004 the Group's ten largest customers account for approximately 51.5%, 34.7% and 42.9% of the total amounts due to customers, respectively.

An analysis of amounts due to customers by sector follows:

	2006		2005		2004	
	Amount	%	Amount	%	Amount	%
Oil and gas	80,114,553	22.2	9,829,115	8.4	12,902,086	18.8
Individuals	66,578,836	18.5	27,059,730	23.2	15,047,156	21.9
Financial activities	60,482,179	16.8	22,732,814	19.5	5,549,862	8.1
Trade	45,589,427	12.7	7,034,755	6.0	6,021,265	8.8
Transport and communication	44,154,493	12.3	16,452,172	14.1	10,499,462	15.3
Manufacturing	18,280,695	5.1	5,298,539	4.5	4,176,236	6.1
Construction	15,301,915	4.2	6,901,757	5.9	2,268,225	3.3
Metallurgy	11,466,506	3.2	687,294	0.6	990,390	1.4
Services provided to enterprises	7,335,395	2.0	2,606,483	2.2	3,074,764	4.5
Agriculture	2,395,543	0.7	897,766	0.8	504,197	0.7
Energy	1,783,413	0.5	1,143,948	1.0	2,093,549	3.0
Education	1,258,835	0.3	1,145,610	1.0	300,542	0.4
Research and development	792,622	0.2	651,489	0.6	565,684	0.8
Non-credit financial companies	728,556	0.2	13,046,107	11.2	1,754,574	2.6
Government	81,378	0.1	24,257	-	21,680	-
Others	4,035,455	1.0	1,170,019	1.0	2,977,156	4.3
Total	360,379,801	100.0	116,681,855	100.0	68,746,828	100.0

*(Thousands of Kazakh tenge)***18. Debt securities issued**

Securities issued at December 31 comprised:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
USD denominated notes	134,104,500	94,751,991	39,189,711
KZT denominated notes	4,512,069	4,531,640	4,533,136
RUR denominated notes	54,795	-	-
	138,671,364	99,283,631	43,722,847
Less unamortized cost of issuance	(1,063,054)	(853,786)	(415,710)
Debt securities issued	137,608,310	98,429,845	43,307,137

The interest rates and maturities of these debt securities issued are as follow:

	<i>2006</i>		<i>2005</i>		<i>2004</i>	
	<i>%</i>	<i>Maturity</i>	<i>%</i>	<i>Maturity</i>	<i>%</i>	<i>Maturity</i>
USD denominated notes	8.1%-9.3%	2007-2016	8.1%-9.3%	2007-2012	8.5%-8.8%	2007-2009
KZT denominated notes	8.5%	2008	8.5%	2008	8.5%	2008
RUR denominated notes	5.0%-10.0%	2007-2016	-	-	-	-

In accordance with the terms of USD notes the Bank is required to maintain certain financial ratios, particularly with regard to liquidity, capital adequacy and lending exposures. Management believes that the Bank met these ratio requirements as at December 31, 2006.

19. Subordinated debt

	<i>2006</i>	<i>2005</i>	<i>2004</i>
KZT denominated bonds	17,698,155	17,624,556	-
USD denominated bonds	14,180,471	1,346,325	1,343,551
Subordinated debt securities issued	31,878,626	18,970,881	1,343,551
Less: USD denominated subordinated bonds held by the Group	(1,023,584)	(1,069,274)	(1,083,856)
Less: KZT denominated subordinated bonds held by the Group	(77,877)	-	-
Less: unamortized cost of issuance	(671,602)	(122,133)	-
Subordinated debt securities issued	30,105,563	17,779,474	259,695

The interest rates and maturities of subordinated debt issued are as follow:

	<i>2006</i>		<i>2005</i>		<i>2004</i>	
	<i>%</i>	<i>Maturity</i>	<i>%</i>	<i>Maturity</i>	<i>%</i>	<i>Maturity</i>
KZT denominated bonds	8.5%	2012-2014	8.5%	2012-2014	-	-
USD denominated bonds	1.5%-10.0%	2007-2016	9.0%	2007	9.0%	2007

The subordinated notes of December 31, 2006, 2005 and 2004, are unsecured obligations of the Group and are subordinated in right of payment to all present and future senior indebtedness and certain other obligations of the Group.

20. Equity

At December 31, 2006 the authorized share capital comprised 19,720,000 common and 11,400,000 preferred shares, which were fully paid by the year end (December 31, 2005: 16,600,000 and 3,400,000, December 31, 2004: 12,870,761 and 1,900,000). Each common share is entitled to one vote and shares equally in dividends declared. Preferred shares carry a cumulative dividend of a minimum of 10 % per annum and do not have any voting rights.

Preferred share give the holder the right to participate in general shareholders' meeting without voting rights except in

(Thousands of Kazakh tenge)

instance where decision are made in relation to reorganization and liquidation of the Bank, and where changes and amendments to the Bank's charter which restrict the rights of preferred shareholders are proposed. The preferred share has no rights of redemption or conversion but carry cumulative dividends per share of at least 10% of nominal value. If the Bank fails to pay dividends, or has no profits in any year, the preferred shareholders have the right to vote in the general shareholders' meeting. Owners of preferred shares have the right to dividends not less than declared dividends on common shares.

In 2006 the Bank issued 3,120,000 common shares at KZT 5 each and 8,000,000 preferred shares at KZT 1.5 each (2005: 3,729,239 of common shares and 1,500,000 of preferred shares at KZT 1 each, 2004: 8,531,238 of common shares at KZT 1 each).

During 2006, one of the Bank's subsidiaries purchased 50,519 preferred shares and 45 common shares for KZT 82,349, which has been accounted for as treasury stock in the financial statements (2005 and 2004: nil).

In April 2006, the shareholders' meeting declared dividends on preferred shares in the amount of KZT 348,000, which were paid in May of 2006.

Nature and purpose of other reserves

General reserves

General reserves include income that is not distributable in accordance with shareholder's decision.

Revaluation reserve of available-for-sale securities

This reserve records fair value changes on available-for-sale investment securities.

Currency translation reserve

Currency translation reserve reflects the translation effect of the subsidiaries financial statements into KZT, which are domiciling out of Kazakhstan.

21. Commitments and contingencies

Operating environment

The Kazakhstani economy, while deemed to be of market status since 2002, continues to display certain characteristics consistent with that of a market in transition. These attributes have higher than normal historical inflation and lack of liquidity in capital markets in the past, as well as an existence of currency controls that cause the national currency to be illiquid outside of Kazakhstan. The continued success and stability of the Kazakhstani economy will be significantly impacted by the government's continued actions with regard to supervisory, legal, and economic reforms.

Legal

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group.

(Thousands of Kazakh tenge)

Financial commitments and contingencies

As at December 31, the Group's financial commitments and contingencies comprised the following:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
Undrawn loan commitments	109,096,984	33,305,967	17,929,827
Guarantees	20,265,378	15,029,449	16,107,883
Letter of credit	12,383,191	3,600,930	5,037,319
	141,745,553	51,936,346	39,075,029
Less - Provisions	(521,065)	(283,270)	(253,679)
Less - Cash collateral	(10,546,386)	(969,360)	(711,324)
Financial commitments and contingencies	130,678,102	50,683,716	38,110,026

Financial guarantees are conditional commitments issued by the Group to guarantee the performance of a customer to a third party. The credit risk involved in issuing guarantees is essentially the same as involved in extending facilities to other customers.

