JSC SB "KZI Bank"

Financial Statements

for the year ended 31 December 2006

Contents

KPMG

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Independent Auditors' Report

To the Board of Directors and Management Board of JSC SB "KZI Bank"

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 principles used and 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 opinion.

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Opinion

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

Janat Berdalina
Certified Auditor
Managing Partner

Stephen Nye
Audit Partner

KPMG Audit LLC
State licence #0000021 dated 06 December 2006
to conduct audits

14 March 2007

	Notes	2006 KZT'000	2005 KZT'000
Interest income	4	336,270	221,338
Interest expense	4	(6,950)	(3,645)
Net interest income		**329,320**	**217,693**
Fee and commission income	5	136,058	110,793
Fee and commission expense	5	(9,088)	(10,495)
Net fee and commission income		**126,970**	**100,298**
Net foreign exchange income	6	104,830	67,507
Other income		16,240	11,137
Operating income		**577,360**	**396,635**
Impairment (losses)/reversal	7	(7,495)	5,278
General administrative expenses	8	(283,287)	(216,704)
Operating expenses		**(290,782)**	**(211,426)**
Income before taxes		**286,578**	**185,209**
Income tax expense	9	(84,906)	(44,774)
Net income for the year		**201,672**	**140,435**

The financial statements as set out on pages 1 to 33 were approved on 14 March 2007.

Chairman

Bekir Sonmez

Chief Accountant

Zilikha Usenova

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The income statement is to be read in conjunction with the notes to the financial statements.

	Notes	2006 KZT'000	2005 KZT'000
ASSETS			
Cash		349,374	146,251
Correspondent account with the National Bank of the Republic of Kazakhstan		954,040	244,897
Nostro accounts		338,227	500,900
Amounts receivable under reverse repurchase agreements	10	-	204,072
Loans to customers	11	2,374,529	1,490,335
Held-to-maturity investments	12	698,726	1,492,564
Other assets	13	37,751	33,626
Property and equipment	14	678,068	292,691
Intangible assets	15	28,051	32,679
Total Assets		**5,458,766**	**4,438,015**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current accounts and deposits from customers	16	2,750,146	2,118,466
Other liabilities	17	11,379	11,987
Deferred tax liability	18	90,372	655
Total Liabilities		**2,851,897**	**2,131,108**
Shareholders' Equity			
Share capital	19	2,066,287	2,066,287
Reserves for general banking risks		108,656	92,672
Revaluation reserve for property and equipment		214,353	6,836
Retained earnings		217,573	141,112
Total Shareholders' Equity		**2,606,869**	**2,306,907**
Total Liabilities and Shareholders' Equity		**5,458,766**	**4,438,015**
Commitments and contingencies	21, 22		

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The balance sheet is to be read in conjunction with the notes to the financial statements.

	Notes	2006 KZT'000	2005 KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before taxes		286,578	185,209
Adjustments for non-cash items:			
Depreciation and amortisation		24,048	19,656
Net charge/(reversal) for impairment		7,495	(5,278)
Gain on sale of premises and equipment		(12,660)	-
Accruals		(12,182) (1)	(56,728)
Operating income before changes in net operating assets		**293,279**	**142,859**
(Increase)/ decrease in operating assets			
Obligatory reserves		(144,492)	30,457
Placements with banks and other financial institutions		-	(41,506)
Amounts receivable under reverse repurchase agreements		204,072	(204,072)
Loans to customers	20(1)=(911,255)	(899,073) (1)	(883,768)
Other assets		(8,302)	41,221
Increase/(decrease) in operating liabilities			
Amounts payable under repurchase agreements		-	(90,014)
Current accounts and deposits from customers		675,027	1,094,371
Other liabilities		(8,490)	545
Net cash from operating activities before taxes paid		**112,021**	**90,093**
Taxes paid		(84,504)	(41,961)
Cash flows from operations		**27,517**	**48,132**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities		(13,578,921)	(1,435,836)
Proceeds from redemption of investment securities		14,373,189	1,979,365
Purchases of property and equipment		(110,806)	(7,328)
Sales of property and equipment		18,270	-
Purchases of intangible assets		(1,881)	(816)
Cash flows from investing activities		**699,851**	**535,385**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(110,115)	(75,122)
Cash flows from financing activities		**(110,115)**	**(75,122)**
Net increase/ (decrease) in cash and cash equivalents		**617,253**	**508,395**
Effect of changes in exchange rates on cash and cash equivalents		(12,152)	38,350
Cash and cash equivalents at the beginning of the year		860,536	313,791
Cash and cash equivalents at the end of the year	24	**1,465,637**	**860,536**

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The statement of cash flows is to be read in conjunction with the notes to the financial statements.