The Group applies similar principles to those applied in assessing the required allowance for losses under other credit facilities when assessing the likelihood of loss under a guarantee. Commercial letters of credit represent a financing transaction by the Group to its customer where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk is limited as the merchandise shipped serves as collateral for the transaction. The Group requires collateral to support credit-related financial instruments when it is deemed necessary. Collateral held varies, but may include deposits held in bank, government securities, and other.

At December 31, 2006, the top ten guarantees accounted for 53.8% (2005: 61.7%, 2004: 70.3%) of total financial guarantees and represented 19.1% (2005: 34.0%, 2004: 62.3%) of the Group's total equity.

At December 31, 2006, the top ten letters of credit accounted for 97.5% (2005: 63.5%, 2004: 80.7%) of total commercial letters of credit and represented 21.1% (2005: 8.4%, 2004: 22.4%) of the Group's total equity.

Trust activities

The Group provides fiduciary services to third parties which involve the Group making allocation, purchase and sales decisions in relation to the trust funds. Those funds, that are held in a fiduciary capacity, are not included in these consolidated financial statements. As at December 31, 2006, such funds amounted to KZT 19,681,313 (2004 and 2005: nil).

Cash flow securitization program

In accordance with the cross-border future flow securitization program (the "Program"), the Group attracted a loan in the amount of USD 100 million at 3 month USD Libor+1.8% per annum, with the maturity date on April 15, 2011, and the principal repayment grace period of two years with equal quarterly repayments thereafter. Under the Program, the ultimate creditor will have primary rights on the Group's nostro accounts with the Bank of New York, American Express Bank Limited (New York) and Citibank N.A. (New York) to the extent of the required amount for the next scheduled payment.

*(Thousands of Kazakh tenge)***22. Fee and commission income**

Fees and commissions income for the year ended December 31 comprised the following:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
Cash operations	1,528,004	807,631	480,589
Settlement operations	1,337,058	1,009,357	690,824
Foreign currency trading	584,569	434,099	334,779
Guarantees	572,366	458,198	385,934
Debit / Credit cards	443,653	251,009	199,113
Cash collections	66,439	6,654	25,779
Custodian activity	114,403	14,488	33,119
Pension Fund management fee	100,327	-	-
Project management	71,147	49,467	48,196
Bank references	29,044	14,492	11,649
Reinsurance commission	16,879	26,506	26,177
Other	212,016	118,408	113,068
Fee and commission income	5,075,905	3,190,309	2,349,227

Fee and commission expense for the year ended December 31, comprised the following:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
Debit / credit cards	(140,218)	(143,506)	(115,739)
Settlement operations	(115,651)	(95,956)	(75,704)
Reinsurance commission	(41,336)	(48,343)	(73,276)
Foreign currency banknote transactions	(35,187)	(41,977)	(20,426)
Securities	(60,852)	(36,215)	(29,640)
Guarantees	(21,435)	(678)	(1,739)
Custodian services	(6,977)	(617)	(22,198)
Other	(34,024)	(26,622)	(40,699)
Fee and commission expense	(455,680)	(393,914)	(379,421)

23. Insurance underwriting income

Insurance underwriting income, for the year ended December 31 comprises the following:

	<i>2006</i>	<i>2005</i>	<i>2004</i>
Insurance premiums written, gross	5,368,654	5,261,030	1,245,081
Ceded reinsurance share	(3,838,276)	(3,999,170)	(240,709)
Change in unearned insurance premiums, net	(253,065)	(251,896)	(194,090)
	1,277,313	1,009,964	810,282

*(Thousands of Kazakh tenge)***24. Salaries and administrative and other operating expenses**

Salaries and administrative and other operating expenses comprise:

	<i>2006</i>	<i>2005</i> <i>(restated)</i>	<i>2004</i>
Salaries and bonuses	(4,760,524)	(2,962,809)	(2,220,820)
Salary costs	(535,185)	(339,090)	(208,898)
Other payments	(128,558)	(88,924)	(51,707)
Salaries and benefits	(5,424,267)	(3,390,823)	(2,481,425)
Advertising	(632,524)	(535,795)	(231,593)
Leasing expenses	(490,865)	(311,765)	(236,931)
Communications	(326,416)	(267,188)	(241,777)
Maintenance and repairs	(372,863)	(233,251)	(163,354)
Stationary, publications and training	(301,584)	(180,030)	(92,815)
Business trip expenses	(280,113)	(222,809)	(145,950)
Transport expenses	(102,850)	(71,960)	(45,586)
Charity	(138,820)	(41,766)	(23,421)
Insurance expenses	(98,362)	(80,496)	(60,699)
Professional services	(70,188)	(95,049)	(25,301)
Security systems and guards	(70,123)	(43,462)	(29,900)
Hospitality expenses	(59,656)	(54,074)	(34,388)
Loss from sale of premises and equipment	(35,014)	(6,177)	(9,333)
Other	(485,810)	(291,432)	(409,820)
Administrative and other operating expenses	(3,465,188)	(2,435,254)	(1,750,868)

The Group does not have pension arrangements separate from the State pension system of the Republic of Kazakhstan. This system requires current contributions by the employer calculated as a percentage of current gross salary payments and a contribution withheld from employees; such expense is charged to the consolidated statement of income in the period the related compensation is earned by the employee.

The Bank paid KZT 333,053 as a contribution to the Pension Fund during 2006 (2005 and 2004: KZT 200,542 and KZT 163,572, respectively).

25. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net income for the year attributable to equity holders of the parent by the weighted average number of participating shares outstanding during the year. The Bank does not have any options or convertible debt or equity instruments.

The following reflects the income attributable to equity holders of the parent and share data used in the basic and diluted earnings per share computations:

	<i>2006</i>		<i>2005</i>		<i>2004</i>	
Net income attributable to equity holders of the parent	4,262,677		3,804,878		2,319,842	
Weighted average number of participating shares	common shares	preferred shares	common shares	preferred shares	common shares	preferred shares
Weighted average number of participating shares	19,596,796	3,988,962	14,241,681	2,995,001	8,437,468	1,900,000
Basic and diluted earnings per share, (Tenge)	181	181	221	221	224	224

Participating shares comprise common shares and preferred shares that have the right to participate equally with common shares in net income distribution.

(Thousands of Kazakh tenge)

26. Financial risk management

Management of risk is fundamental to the 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, liquidity and market movements in interest and foreign exchange rates. A summary description of the Group's risk management policies in relation to those risks follows.

Credit risk

The Group is exposed to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to industry and geographical segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk by borrower and by industry sector are approved monthly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures which are set by the Credit Committee which meets once a week. Actual exposures against limits are monitored daily. The maximum credit exposure, ignoring the fair value of any collateral, in the event other parties failed to meet their obligations under financial instruments is equal to the carrying value of financial asset as presented in these consolidated financial statements and disclosed financial commitments.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Credit-related commitments ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are frequently fully or partially covered by the funds deposited by customers and therefore, to extent covered by customer deposits, bear no credit risk.