	Share capital KZT'000	Reserve for general banking risk KZT'000	Revaluation reserve for property and equipment KZT'000	Retained earnings KZT'000	Total KZT'000
Balance as at 1 January 2005	**2,066,287**	**63,696**	**6,836**	**104,775**	**2,241,594**
Net income for the year	-	-	-	140,435	140,435
Dividends declared	-	-	-	(75,122)	(75,122)
Transfer to reserve for general banking risks	-	28,976	-	(28,976)	-
Balance as at 31 December 2005	**2,066,287**	**92,672**	**6,836**	**141,112**	**2,306,907**
Net income for the year	-	-	-	201,672	201,672
Revaluation of property and equipment	-	-	297,721	-	297,721
Deferred tax on revaluation of property and equipment	-	-	(89,316)	-	(89,316)
Disposal of revaluation of property and equipment	-	-	(888)	888	-
Total recognised income for the year					410,077
Dividends declared	-	-	-	(110,115)	(110,115)
Transfer to reserve for general banking risks	-	15,984	-	(15,984)	-
Balance as at 31 December 2006	**2,066,287**	**108,656**	**214,353**	**217,573**	**2,606,869**

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

1 Background

(a) Principal activities

JSC "KZI Bank" (the "Bank") was established in the Republic of Kazakhstan as a closed joint-stock company in 1993 and received a banking licence in Almaty. On 31 January 2005 the Bank was re-registered as a joint-stock company in accordance with the legislation on the Republic of Kazakhstan. The Bank's principal activities consist of accepting deposits, advancing loans and other forms of credit and carrying out operations in foreign currencies and securities. The Bank is regulated by the National Bank of the Republic of Kazakhstan (the "NBRK") and the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Markets and Financial Organisations.

"T. C. Ziraat Bankasi A. S.", Turkey, was the co-founder of the Bank and is the principal shareholder. The conditions for the Bank's establishment, management and organisational structure, within which it must conduct its activities, are regulated by the Charter documents. Details of related party transactions with the Ziraat group are provided in Note 23 to the financial statements.

The average number of people employed by the Bank for 2006 was 76 (2005: 74).

(b) Kazakhstan business environment

In 2006 Standard&Poor's rated the long-term foreign currency rating at "BBB" (2005: "BBB-"), and the long-term rating of borrowings in the national currency at "BBB+" (2005: "BBB"); the short-term ratings of borrowings in the national currency were rated at "A-2" (2005: "A-3") and short-term borrowings in foreign currencies were rated at "A-3" (2005: "A-3"). Also in 2006 Moody's Investors Service rated the long-term debts in foreign currency at "Baa2" (2005: "Baa3") and long-term debts in the national currency at "Baa1" (2005: "Baa1"). In 2006 Fitch rated the long-term borrowings in foreign currency at "BBB" (2005: "BBB") and the long-term borrowings in the national currency at "BBB+" (2005: "BBB+").

The Bank's operations are subject to country risk being the economic, political, and social risks inherent in doing business in Kazakhstan. These risks include matters arising out of the policies of the government, economic conditions, imposition of or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

The accompanying financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Bank. The future business environment may differ from management's assessment.

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2 Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and investment securities available-for-sale are stated at fair value, and land and buildings are revalued periodically.

(c) Functional and Presentation Currency

The national currency of the Republic of Kazakhstan is the Kazakhstan Tenge ("KZT"). Management has determined the Bank's functional currency to be the KZT as it reflects the economic substance of the underlying events and circumstances of the Bank. The KZT is also the Bank's presentation currency for the purposes of these financial statements.

Financial information presented in KZT has been rounded to the nearest thousand.

(d) Use of estimates and judgments

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRS. Actual results could differ from those estimates.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies are described in note 11 –Loans to customers.

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3 Significant accounting policies

The following significant accounting policies have been applied in the preparation of the financial statements. The accounting policies have been consistently applied.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to KZT at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to KZT at the foreign exchange rate reported by the Kazakhstan Stock Exchange at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to KZT at the foreign exchange rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised in the income statement.

The exchange rates at year-end used by the Bank in the preparation of the financial statements are as follows at 31 December:

Currency	2006	2005
1 USD	127.00	133.98
1 Euro	167.12	158.99

(b) Cash and cash equivalents

The Bank considers cash, correspondent account with the NBRK and nostro accounts with other banks to be cash and cash equivalents. The minimum reserve requirements with the NBRK is not considered to be a cash equivalent due to restrictions on its withdrawn.

(c) Financial instruments

i) Classification

Financial instruments at fair value through profit or loss are financial assets or liabilities that are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- a derivative (except for a derivative that is a designated and effective hedging instrument); or,
- upon initial recognition, designated by the entity as at fair value through the profit or loss.

All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as an asset. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as a liability.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Bank intends to sell immediately or in the near term, those that the Bank upon initial recognition designates as at fair value through profit or loss, or those which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

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3 Significant accounting policies, continued

(c) Financial instruments, continued

i) Classification, continued

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity, other than those that the Bank upon initial recognition designates as at fair value through profit or loss, those that the Bank designates as available-for-sale, or those that meet the definition of loans and receivables.

Available-for-sale assets are those financial assets that are designated as available for sale or are not classified as loans and receivables, held to maturity investments or financial instruments at fair value through profit or loss.

ii) Recognition

Financial assets and liabilities are recognised in the balance sheet when the Bank becomes a party to the contractual provisions on the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

iii) Measurement

A financial asset or liability is initially measured at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for: loans and receivables which are measured at amortised cost using the effective interest method; and held to maturity assets which are measured at amortised cost using the effective yield method. All financial liabilities are measured at amortised cost. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Bank would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

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3 Significant accounting policies, continued

(c) Financial instruments, continued

v) Gains and losses on subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or liability is recognised as follows: a gain or loss on a financial instrument classified as at fair value through profit or loss is recognised in the income statement; a gain or loss on an available-for-sale financial asset is recognised directly in equity through the statement of changes in shareholders' equity (except for impairment losses and foreign exchange gains and losses) until the asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Interest in relation to an available-for-sale financial asset is recognised as earned in the income statement calculated using the effective interest method.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in the income statement when the financial asset or liability is derecognised or impaired, and through the amortisation process.

vi) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Bank transfers substantially all of the risks and rewards of ownership of the financial asset. Any rights or obligations created or retained in the transfer are recognised separately as assets or liabilities. A financial liability is derecognised when it is extinguished.

vii) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase ("repo") agreements are accounted for as secured financing transactions, with the securities retained in the balance sheet and the counterparty liability included in amounts payable under repurchase agreements, as appropriate. The difference between the sale and repurchase price represents interest expense and is recognised in the (consolidated) income statement over the terms of the repo agreement.

Securities purchased under agreements to resell ("reverse repo") are recorded as amounts receivable under reverse repurchase agreements as appropriate. The differences between the sale and repurchase prices are treated as interest and accrued over the life of the reverse repo agreement using the effective interest method.

iix) Offsetting

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

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3 Significant accounting policies, continued

(d) Property and equipment

i) Owned assets

Items of property and equipment are stated at cost, except land and buildings, which are accounted for at re-valued amounts, less accumulated depreciation.

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

ii) Revaluation

Land and buildings are re-valued on a regular basis. The regularity of revaluations depends on the magnitude of changes in the fair value of assets. A revaluation increase is recognised directly in equity of the balance sheet, except to the extent that it reverses a previous revaluation decrease recognised in the income statement, in which case it is recognised in the income statement. A revaluation decrease is recognised in the income statement except to the extent that it reverses a previous revaluation increase recognised directly in equity, in which case it is recognised directly in equity.

iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

Buildings	20 to 50 years
Computer equipment	3 years
Vehicles	7 to 15 years
Other	5 to 20 years

(e) Intangible assets

Intangible assets consist of software acquired by the Bank, which is stated at cost less accumulated amortisation.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life of intangible assets is 5 to 7 years.

3 Significant accounting policies, continued

(f) Impairment

The carrying amounts of the Bank's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

i) *Financial assets carried at amortised cost*

Financial assets carried at amortised cost consist principally of loans and other receivables ("loans and receivables"). The Bank reviews its loans and receivables to assess impairment on a regular basis. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan or receivable and that event (or events) has an impact on the estimated future cash flows of the loan that can be reliably estimated.

The Bank first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivable's original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of an impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there are few available historical data relating to similar borrowers. In such cases, the Bank uses its experience and judgement to estimate the amount of any impairment loss.

All impairment losses in respect of loans and receivables are recognised in the income statement and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

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3 Significant accounting policies, continued

(f) Impairment, continued

ii) *Financial assets carried at cost*

Financial assets carried at cost include unquoted equity instruments included in available-for-sale assets that are not carried at fair value because their fair value can not reliably measured. If there is objective evidence that such investments are impaired the impairment loss is calculated as the different between the carrying amount of the investment and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

All impairment losses in respect of these investments are recognised in the income statement and can not be reversed.

iii) *Non-financial assets*

Other non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in the income statement and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Provisions

A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(h) Dividends

Subject to specific provisions contained with the Charter and the legislation of the Republic of Kazakhstan, the Shareholder may approve the payment of an annual or an interim dividend whenever the financial position of the Bank justifies such payment in the opinion of the Shareholder.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

3 Significant accounting policies, continued

(i) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Interest income and expenses

Interest income and expense is recognised in the income statement as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income and expense includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(k) New accounting policies adopted

As at 31 December 2006, the Bank adopted the amendment to International Financial Reporting Standard IAS 39 Financial Instruments: Recognition and Measurement – The Fair Value Option. Upon application of this amendment, the Bank may designate a financial instrument at fair value through profit or loss only if certain conditions are met. Application of this amendment did not have any impact on the financial statements of the Bank.

Also, as at 31 December 2006, the Bank adopted the amendment to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 4 Insurance Contracts – Financial Guarantee Contracts. The amendment is effective for annual periods beginning on or after 1 January 2006. The amendment requires guarantees that are not insurance contracts to be measured at fair value upon initial recognition. Application of this amendment did not have a significant impact on the financial statements of the Bank.

3 Significant accounting policies, continued

(l) New Standards and Interpretations not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 31 December 2006, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Bank's operations. The Bank plans to adopt these pronouncements when they become effective. The Bank has not yet analysed the likely impact of the new standards on its financial statements.