With respect to undrawn loan commitments the Group is potentially exposed to loss in an amount equal to the total amount of such commitments. However, the likely amount of loss is less than that, since most commitments are contingent upon certain conditions set out in the loan agreements.

*(Thousands of Kazakh tenge)***Geographical Concentration**

The geographical concentration of Group's monetary assets and liabilities were as follows at December 31:

2006

	<i>Kazakhstan</i>	<i>OECD</i>	<i>Other non-OECD</i>	<i>Total</i>
Cash and cash equivalents	102,736,980	47,396,085	2,450,649	152,583,714
Obligatory reserves	65,424,452	-	39,240	65,463,692
Amounts due from credit institutions	63,005,678	7,699,598	1,152,411	71,857,687
Financial assets at fair value through profit and loss	73,940,065	95,425,865	283,271	169,649,201
Available-for-sale investments	10,144,622	10,785,106	527,196	21,456,924
Securities pledged under repurchased agreements	1,300,690	12,787,882	-	14,088,572
Loans to customers	529,259,568	-	9,255,979	538,515,547
Insurance reserve, reinsurance share	5,255,816	-	-	5,255,816
Current tax assets	621,024	-	-	621,024
Other assets	2,652,883	1,332,711	771,003	4,756,597
	854,341,778	175,427,247	14,479,749	1,044,248,774
Amounts due to the Government and the NBRK	3,682,363	-	-	3,682,363
Amounts due to credit institutions	144,951,390	300,225,070	4,614,414	449,790,874
Amounts due to customers	356,137,043	-	4,242,758	360,379,801
Insurance reserves	6,300,991	-	-	6,300,991
Debt securities issued	4,512,069	133,041,447	54,794	137,608,310
Subordinated debt	17,620,278	12,485,285	-	30,105,563
Deferred tax liabilities	227,482	-	-	227,482
Provisions	521,065	-	-	521,065
Other liabilities	1,328,752	84,155	83,679	1,496,586
	535,281,433	445,835,957	8,995,645	990,113,035
Net position	319,060,345	(270,408,710)	5,484,104	54,135,739

*(Thousands of Kazakh tenge)***2005**

	Kazakhstan	OECD	Other non-OECD	Total
Cash and cash equivalents	28,781,748	3,311,618	956,583	33,049,949
Obligatory reserves	4,260,089	-	4,166	4,264,255
Amounts due from credit institutions	641,388	670,165	2,079,825	3,391,378
Financial assets at fair value through profit and loss	23,397,717	2,981,902	-	26,379,619
Available-for-sale investments	15,128,356	17,626,930	260,155	33,015,441
Loans to customers	249,875,037	-	2,648,159	252,523,196
Insurance reserve, reinsurance share	3,537,255	-	-	3,537,255
Current tax assets	488,772	-	-	488,772
Other assets	2,482,712	1,308,666	47,194	3,838,572
	328,593,074	25,899,281	5,996,082	360,488,437
Amounts due to the Government and the NBRK	2,910,588	-	-	2,910,588
Amounts due to credit institutions	29,078,895	60,824,305	90,029	89,993,229
Amounts due to customers	114,331,162	-	2,350,693	116,681,855
Debt securities issued	4,531,640	93,898,205	-	98,429,845
Subordinated debt	17,777,377	-	2,097	17,779,474
Insurance reserves	4,217,523	-	-	4,217,523
Provisions	283,270	-	-	283,270
Other liabilities	1,143,703	383,326	45,398	1,572,427
	174,274,158	155,105,836	2,488,217	331,868,211
Net position	154,318,916	(129,206,555)	3,507,865	28,620,226

2004

	Kazakhstan	OECD	Other non-OECD	Total
Cash and cash equivalents	4,404,706	9,314,205	328,969	14,047,880
Obligatory reserves	2,389,710	-	-	2,389,710
Amounts due from credit institutions	1,939,181	-	1,573,107	3,512,288
Financial assets at fair value through profit and loss	8,650,301	-	-	8,650,301
Available-for-sale investment	-	707,475	-	707,475
Held-to-maturity investments	22,999,732	3,008,388	-	26,008,120
Loans to customers	117,593,555	-	-	117,593,555
Insurance reserve, reinsurance share	156,257	-	-	156,257
Current tax assets	180,294	-	-	180,294
Deferred tax assets	514,982	-	-	514,982
Other assets	1,449,118	162,282	141,312	1,752,712
	160,277,836	13,192,350	2,043,388	175,513,574
Amounts due to the Government and the NBRK	3,340,948	-	-	3,340,948
Amounts due to credit institutions	8,290,062	30,396,449	76,195	38,762,706
Amounts due to customers	68,746,828	-	-	68,746,828
Debt securities issued	4,533,136	38,774,001	-	43,307,137
Subordinated debt	259,695	-	-	259,695
Insurance reserves	515,510	-	-	515,510
Provisions	253,679	-	-	253,679
Other liabilities	535,404	-	-	535,404
	86,475,262	69,170,450	76,195	155,721,907
Net position	73,802,574	(55,978,100)	1,967,193	19,791,667

The above tables do not include the effect of allowances for impairment of loans, due from credit institutions and other assets totaling KZT 14,941,051, KZT 7,811,255 and KZT 5,574,255 as at December 31, 2006, 2005 and 2004 respectively.

*(Thousands of Kazakh tenge)***Currency risk**

The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currencies (primarily USD), by branches and in total. These limits also comply with the minimum requirements of the NBRK. The Group's exposure to foreign currency exchange rate risk is as follows.

The Group's monetary assets and liabilities were denominated as follows at December 31:

2006

	<i>KZT</i>	<i>Freely convertible currencies</i>	<i>Other foreign currencies</i>	<i>Total</i>
Cash and cash equivalents	97,505,180	52,867,624	2,210,910	152,583,714
Obligatory reserves	65,424,452	-	39,240	65,463,692
Amounts due from credit institutions	62,168,436	9,197,366	491,885	71,857,687
Financial assets at fair value through profit and loss	69,589,062	99,776,868	283,271	169,649,201
Available-for-sale investments	10,144,622	10,785,106	527,196	21,456,924
Securities pledged under repurchase agreements	1,300,690	12,787,882	-	14,088,572
Loans to customers	205,156,389	329,044,832	4,314,326	538,515,547
Insurance reserve, reinsurance share	5,255,816	-	-	5,255,816
Current tax assets	621,024	-	-	621,024
Other assets	3,262,532	754,785	739,280	4,756,597
	520,428,203	515,214,463	8,606,108	1,044,248,774
Amounts due to the Government and the NBRK	3,623,463	58,900	-	3,682,363
Amounts due to credit institutions	145,535,225	301,662,839	2,592,810	449,790,874
Amounts due to customers	259,935,259	98,136,951	2,307,591	360,379,801
Insurance reserves	6,300,991	-	-	6,300,991
Debt securities issued	4,512,069	133,041,446	54,795	137,608,310
Subordinated debt	17,620,278	12,485,285	-	30,105,563
Deferred tax liabilities	227,482	-	-	227,482
Provisions	521,065	-	-	521,065
Other liabilities	1,287,109	125,798	83,679	1,496,586
	439,562,941	545,511,219	5,038,875	990,113,035
Net position	80,865,262	(30,296,756)	3,567,233	54,135,739