- IFRS 7 *Financial Instruments: Disclosures,* which is effective for annual periods beginning on or after 1 January 2007. The Standard will require increased disclosure in respect of the Bank's financial instruments.

- Amendment to IAS 1 *Presentation of Financial Statements – Capital Disclosures,* which is effective for annual periods beginning on or after 1 January 2007. The Standard will require increased disclosure in respect of the Bank's capital.

- IFRIC 9 *Reassessment of Embedded Derivative* requires that a reassessment of whether an embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9 becomes mandatory for the Bank's 2007 financial statements.

4 Net interest income

	2006 KZT '000	2005 KZT '000
Interest income		
Loans to customers	284,587	159,553
Held-to-maturity investments	34,687	56,728
Placements with banks and other financial institutions	15,663	2,903
Amounts receivable under reverse repurchase agreements	1,333	2,154
	336,270	**221,338**
Interest expense		
Current accounts and deposits from customers	3,881	3,560
Deposits and balances from banks and other financial institutions	2,935	-
Amounts payable under repurchase agreements	134	85
	6,950	**3,645**

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5 Fee and commission income and expenses

	2006 KZT '000	2005 KZT '000
Fee and commission income		
Transfer operations	89,340	76,340
Account maintenance	31,024	22,597
Guarantees issued	10,246	8,562
Other	5,448	3,294
	136,058	**110,793**
Fee and commission expense		
Payment transfer fees	6,757	7,026
Transactions in foreign currencies	560	751
Brokerage fee	445	640
Other fees	1,326	2,078
	9,088	**10,495**

6 Net foreign exchange income

	2006 KZT '000	2005 KZT '000
Gain on trading in foreign currencies	102,338	73,042
Gain / (loss) from revaluation of financial assets and liabilities	2,492	(5,535)
	104,830	**67,507**

7 Impairment losses / (reversals)

	2006 KZT '000	2005 KZT '000
Loans to customers	4,470	(8,645)
Other assets	3,025	3,367
	7,495	**(5,278)**

8 General administrative expenses

	2006 KZT '000	2005 KZT '000
Employee compensation	141,687	114,432
Administration	25,162	21,630
Depreciation and amortisation	24,048	19,656
Security	15,696	13,793
Taxes other than on income	14,939	13,283
Professional services	12,780	4,603
Communications and information services	9,906	10,143
Expenses on business trips	4,992	870
Repairs	4,829	513
Transport	3,874	1,799
Membership fees/dues	3,037	2,540
Advertising and marketing	2,127	2,494
Representation	1,309	517
Insurance	1,278	298
Other	17,623	10,133
	283,287	**216,704**

9 Income tax expense

	2006 KZT '000	2005 KZT '000
Current tax expense		
Current year	80,508	38,180
Underprovided in prior years	3,997	940
	84,505	**39,120**
Deferred tax expense		
Origination of temporary differences	401	5,654
	401	**5,654**
	84,906	**44,774**

The Bank's applicable tax rate for current and deferred tax is 30% (2005: 30%).

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9 Income tax expense, continued

Reconciliation of effective tax rate:

	2006		2005	
	KZT '000	%	KZT '000	%
Income before income tax	286,578	100.0%	185,209	100.0%
Income tax at the applicable tax rate	85,973	30.0%	55,563	30.0%
Net non-deductible expenses/(non-taxable income)	(5,064)	(1.8%)	(11,729)	(6.3%)
Underprovided in prior years	3,997	1.4%	940	0.5%
	84,906	**29.6%**	**44,774**	**24.2%**

10 Amounts receivable under reverse repurchase agreements

	2006 KZT '000	2005 KZT '000
Amounts receivable from banks and other financial institutions	-	204,001
Accrued interest	-	71
	-	**204,072**

Collateral

As of 31 December 2006 amounts receivable under reverse repurchase agreements were collateralised by the following securities:

	Fair value 2006 KZT '000	Fair value 2005 KZT '000
Kazakh Ministry of Finance bonds	-	217,783
Euronotes	-	4,000
	-	**221,783**

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11 Loans to customers

(a) Industry and geographical analysis of the loan portfolio

Loans and advances to customers are issued primarily to customers located within the Kazakhstan, who operate in the following economic sectors:

	2006 KZT '000	2005 KZT '000
Retail		
Mortgage loans	1,395,918	703,690
Consumers loans	96,125	78,019
Corporate		
Trading enterprises	333,912	343,940
Plastic goods manufacturing	137,424	132,846
Food processing	77,264	22,929
Construction	74,004	128,852
Education and social organisations	66,550	-
Electrical equipment manufacturing	35,898	-
Textile manufacturing	29,033	-
Metal processing	27,359	16,608
Furniture manufacturing	20,465	7,924
Publishing	18,900	-
Other	67,938	65,635
Accrued interest	12,419	3,802
	2,393,209	**1,504,245**
Provision for impairment	(18,680)	(13,910)
	2,374,529	**1,490,335**

(b) Contractually overdue loans

Information in relation to loans with contractually overdue principal or interest as at 31 December 2006 and 2005, is summarised as follows:

	2006 KZT '000	2005 KZT '000
Gross loans with contractually overdue principal or interest	71,811	55,654
Provision for impairment	(18,680)	(13,910)
Net contractually overdue loans recorded in the balance sheet	**53,131**	**41,744**

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11 Loans to customers, continued

(c) Analysis of movements in the provision for impairment

	2006 KZT '000	2005 KZT '000
Balance at the beginning of the year	13,910	21,262
Net charge/(reversal) for the year	4,470	(8,645)
Recovery of loans previously written-off	300	1,293
Balance at the end of the year	**18,680**	**13,910**

The Bank uses its experience and judgment to estimate the amount of impairment loss for loans and advances to customers. The Bank has reviewed its current commercial loan portfolio and has identified loans of KZT 49,921 thousand which display indicators of impairment (2005: KZT 5,090 thousand). The amount of impairment was determined by discounting estimated future cash flows. As at 31 December 2006 the Bank has created a provision for impairment on these loans amounting to KZT 17,895 thousand (2005: KZT 2,613 thousand). Changes in these estimates could effect the loan impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by plus one percent, the loan impairment on loans as of 31 December 2006 would be KZT 8,732 thousand lower / higher (2005: KZT 7,198 thousand).

As for retail loans the Bank estimates potential loan impairment based on its past historical loss experience on contractually overdue loans of KZT 3,140 thousand (2005: KZT 46,552 thousand). As retail lending is relatively new to Kazakhstan, the Bank and the industry have limited historical experience in this type of lending on which to base its provision for impairment. The Bank has created a provision for impairment on these loans amounting KZT 785 thousand (2005: KZT 11,297 thousand). Changes in these estimates could effect the loan impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by minus one percent, the loan impairment on uninsured retail loans as of 31 December 2006 would be KZT 15,013 thousand lower / higher (2005: KZT 7,705 thousand).

(d) Loan maturities

The maturity of the Bank's loan portfolio is presented in note 27, which shows the remaining period from the reporting date to the contractual maturity of the loans comprising the loan portfolio. Due to the short-term nature of the credits issued by the Bank, it is likely that many of the Bank's loans to customers will be prolonged on maturity. Accordingly, the effective maturity of the loan portfolio may be significantly longer than the classification indicated based on contractual terms.

12 Held-to-maturity investments

	2006 KZT '000	2005 KZT '000
Debt instruments – listed		
NBRK notes	697,530	1,491,798
Accrued interest	1,196	766
	698,726	**1,492,564**

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13 Other assets

	2006 KZT '000	2005 KZT '000
Other assets	20,635	14,746
Receivables from sale of foreclosed assets	10,369	10,096
Other equity investments	7,001	7,001
Prepayments	-	5,564
	38,005	**37,407**
Provision for impairment	(254)	(3,781)
	37,751	**33,626**

At 31 December 2006 and 2005, other equity investments consist of ordinary shares of JSC "Kazakhstan Stock Exchange" of KZT 6,601 thousand and Central Depository of KZT 400 thousand. Other equity investments are unquoted and carried at cost.

Analysis of movements in the provision for impairment

	2006 KZT '000	2005 KZT '000
Balance at the beginning of the year	3,781	35,005
Net charge for the year	3,025	3,367
Write-offs	(6,552)	(34,591)
Balance at the end of the year	**254**	**3,781**

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14 Property and equipment

KZT'000	Land	Buildings	Computer equipment	Vehicles	Other	Total
Cost / Revalued amount						
At 1 January 2005	45,080	254,742	13,561	8,297	39,431	361,111
Additions	-	-	4,587	1,473	1,268	7,328
Disposals	-	-	(2,892)	(3,633)	(3,310)	(9,835)
At 31 December 2005	**45,080**	**254,742**	**15,256**	**6,137**	**37,389**	**358,604**
At 1 January 2006	45,080	254,742	15,256	6,137	37,389	358,604
Additions	5,000	86,215	7,708	4,979	6,904	110,806
Disposals	-	(837)	(5,721)	(7,115)	(2,657)	(16,330)
Revaluation	209,520	57,109	-	-	-	266,629
At 31 December 2006	**259,600**	**397,229**	**17,243**	**4,001**	**41,636**	**719,709**
Depreciation						
At 1 January 2005	-	24,791	10,818	5,511	21,490	62,610
Depreciation charge	-	5,665	2,613	1,168	3,692	13,138
Disposals	-	-	(2,892)	(3,633)	(3,310)	(9,835)
At 31 December 2005	**-**	**30,456**	**10,539**	**3,046**	**21,872**	**65,913**
At 1 January 2006	-	30,456	10,539	3,046	21,872	65,913
Depreciation charge	-	9,863	3,490	576	3,610	17,539
Disposals	-	-	(5,718)	(2,343)	(2,659)	(10,720)
Write off of accumulated depreciation on revalued buildings	-	(31,091)	-	-	-	(31,091)
At 31 December 2006	**-**	**9,228**	**8,311**	**1,279**	**22,823**	**41,641**
Carrying value						
At 31 December 2006	**259,600**	**388,001**	**8,932**	**2,722**	**18,813**	**678,068**
At 31 December 2005	45,080	224,286	4,717	3,091	15,517	292,691

Land and buildings were revalued by an independent appraiser as at 31 December 2006 and consequently the value of land and buildings was increased by KZT 297,720 thousand.