*(Thousands of Kazakh tenge)***2005**

	<i>KZT</i>	<i>Freely convertible currencies</i>	<i>Other foreign currencies</i>	<i>Total</i>
Cash and cash equivalents	17,920,130	14,285,973	843,846	33,049,949
Obligatory reserves	4,260,089	-	4,166	4,264,255
Amounts due from credit institutions	1,141,388	2,092,634	157,356	3,391,378
Financial assets at fair value through profit and loss	21,128,026	5,251,593	-	26,379,619
Available-for-sale investments	13,708,312	19,046,974	260,155	33,015,441
Loans to customers	78,360,518	173,231,096	931,582	252,523,196
Insurance reserve, reinsurance share	3,537,255	-	-	3,537,255
Current tax assets	488,772	-	-	488,772
Other assets	2,408,674	1,429,898	-	3,838,572
	142,953,164	215,338,168	2,197,105	360,488,437
Amounts due to the Government and the NBRK	2,202,978	707,610	-	2,910,588
Amounts due to credit institutions	9,244,443	80,744,344	4,442	89,993,229
Amounts due to customers	77,047,937	37,958,192	1,675,726	116,681,855
Debt securities issued	4,531,640	93,898,205	-	98,429,845
Subordinated debt	17,502,223	277,251	-	17,779,474
Insurance reserves	4,217,523	-	-	4,217,523
Provisions	283,270	-	-	283,270
Other liabilities	1,006,143	523,089	43,195	1,572,427
	116,036,157	214,108,691	1,723,363	331,868,211
Net position	26,917,007	1,229,477	473,742	28,620,226

2004

	<i>KZT</i>	<i>Freely convertible currencies</i>	<i>Other foreign currencies</i>	<i>Total</i>
Cash and cash equivalents	2,720,697	10,984,261	342,922	14,047,880
Obligatory reserves	2,389,710	-	-	2,389,710
Amounts due from credit institutions	324,304	3,177,631	10,353	3,512,288
Financial assets at fair value through profit and loss	5,480,615	3,169,686	-	8,650,301
Available-for-sale investments	-	707,475	-	707,475
Held-to-maturity investments	22,999,732	3,008,388	-	26,008,120
Loans to customers	36,562,232	81,031,323	-	117,593,555
Insurance reserve, reinsurance share	156,257	-	-	156,257
Current tax assets	180,294	-	-	180,294
Deferred tax assets	514,982	-	-	514,982
Other assets	1,628,885	6,844	116,983	1,752,712
	72,957,708	102,085,608	470,258	175,513,574
Amounts due to the Government and the NBRK	2,370,628	970,320	-	3,340,948
Amounts due to credit institutions	3,928,834	34,785,689	48,183	38,762,706
Amounts due to customers	39,130,658	29,320,286	295,884	68,746,828
Debt securities issued	4,533,136	38,774,001	-	43,307,137
Subordinated debt	-	259,695	-	259,695
Insurance reserves	515,510	-	-	515,510
Provisions	253,679	-	-	253,679
Other liabilities	532,524	2,880	-	535,404
	51,264,969	104,112,871	344,067	155,721,907
Net position	21,692,739	(2,027,263)	126,191	19,791,667

The above tables do not include the effect of allowances for impairment of loans, due from credit institutions and other assets totaling KZT 14,941,051, KZT 7,811,255 and KZT 5,574,255 as at December 31, 2006, 2005 and 2004, respectively. A

(Thousands of Kazakh tenge)

substantial portion of the Group's net position in freely convertible currencies is held in USD.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of the financial instruments or the future cash flows on financial instruments. The interest rate policy of the Group is reviewed and approved by the Board of Directors.

The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off balance sheet instruments that mature or reprice in a given period. The Group manages this risk by matching the repricing of assets and liabilities through risk management strategies.

The interest rates earned and incurred by the Group on its assets and liabilities are disclosed in the relevant notes to the financial statements.

A significant portion of the Group's assets and liabilities reprice within one year. In addition, in accordance with the contractual terms with its customers, the Group is entitled to reprice a significant portion of its assets and liabilities that mature after one year. Accordingly there is a limited exposure to fair value interest rate risk. As at December 31, the effective average interest rates by currencies for interest generating/ bearing monetary financial instruments were as follow:

	2006		2005		2004	
	<i>KZT</i>	<i>Foreign currency</i>	<i>KZT</i>	<i>Foreign currency</i>	<i>KZT</i>	<i>Foreign currency</i>
Cash and cash equivalents	4.0%	5.0%	6.0%	7.0%	3.0%	4.0%
Amounts due from credit institutions	3.9%	4.7%	5.1%	4.8%	4.3%	5.1%
Financial assets at fair value through profit and loss	4.7%	3.4%	3.1%	4.7%	5.1%	6.3%
Available-for-sale investments securities	4.3%	5.1%	3.5%	4.3%	-	4.1%
Held-to-maturity investment securities	-	-	-	-	3.7%	3.2%
Loans to customers	13.0%	13.4%	13.3%	12.2%	13.1%	13.9%
Amounts due to the Government and the NBRK	3.6%	4.9%	3.3%	4.8%	3.1%	4.3%
Amounts due to credit institutions	5.5%	7.5%	2.9%	4.2%	3.9%	4.0%
Amounts due to customers	4.1%	5.3%	4.8%	6.1%	3.4%	5.1%
Debt securities issued	8.5%	9.3%	8.5%	9.1%	8.4%	5.7%
Subordinated debts	8.5%	9.0%	8.5%	8.5%	-	7.1%

The Group monitors its interest rate margins on a regular basis and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk.

(Thousands of Kazakh tenge)

The table below summarizes the Group's exposure to interest rate risk as at December 31, 2006. Included in the table are the Group's monetary assets and liabilities at carrying amounts, classified by the earlier of contractual repricing or maturity dates.

2006

	<i>On demand</i>	<i>Up to 1 month</i>	<i>1 to 3 months</i>	<i>3 months to 1 year</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Cash and cash equivalents	77,681,011	74,902,703	-	-	-	-	152,583,714
Obligatory reserves	11,046,911	6,440,005	5,078,937	17,393,313	22,121,366	3,383,160	65,463,692
Amounts due from credit institutions	-	60,729,079	2,567,053	7,925,676	635,879	-	71,857,687
Financial assets at fair value through profit or loss	-	79,726,576	19,153,669	38,998,941	16,371,688	15,398,327	169,649,201
Available-for-sale investments	-	417,925	-	655,032	14,724,299	5,659,668	21,456,924
Securities pledged under the repurchased agreements	-	-	-	1,262,098	5,812,684	7,013,790	14,088,572
Loans to customers	-	5,621,202	13,616,324	123,287,765	258,475,439	137,514,817	538,515,547
Reserves for insurance claims, reinsurance share	5,255,816	-	-	-	-	-	5,255,816
Current tax assets	-	-	-	621,024	-	-	621,024
Other asset	-	2,385,439	236,653	765,373	679,334	689,798	4,756,597
	93,983,738	230,222,929	40,652,636	190,909,222	318,820,689	169,659,560	1,044,248,774
Amounts due the Government and the NBRK	-	5,308	1,026,444	2,093,460	557,151	-	3,682,363
Amounts due to credit institutions	1,999,995	102,869,523	39,913,969	157,403,250	142,989,020	4,615,117	449,790,874
Amounts due to customers	70,770,208	101,546,229	30,168,464	46,518,831	97,666,843	13,709,226	360,379,801
Insurance reserves	6,300,991	-	-	-	-	-	6,300,991
Debt securities issued	-	-	39,028	12,520,240	55,517,389	69,531,653	137,608,310
Subordinated debt	-	259,339	-	-	1,140	29,845,084	30,105,563
Deferred tax liabilities	-	-	227,482	-	-	-	227,482
Provisions	-	-	-	521,065	-	-	521,065
Other liabilities	667,393	424,111	292,822	20,108	81,496	10,656	1,496,586
	79,738,587	205,104,510	71,668,209	219,076,954	296,813,039	117,711,736	990,113,035
Net position	14,245,151	25,118,419	(31,015,573)	(28,167,732)	22,007,650	51,947,824	54,135,739
Accumulated gap	14,245,151	39,363,570	8,347,997	(19,819,735)	2,187,915	54,135,739	

*(Thousands of Kazakh tenge)***2005**

	<i>On demand</i>	<i>Up to 1 month</i>	<i>1 to 3 months</i>	<i>3 months to 1 year</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Cash and cash equivalents	29,149,169	3,900,780	-	-	-	-	33,049,949
Obligatory reserves	1,833,629	554,353	255,855	1,066,064	383,782	170,572	4,264,255
Amounts due from Credit institutions	-	65,982	625,135	2,030,096	670,165	-	3,391,378
Financial assets at fair value through profit or loss	-	13,181,205	-	2,568,585	7,514,314	3,115,515	26,379,619
Available-for-sale investments	-	-	303,732	9,678,615	19,262,666	3,770,428	33,015,441
Loans to customers	-	5,465,005	7,182,429	92,010,943	117,124,487	30,740,332	252,523,196
Reserves for insurance claims, reinsurance share	3,537,255	-	-	-	-	-	3,537,255
Current tax assets	-	-	488,772	-	-	-	488,772
Other assets	1,042,144	2,412,921	3,962	24,113	355,432	-	3,838,572
	<u>35,562,197</u>	<u>25,580,246</u>	<u>8,859,885</u>	<u>107,378,416</u>	<u>145,310,846</u>	<u>37,796,847</u>	<u>360,488,437</u>
Amounts due to the Government and the NBRK	-	581	-	317,834	2,592,173	-	2,910,588
Amounts due to credit institutions	-	20,856,094	12,370,565	56,087,764	678,806	-	89,993,229
Amounts due to customers	50,080,310	15,149,153	8,433,242	28,881,387	11,437,315	2,700,448	116,681,855
Debt securities issued	-	204,142	-	-	71,469,231	26,756,472	98,429,845
Subordinated debt	-	-	-	-	277,251	17,502,223	17,779,474
Reserves for insurance claims	4,217,523	-	-	-	-	-	4,217,523
Provisions	-	-	-	283,270	-	-	283,270
Other liabilities	659,130	834,637	1,817	58,986	17,857	-	1,572,427
	<u>54,956,963</u>	<u>37,044,607</u>	<u>20,805,624</u>	<u>85,629,241</u>	<u>86,472,633</u>	<u>46,959,143</u>	<u>331,868,211</u>
Net position	<u>(19,394,766)</u>	<u>(11,464,361)</u>	<u>(11,945,739)</u>	<u>21,749,175</u>	<u>58,838,213</u>	<u>(9,162,296)</u>	<u>28,620,226</u>
Accumulated gap	<u>(19,394,766)</u>	<u>(30,859,127)</u>	<u>(42,804,866)</u>	<u>(21,055,691)</u>	<u>37,782,522</u>	<u>28,620,226</u>	

*(Thousands of Kazakh tenge)***2004**

	<i>On demand</i>	<i>Up to 1 month</i>	<i>1 to 3 months</i>	<i>3 months to 1 year</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Cash and cash equivalents	13,547,255	500,625	-	-	-	-	14,047,880
Obligatory reserves	740,810	645,221	143,382	382,353	358,457	119,487	2,389,710
Amounts due from credit institutions	-	71,855	1,268,769	2,151,664	20,000	-	3,512,288
Financial assets at fair value through profit or loss	-	-	-	1,624,778	6,963,588	61,935	8,650,301
Available-for-sale investments	-	-	-	-	-	707,475	707,475
Held-to-maturity investments	-	319,223	7,271,303	14,084,069	1,021,389	3,312,136	26,008,120
Loans to customers	-	6,416,233	7,479,362	32,655,260	62,341,415	8,701,285	117,593,555
Reserves for insurance claims, reinsurance share	156,257	-	-	-	-	-	156,257
Current tax assets	-	-	180,294	-	-	-	180,294
Deferred tax assets	-	-	-	-	463,600	51,382	514,982
Other assets	197,456	1,390,483	6,382	59,251	33,549	65,591	1,752,712
	14,641,778	9,343,640	16,349,492	50,957,375	71,201,998	13,019,291	175,513,574
Amounts due to the Government and the NBRK	-	22,501	4,390	2,181,045	1,133,012	-	3,340,948
Amounts due to credit institutions	-	-	-	37,856,155	906,551	-	38,762,706
Amounts due to customers	21,132,548	19,346,902	3,907,468	11,763,174	10,979,395	1,617,341	68,746,828
Debt securities issued	-	-	-	-	43,307,137	-	43,307,137
Subordinated debt	-	-	-	-	259,695	-	259,695
Reserves for insurance claims	515,510	-	-	-	-	-	515,510
Provisions	-	-	-	253,679	-	-	253,679
Other liabilities	370,339	139,314	789	9,001	15,961	-	535,404
	22,018,397	19,508,717	3,912,647	52,063,054	56,601,751	1,617,341	155,721,907
Net position	(7,376,619)	(10,165,077)	12,436,845	(1,105,679)	14,600,247	11,401,950	19,791,667
Accumulated gap	(7,376,619)	(17,541,696)	(5,104,851)	(6,210,530)	8,389,717	19,791,667	

*(Thousands of Kazakh tenge)***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. 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 the 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.

The following tables provide an analysis of banking assets and liabilities grouped on the basis of the remaining period from the balance sheet date to the contractual maturity date.