The market approach was used as the basis for revaluation. The market approach was based upon an analysis of the results of comparable sales for similar buildings.

The carrying value of property and equipment as at 31 December 2006, if land and buildings would not have been revalued, would be KZT 378,179 thousand.

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15 Intangible assets

KZT'000	**Software**	**Other**	**Total**
Cost			
At 1 January 2005	45,087	7,979	53,066
Additions	578	238	816
Disposals	-	(382)	(382)
At 31 December 2005	**45,665**	**7,835**	**53,500**
At 1 January 2006	45,665	7,835	53,500
Additions	1,881	-	1,881
Disposals	(559)	-	(559)
At 31 December 2006	**46,987**	**7,835**	**54,822**
Amortisation			
At 1 January 2005	11,813	2,872	14,685
Amortisation charge	3,148	3,370	6,518
Disposals	-	(382)	(382)
At 31 December 2005	**14,961**	**5,860**	**20,821**
At 1 January 2006	14,961	5,860	20,821
Amortisation charge	6,354	155	6,509
Disposals	(559)	-	(559)
At 31 December 2006	**20,756**	**6,015**	**26,771**
Carrying value			
At 31 December 2006	**26,231**	**1,820**	**28,051**
At 31 December 2005	30,704	1,975	32,679

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16 Current accounts and deposits from customers

	2006 KZT '000	2005 KZT '000
Current accounts and demand deposits		
- Corporate	1,703,549	1,406,494
- Retail	835,520	382,036
Accrued expense	1,225	1,641
Term deposits		
- Corporate	113,304	138,812
- Retail	96,340	188,316
Accrued expense	208	1,167
	2,750,146	**2,118,466**

(a) Blocked accounts

As of 31 December 2006, the Bank maintained customer deposit balances of KZT 95,362 thousand (2005: KZT 182,552 thousand) which were blocked by the Bank as collateral for loans and guarantees issued by the Bank.

(b) Concentrations of current accounts and customer deposits

As of 31 December 2006 the Bank had one customer whose balances approximated 16% of total customer accounts (2005: 21%). These balances as of 31 December 2006 were KZT 445,585 thousand (2005: 444,235).

17 Other liabilities

	2006 KZT '000	2005 KZT '000
Non-income taxes payable	7,652	266
Accrued expenses	496	-
Income taxes payable	-	10,311
Other liabilities	3,231	1,410
	11,379	**11,987**

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18 Deferred tax liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liabilities as at 31 December 2006 and 2005.

These deductible temporary differences, which have no expiry dates, are listed below at their tax effected accumulated values:

	Assets		Liabilities		Net	
KZT'000	2006	2005	2006	2005	2006	2005
Loans to customers	-	-	(4,237)	-	(4,237)	-
Property and equipment	-	-	(89,323)	(939)	(89,323)	(939)
Intangible assets	639	284	-	-	639	284
Other assets	76	-	-	-	76	-
Other liabilities	2,473	-	-	-	2,473	-
Total deferred tax assets/(liabilities)	**3,188**	**284**	**(93,560)**	**(939)**	**(90,372)**	**(655)**

The rate of tax applicable for deferred taxes was 30% (2005: 30%). Under the amendments to the Tax Code effective from 1 January 2007 the taxable gain on the sale of non-amortisable assets (such as land, construction in progress and fixed assets not used in operating activities) is now defined as the difference between the sales price and the purchase price of those assets. Therefore, starting from 1 January 2007, the temporary difference between the revalued amount of land for financial reporting purposes and its purchase price used for taxation purposes gives rise to a deferred tax liability. This change in the Tax Code was substantively enacted prior to 31 December 2006.

Movement in temporary differences during the year

KZT'000	Balance 1 January2006	Recognised in income	Recognised in equity	Balance 31 December 2006
Loans to customers	-	(4,237)	-	(4,237)
Property and equipment	(939)	932	(89,316)	(89,323)
Intangible assets	284	355	-	639
Other assets	-	76	-	76
Other liabilities	-	2,473	-	2,473
	(655)	**(401)**	**(89,316)**	**(90,372)**

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20 Risk management, continued

(c) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The Bank's liquidity policy is reviewed and approved by the Management Board. For further information on the Bank's exposure to liquidity risk at year end refer to Note 27.

21 Commitments

At any time the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card limits and overdraft facilities.

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years. The Bank also provides guarantees by acting as settlement agent in securities borrowing and lending transactions.

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted.

	2006 KZT '000	2005 KZT '000
Contracted amount		
Guarantees	117,639	231,456
Letters of credit	-	3,396
	117,639	**234,852**
Less cash collateral	(13,662)	(50,647)
	103,977	**184,205**

As of 31 December 2006, approximately 43% of total guarantees issued relate to one customer (2005: 70%).

The total outstanding contractual commitments to extend credit indicated above do not necessarily represent future cash requirements, as many of these commitments may expire or terminate without being funded.

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19 Share capital

At 31 December 2006 and 2005, the authorised, issued and paid share capital comprises 2,066,287 ordinary shares having a par value of 1,000 KZT. Each ordinary share is entitled to one vote and shares equally in dividends declared.

Dividends payable are restricted to the maximum of the retained earnings of the Bank, which are determined according to the legislation of the Republic of Kazakhstan. In 2006, and in accordance with the resolution of a general shareholders' meeting, the Bank declared and paid dividends of KZT 110,115 thousand related to 2005 (2005: KZT 75,122 thousand related to 2004) with dividends per share amounting to KZT 53.29 (2005: KZT 36.36).

20 Risk management

Management of risk is fundamental to the business of banking and is an essential element of the Bank's operations. The major risks faced by the Bank are those related to market risk, which includes price, fair value interest rate and currency risks, credit risk and liquidity risk. These risks are managed in the following manner:

(a) Market risk

i) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the Bank takes a long or short position in a financial instrument.

ii) Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rate. Fair value interest rate risk arises when the actual or forecasted assets of a given maturity period are either greater or less than the actual or forecasted liabilities in that maturity period. For further information on the Bank's exposure to fair value interest rate risk at year end refer to Notes 25 and 26.

iii) Currency risk

The Bank has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. For further information on the Bank's exposure to currency risk at year end refer to Note 28.

The Bank manages its market risk by setting open position limits in relation to financial instrument, interest rate maturity and currency positions which are monitored on a regular basis and reviewed and approved by the Management Board.

(b) Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Bank. The Bank has developed policies and procedures for the management of credit exposures, including guidelines to limit portfolio concentration and the establishment of a Credit Committee, which actively monitors the Bank's credit risk. The Bank's credit policy is reviewed and approved by the Management Board.

20 Risk management, continued

(c) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The Bank's liquidity policy is reviewed and approved by the Management Board. For further information on the Bank's exposure to liquidity risk at year end refer to Note 27.

21 Commitments

At any time the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card limits and overdraft facilities.

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years. The Bank also provides guarantees by acting as settlement agent in securities borrowing and lending transactions.

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted.

	2006 KZT '000	2005 KZT '000
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Guarantees	117,639	231,456
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	117,639	**234,852**
Less cash collateral	(13,662)	(50,647)
	103,977	**184,205**

As of 31 December 2006, approximately 43% of total guarantees issued relate to one customer (2005: 70%).

The total outstanding contractual commitments to extend credit indicated above do not necessarily represent future cash requirements, as many of these commitments may expire or terminate without being funded.

22 Contingencies

(a) Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Bank does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Bank property or relating to Bank operations. Until the Bank obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Bank's operations and financial position.

(b) Litigation

Bank management is unaware of any significant actual, pending or threatened claims against the Bank.

(c) Taxation contingencies

The taxation system in the Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges.

A tax year remains open for review by the tax authorities during the five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in the Kazakhstan that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Kazakhstan tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these IFRS financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

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23 Related party transactions

(a) Control relationships

The Bank's Parent is "T.C. Ziraat Bankasi A.S." Publicly available financial statements are produced by the Bank's parent. The party with ultimate control over the Bank is the Government of the Republic of Turkey.

(b) Transactions with Directors and members of the Management Board

There are no bonus schemes or non-cash benefits provided by the Bank to Directors and members of the Management Board. Total remuneration related to Directors and members of the Management Board included in employee compensation (refer to Note 8) is as follows:

	2006 KZT '000	2005 KZT '000
Members of the Management Board	20,547	21,024
Members of the Board of Directors	7,521	3,595
	28,068	**24,619**

The outstanding balances and average interest rates as of 31 December 2006 and 2005 with members of the Board of Directors and the Management Board are as follows:

	2006 KZT '000	Average Interest Rate	2005 KZT '000	Average Interest Rate
Balance Sheet				
Assets				
Loans to members of the Board of Directors and the Management Board	11,265	9%	4,651	10.4%
Liabilities				
Current accounts and deposits	978	-	-	-

Other amounts included in the income statement in relation to transactions with members of the Board of Directors and the Management Board are as follows:

	2006 KZT '000	2005 KZT '000
Income statement		
Interest income	167	2,122

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23 Related party transactions, continued

(c) Transactions with other entities within the Group

The Group refers to the parent bank and its affiliates. The outstanding balances and the related average interest rates as at 31 December 2006 and 2005 with other Group members which include T.C. Ziraat Bankasi Frankfurt, T.C. Ziraat Bankasi London, T.C. Ziraat Bankasi Moscow, T.C. Ziraat Bankasi Ankara are as follows:

	Parent Bank				Fellow subsidiaries			
	2006 KZT '000	Average interest rate	2005 KZT '000	Average interest rate	2006 KZT '000	Average interest rate	2005 KZT '000	Average interest rate
Assets								
Nostro accounts	54	-	58	-	19,658	-	27,642	-