The contractual maturities of monetary assets and liabilities at December 31 were as follows:

2006

	<i>On demand</i>	<i>Up to 1 month</i>	<i>1 to 3 month</i>	<i>3 month to 1 year</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Cash and cash equivalents	77,681,011	74,902,703	-	-	-	-	152,583,714
Obligatory reserves	11,046,911	6,440,005	5,078,937	17,393,313	22,121,366	3,383,160	65,463,692
Amounts due from credit institutions	-	60,729,408	2,567,053	7,852,973	708,253	-	71,857,687
Financial assets at fair value through profit or loss	79,877,553	25,838,012	23,640,621	16,014,602	24,278,413	-	169,649,201
Available-for-sale investments	20,077,436	1,379,488	-	-	-	-	21,456,924
Securities pledged under the repurchased agreements	-	4,005,336	5,022,877	-	5,060,359	-	14,088,572
Loans to customers	-	5,621,202	13,616,324	123,287,765	258,475,439	137,514,817	538,515,547
Insurance reserves, reinsurance share	5,255,816	-	-	-	-	-	5,255,816
Current tax assets	-	-	-	621,024	-	-	621,024
Other assets	-	2,385,439	236,653	765,373	679,334	689,798	4,756,597
	193,938,727	181,301,593	50,162,465	165,935,050	311,323,164	141,587,775	1,044,248,774
Amounts due to the Government and the NBRK	-	5,308	1,026,444	2,093,460	557,151	-	3,682,363
Amounts due to credit institutions	1,999,995	106,209,991	72,285,245	164,182,803	104,008,827	1,104,013	449,790,874
Amounts due to customers	70,770,208	101,546,229	30,168,464	46,518,831	97,666,843	13,709,226	360,379,801
Insurance reserves	6,300,991	-	-	-	-	-	6,300,991
Debt securities issued	-	-	39,028	12,520,240	55,517,389	69,531,653	137,608,310
Subordinated debt	-	259,339	-	-	1,140	29,845,084	30,105,563
Deferred tax liabilities	-	-	227,482	-	-	-	227,482
Provisions	-	-	-	521,065	-	-	521,065
Other liabilities	667,393	424,111	292,822	20,108	81,496	10,656	1,496,586
	79,738,587	208,444,978	104,039,485	225,856,507	257,832,846	114,200,632	990,113,035
Net position	114,200,140	(27,143,385)	(53,877,020)	(59,921,457)	53,490,318	27,387,143	54,135,739
Accumulated gap	114,200,140	87,056,755	33,179,735	(26,741,722)	26,748,596	54,135,739	

*(Thousands of Kazakh tenge)***2005**

	<i>On demand</i>	<i>Up to 1 month</i>	<i>1 to 3 month</i>	<i>3 month to 1 year</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Cash and cash equivalents	29,149,169	3,900,780	-	-	-	-	33,049,949
Obligatory reserves	1,833,629	554,353	255,855	1,066,064	383,782	170,572	4,264,255
Amounts due from credit institutions	-	65,982	625,135	2,030,096	670,165	-	3,391,378
Financial assets at fair value through profit or loss	26,379,619	-	-	-	-	-	26,379,619
Available-for-sale investments	33,015,441	-	-	-	-	-	33,015,441
Loans to customers	-	5,465,005	7,182,429	92,010,943	117,124,487	30,740,332	252,523,196
Insurance reserves, reinsurance share	3,537,255	-	-	-	-	-	3,537,255
Current tax assets	-	-	488,772	-	-	-	488,772
Other assets	1,042,144	2,412,921	3,962	24,113	355,432	-	3,838,572
	<u>94,957,257</u>	<u>12,399,041</u>	<u>8,556,153</u>	<u>95,131,216</u>	<u>118,533,866</u>	<u>30,910,904</u>	<u>360,488,437</u>
Amounts due to the Government and the NBRK	-	581	-	317,834	2,592,173	-	2,910,588
Amounts due to credit institutions	1,316,776	28,904,750	716,640	49,980,954	9,074,109	-	89,993,229
Amounts due to customers	50,080,310	15,149,153	8,433,242	28,881,387	11,437,315	2,700,448	116,681,855
Debt securities issued	-	204,142	-	-	71,469,231	26,756,472	98,429,845
Subordinated debt	-	-	-	-	277,251	17,502,223	17,779,474
Insurance reserves	4,217,523	-	-	-	-	-	4,217,523
Provisions	-	-	-	283,270	-	-	283,270
Other liabilities	659,130	834,637	1,817	58,986	17,857	-	1,572,427
	<u>56,273,739</u>	<u>45,093,263</u>	<u>9,151,699</u>	<u>79,522,431</u>	<u>94,867,936</u>	<u>46,959,143</u>	<u>331,868,211</u>
Net position	<u>38,683,518</u>	<u>(32,694,222)</u>	<u>(595,546)</u>	<u>15,608,785</u>	<u>23,665,930</u>	<u>(16,048,239)</u>	<u>28,620,226</u>
Accumulated gap	<u>38,683,518</u>	<u>5,989,296</u>	<u>5,393,750</u>	<u>21,002,535</u>	<u>44,668,465</u>	<u>28,620,226</u>	

*(Thousands of Kazakh tenge)***2004**

	<i>On demand</i>	<i>Up to 1 month</i>	<i>1 to 3 month</i>	<i>3 month to 1 year</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Cash and cash equivalents	13,547,255	500,625	-	-	-	-	14,047,880
Obligatory reserves	740,810	645,221	143,382	382,353	358,457	119,487	2,389,710
Amounts due from credit institutions	-	71,855	1,268,769	2,151,664	20,000	-	3,512,288
Financial assets at fair value through profit or loss	8,650,301	-	-	-	-	-	8,650,301
Available-for-sale investments	707,475	-	-	-	-	-	707,475
Held-to-maturity	-	319,223	7,271,303	14,084,069	1,021,389	3,312,136	26,008,120
Loans to customers	-	6,416,233	7,479,362	32,655,260	62,341,415	8,701,285	117,593,555
Insurance reserves, reinsurance share	156,257	-	-	-	-	-	156,257
Current tax assets	-	-	180,294	-	-	-	180,294
Deferred tax assets	-	-	-	-	463,600	51,382	514,982
Other assets	197,456	1,390,483	6,382	59,251	33,549	65,591	1,752,712
	23,999,554	9,343,640	16,349,492	49,332,597	64,238,410	12,249,881	175,513,574
Amounts due to the Government and the NBRK	-	22,501	4,390	2,181,045	1,133,012	-	3,340,948
Amounts due to credit institutions	1,329,573	3,752,643	406,184	22,978,695	9,396,154	899,457	38,762,706
Amounts due to customers	21,132,548	19,346,902	3,907,468	11,763,174	10,979,395	1,617,341	68,746,828
Debt securities issued	-	-	-	-	43,307,137	-	43,307,137
Subordinated debt	-	-	-	-	259,695	-	259,695
Insurance reserves	515,510	-	-	-	-	-	515,510
Provisions	-	-	-	253,679	-	-	253,679
Other liabilities	370,339	139,314	789	9,001	15,961	-	535,404
	23,347,970	23,261,360	4,318,831	37,185,594	65,091,354	2,516,798	155,721,907
Net position	651,584	(13,917,720)	12,030,661	12,147,003	(852,944)	9,733,083	19,791,667
Accumulated gap	651,584	(13,266,136)	(1,235,475)	10,911,528	10,058,584	19,791,667	

The above tables do not include the effect of allowances for impairment of loans, due from credit institutions and other assets totaling KZT 14,941,051, KZT 7,811,255 and KZT 5,574,255 as at December 31, 2006, 2005 and 2004 respectively.

The maturity gap analysis does not reflect the historical stability of customers' current accounts, whose liquidation has historically taken place over a longer period than that indicated in the table above.

*(Thousands of Kazakh tenge)***27. Segment information**

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

For management purposes, the Group is organised into the following business segments:

Retail banking - principally handling individual customers' deposits, and providing consumer loans, overdrafts, credit cards facilities and funds transfer facilities;

Corporate banking - principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers; and

The Group's geographical segments are based on the location of the Bank's assets. Income from external customers disclosed in geographical segments is based on the geographical location of its customers.

Primary Segment information- business segments

The following table presents income and profit and certain asset and liability information regarding the Bank's business segments for the year ended 31 December 2006.

2006	<i>Retail Banking</i>	<i>Corporate Banking</i>	<i>Unallocated amounts</i>	<i>Total</i>
Revenues				
Interest income	5,138,802	42,801,558	4,583,352	52,523,712
Gains less losses from financial assets at fair value through profit or loss	-	-	(592,788)	(592,788)
Gains less losses from available-for-sale investment securities	-	-	(15,206)	(15,206)
Share of income of associate	-	44,468	-	44,468
Gains less losses from foreign currencies and dealing profits on precious metals, net	424,747	1,551,359	(109,222)	1,866,884
Fee and commission income	856,744	4,219,161	-	5,075,905
Other operating income	-	-	1,475,035	1,475,035
Total revenues	6,420,293	48,616,546	5,341,172	60,378,011
Expenses				
Interest expense on customers accounts	(3,309,299)	(5,850,642)	-	(9,159,941)
Fee and commission expense	(140,871)	(314,809)	-	(455,680)
Other operating expense	(296,402)	(132,060)	(4,995,805)	(5,424,267)
Provision	(169,917)	(7,245,760)	-	(7,415,677)
Unallocated cost	-	-	(31,105,332)	(31,105,332)
Total expenses	(3,916,489)	(13,543,271)	(36,101,137)	(53,560,897)
Income before income tax expense	2,503,804	35,073,275	(30,759,962)	6,817,117
Income tax expense	-	-	(2,521,707)	(2,521,707)
Net income	2,503,804	35,073,275	(33,281,669)	4,295,410
Total assets	81,667,592	666,573,488	299,097,116	1,047,338,196
Total liabilities	(66,578,836)	(294,322,030)	(629,212,169)	(990,113,035)
Credit related commitments	-	(130,678,102)	-	(130,678,102)
Capital expenditure	-	-	(12,410,474)	(12,410,474)
Depreciation and amortization expense	-	-	(855,772)	(855,772)
Impairment charge to statement of income	(169,917)	(7,245,760)	-	(7,415,677)
Other non-cash income	-	44,468	(405,469)	(361,001)

(Thousands of Kazakh tenge)

2005	<i>Retail Banking</i>	<i>Corporate Banking</i>	<i>Unallocated amounts</i>	<i>Total</i>
Revenues				
Interest income	4,291,783	18,170,960	1,958,668	24,421,4
Gains less losses from financial assets at fair value through profit or loss	-	-	61,470	61,4
Gains less losses from available-for-sale investments securities	-	-	5,040	5,0
Share of income of associate	-	39,708	-	39,7
Gains less losses from foreign currencies and dealing profits on precious metals, net	390,998	848,562	(53,416)	1,186,1
Fee and commission income	457,193	2,733,116	-	3,190,3
Other operating income	-	-	1,595,824	1,595,8
Total revenues	5,139,974	21,792,346	3,567,586	30,499,9
Expenses				
Interest expense on customers accounts	(1,411,852)	(3,734,400)	-	(5,146,2
Fee and commission expense	(143,506)	(250,408)	-	(393,9
Other operating expense	(124,209)	(70,006)	(3,196,608)	(3,390,8
Provision	(80,196)	(2,155,288)	-	(2,235,4
Unallocated cost	-	-	(14,849,954)	(14,849,9
Total expenses	(1,759,763)	(6,210,102)	(18,046,562)	(26,016,4
Income before income tax expense	3,380,211	15,582,244	(14,478,976)	4,483,4
Income tax expense	-	-	(667,931)	(667,9
Net income	3,380,211	15,582,244	(15,146,907)	3,815,5
Total segment assets	41,299,736	240,185,460	77,686,893	359,172,0
Total segment liabilities	(27,059,730)	(89,905,395)	(214,903,086)	(331,868,2
Credit related commitments	-	(50,683,716)	-	(50,683,7
Other segment items				
Capital expenditure	-	-	(2,245,635)	(2,245,6
Depreciation and amortization expense	-	-	(590,023)	(590,0
Impairment charge to statement of income	(80,196)	(2,155,288)	-	(2,235,4
Other non-cash income	-	39,708	(831,235)	(791,5

(Thousands of Kazakh tenge)

2004	<i>Retail Banking</i>	<i>Corporate banking</i>	<i>Unallocated amounts</i>	<i>Total</i>
Revenue				
Interest income	2,077,689	9,100,230	1,465,739	12,643,658
Gains less losses from financial assets at fair value through profit or loss	-	-	455,832	455,832
Gains less losses from available-for-sale investment securities	-	-	15,460	15,460
Share of income of associate	-	49,787	-	49,787
Gains less losses from foreign currencies and dealing profits on precious metals, net	257,056	523,668	(120,266)	660,458
Fee and commission income	348,583	2,000,644	-	2,349,227
Other operating income	-	-	871,034	871,034
Total revenues	2,683,328	11,674,329	2,687,799	17,045,456
Expenses				
Interest expense on customers accounts	(833,108)	(1,961,443)	-	(2,794,551)
Fee and commission expense	-	(379,421)	-	(379,421)
Other operating expense	(117,103)	(56,629)	(2,307,693)	(2,481,425)
Provision	(15,315)	(2,961,752)	-	(2,977,067)
Unallocated costs	-	-	(5,786,256)	(5,786,256)
Total expenses	(965,526)	(5,359,245)	(8,093,949)	(14,418,720)
Income before income tax expense	1,717,802	6,315,084	(5,406,150)	2,626,736
Income tax expense	-	-	(306,894)	(306,894)
Net income	1,717,802	6,315,084	(5,713,044)	2,319,842
Total assets	16,660,564	113,301,654	43,939,678	173,901,896
Total liabilities	(15,047,156)	(53,953,351)	(86,721,400)	(155,721,907)
Credit related commitments	-	(38,110,026)	-	(38,110,026)
Other segment items				
Capital expenditure	-	-	(1,374,922)	(1,374,922)
Depreciation and amortization expense	-	-	(378,321)	(378,321)
Impairment charge to statement of income	(15,315)	(2,961,752)	-	(2,977,067)
Other non-cash income	-	49,787	(549,896)	(500,109)

(Thousands of Kazakh tenge)

Secondary Segment Information- geographical segments

The Group operates in three geographic markets: Kazakhstan, OECD and Non OECD countries. The following tables show the distribution of the Group's external net operating income, total assets and capital expenditure by geographic segments, allocated based on the location in which the transactions and assets are recorded, for the years ended 31 December 2006, 2005 and 2004:

2006	Kazakhstan	OECD	Non OECD	Total
Segment assets	560,807,393	174,094,537	13,339,15	748,241,08
Property and equipment	16,188,418	-	613,71	16,802,10
Obligatory reserves	65,424,452	-	39,24	65,463,69
Other assets	216,038,407	-	792,84	216,831,25
Total assets	858,458,670	174,094,537	14,784,98	1,047,338,19
External revenues	55,475,915	3,851,052	1,051,04	60,378,01
Capital expenditure	(11,921,803)	-	(488,67)	(12,410,47)
Credit related commitments	(130,078,405)	-	(599,69)	(130,678,10)
2005				
Segment assets	251,094,179	24,590,615	5,800,40	281,485,19
Property and equipment	4,993,887	-	246,52	5,240,41
Obligatory reserves	4,260,089	-	4,10	4,264,22
Other assets	68,157,766	-	24,42	68,182,22
Total assets	328,505,921	24,590,615	6,075,52	359,172,08
External revenues	27,979,796	1,699,821	820,28	30,499,90
Capital expenditure	(2,210,867)	-	(34,76)	(2,245,63)
Credit related commitments	(50,484,895)	-	(198,82)	(50,683,71)
2004				
Segment assets	115,031,324	13,030,068	1,900,82	129,962,21
Property and equipment	3,316,174	-	-	3,316,17
Obligatory reserves	2,389,710	-	-	2,389,71
Other assets	38,233,794	-	-	38,233,79
Total assets	158,971,002	13,030,068	1,900,82	173,901,89
External revenues	16,738,479	211,098	95,87	17,045,42
Capital expenditure	(1,374,922)	-	-	(1,374,92)
Credit related commitments	(38,110,026)	-	-	(38,110,02)

28. Fair values of monetary assets and liabilities

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of IAS 32 "Financial Instruments: Disclosure and Presentation". Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties on arm's length conditions, other than in forced or liquidation sale. As no readily available market exists for a large part of the Bank's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and the 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.

Amounts due from and to credit institutions and customers

For assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For the assets and liabilities maturing in over one month, the fair value was estimated as the present value of estimated future cash flows discounted at the appropriate year-end market rates.

(Thousands of Kazakh tenge)

The following table summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's balance sheet at fair value.

	<i>Carrying amount</i>			<i>Fair value</i>		
	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>
Financial assets						
Amounts due from credit institutions	71,857,687	3,391,378	3,511,038	71,932,337	3,576,137	3,840,559
Held-to-maturity investment securities	-	-	26,008,120	-	-	26,147,593
Loans to customers	523,653,161	244,874,389	112,090,157	527,707,952	241,097,912	112,096,500
Financial liabilities						
Amounts due to the Government and the NBRK	3,682,363	2,910,588	3,340,948	3,630,298	2,863,495	3,255,581
Amounts due to credit institutions	449,790,874	89,993,229	38,762,706	447,022,791	88,799,594	37,038,416
Amounts due to customers	360,379,801	116,681,855	68,746,828	358,326,157	114,188,856	67,055,508
Debt securities issued	137,608,310	98,429,845	43,307,137	139,599,475	100,366,640	44,842,806
Subordinated debts	30,105,563	17,779,474	259,695	30,168,135	17,781,741	260,023

29. Capital adequacy

The NBRK requires banks to maintain a capital adequacy ratio of 12% of risk-weighted assets, computed on the basis of statutory accounting. At December 31, 2005 and 2004, the Bank's capital adequacy ratios on this basis exceeded the statutory minimum.

*(Thousands of Kazakh tenge)***30. Related party transactions**

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

At December 31, 2006, 2005 and 2004 the Group had balances with related parties, which comprised the following:

	2006			2005			Shareholders
	Shareholders	Associates	Key management personnel	Shareholders	Associates	Key management personnel	
Loans outstanding, beginning of the period, gross							
	270,035	774,942	362,140	290,035	1,509,224	194,946	
Loans issued during the period	11,348	8,378,273	116,870	-	1,841,757	293,536	
Loans repayment during the period	(64,410)	(4,479,414)	(157,936)	(20,000)	(2,576,039)	(126,342)	
Loans outstanding, ending of the period, gross	216,973	4,673,801	321,074	270,035	774,942	362,140	
Less: allowance for impairment	-	(16,268)	-	-	-	-	
Loans outstanding, net	216,973	4,657,533	321,074	270,035	774,942	362,140	
Interest income on loans	29,203	154,532	31,341	27,613	225,147	31,435	
Impairment of loans	-	-	-	-	-	(134)	
Deposits and current accounts, beginning of the period							
	131,937	306,328	254,820	16,797	285,906	245,853	
Deposits and current accounts received during the period	2,358,753	73,975,515	279,710	214,401	259,863	186,949	
Deposits and current account repaid during the period	(1,455,921)	(833,368)	(337,971)	(99,261)	(239,441)	(177,982)	
Deposits and current accounts, ending of the period	1,034,769	73,448,475	196,559	131,937	306,328	254,820	
Interest expense on deposits	34,310	8,814	8,587	361	13,516	16,476	
Commitments and guarantees issued							
	-	3,703	-	761	248,966	12,791	
Commitments and guarantees received							
	-	634,550	14,834	-	572,360	400	
Fee and commission income							
	-	19	-	-	71	-	

(Thousands of Kazakh tenge)

The remuneration, including related social costs, and bonuses paid to members of the Board of Directors and Management Board for 2006 were KZT 328,652 (2005 : KZT 119,915; 2004: KZT 256, 230) and represented a short-term employee benefits.

Included in the table above are the following transactions with related parties outstanding as at December 31:

- Operations with associates such as: loans - including provisioning matters, interest free financial assistance, deposits placed with the Bank and guarantees and letters of credit to investees, and mutual investments.
- Shareholders, including: loans - including provisioning matters, deposits placed with the Bank, and guarantees and letters of credit.
- Members of Board of Directors, including: loans - including provisioning matters, deposits placed with the Bank, total remuneration paid during the year.

As at December 31, 2006, 2005 and 2004, loans and deposits to and from the related parties were issued / accepted at the following interest rates:

	%
Loans:	
Management	10.0-14.0
Shareholders	10.0-15.0
Associates	10.0-23.0
Deposits:	
Management	2.82-11.2
Shareholders	2.86-8.72
Associates	3-10

31. Subsequent events

ATF Capital B.V., a subsidiary of JSC ATF Bank, issued Notes of USD 450,000 thousand at 9.25% per annum in February 2007 on London Stock Exchange.

On February 16, 2007 the Bank increased its holding in Sohibkorbank OJSC by 10.06% from 24.01% to 35.07% by purchase of shares from existing shareholders for KZT 60,623.

Repo transactions of KZT 68,856,911 were closed during the first decade of 2007, thus, the total assets of the Group decreased by this amount.