24 Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flow is composed of the following items:

	2006 KZT '000	2005 KZT '000
Cash	349,374	146,251
Nostro accounts	338,227	500,900
Correspondent account with the National Bank of the Republic of Kazakhstan	954,040	244,897
Obligatory reserve	(176,004)	(31,512)
	1,465,637	**860,536**

Under the legislation of the Republic of Kazakhstan, the Bank is required to maintain obligatory reserves, which are computed as a percentage of certain liabilities of the Bank. Such reserves must be held in either deposits with the NBRK, overnight placements with the NBRK or in physical cash and maintained based on average monthly balances of the aggregate of deposits with the NBRK and physical cash. The use of such funds is, therefore, subject to certain restrictions and excluded from cash and cash equivalents.

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25 Fair value of financial instruments

The estimated fair value of the Bank's financial assets and liabilities, as required to be disclosed by IAS 32 "Financial Instruments: Disclosure and Presentation", are as follows:

	2006 Fair Value KZT'000	2006 Carrying Value KZT'000	2005 Fair Value KZT'000	2005 Carrying Value KZT'000
ASSETS				
Cash	349,374	349,374	146,251	146,251
Correspondent account with the National Bank of the Republic of Kazakhstan	954,040	954,040	244,897	244,897
Nostro accounts	338,227	338,227	500,900	500,900
Amounts receivable under reverse repurchase agreements	-	-	204,072	204,072
Loans to customers	2,393,209	2,374,529	1,496,751	1,490,335
Held-to maturity investment securities	698,726	698,726	1,492,564	1,492,564
Other assets	37,751	37,751	33,626	33,626
LIABILITIES				
Current accounts and deposits from customers	2,748,713	2,750,146	2,126,940	2,118,466
Other liabilities	11,379	11,379	11,987	11,987

The estimated fair values of all other financial assets and liabilities is calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for a similar instruments at the balance sheet date.

The estimates of fair value are intended to approximate the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

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26 Effective interest rates

The table below displays the Bank's interest bearing assets and liabilities as at 31 December 2006 and 2005 and their corresponding effective interest rates as at that date. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	2006		2005	
	Value KZT '000	**Effective interest rates, %**	**Value KZT '000**	**Effective interest rates, %**
Interest Bearing Assets				
Nostro accounts	**338,227**		**500,900**	
- KZT	12,675	0%	12,990	0%
- USD	224,070	1.87%	432,568	1.87%
- Other	101,482	1.87%	55,342	2%
Held-to-maturity investments				
- KZT	**698,726**	**3.375%**	**1,492,564**	**2.31%**
Amounts receivable under reverse repurchase agreements				
-KZT	-	-	**204,072**	**2.16%**
Loans to customers	**2,374,529**		**1,490,335**	
- KZT	1,964,645	14.73%	1,327,165	14.7%
- USD	409,884	13.45%	163,170	14.2%
Interest Bearing Liabilities				
Current accounts and deposits from customers	**2,750,146**		**2,118,466**	
- KZT	1,285,275	2%	1,044,585	0%
- USD	1,345,712	2%	1,018,989	2%
- Other	119,159	0%	54,892	0%

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27 Maturity analysis

The following table shows assets and liabilities by remaining contractual maturity dates as at 31 December 2006:

	Less than 1 month	1 to 3 months	3 months to 1year	1year to 5 years	More than 5 years	No maturity
Assets						
Cash	349,374	-	-	-	-	-
Correspondent account with the National Bank of the Republic of Kazakhstan	778,036	-	-	-	-	176,004
Nostro accounts	326,082	12,145	-	-	-	-
Loans to customers	7,332	76,273	397,256	1,865,277	28,391	-
Held-to-maturity investments	698,726	-	-	-	-	-
Other assets	37,751	-	-	-	-	-
Property and equipment	-	-	-	-	-	678,068
Intangible assets	-	-	-	-	-	28,051
Total assets	**2,197,301**	**88,418**	**397,256**	**1,865,277**	**28,391**	**882,123**
Liabilities						
Current accounts and deposits from customers	2,540,294	102,401	107,451	-	-	-
Other liabilities	11,379	-	-	-	-	-
Deferred tax liabilities	1,784	-	-	4,238	84,350	-
Total liabilities	**2,553,457**	**102,401**	**107,451**	**4,238**	**84,350**	-
Net position as at 31 December 2006	**(356,156)**	**(13,983)**	**289,805**	**1,861,039**	**(55,959)**	**882,123**
Net position as at 31 December 2005	592,455	116,101	456,524	776,833	44,220	320,774

27 Maturity analysis

The following table shows assets and liabilities by remaining contractual maturity dates as at 31 December 2006:

	Less than 1 month	1 to 3 months	3 months to 1year	1year to 5 years	More than 5 years	No maturity	T
Assets							
Cash	349,374	-	-	-	-	-	3
Correspondent account with the National Bank of the Republic of Kazakhstan	778,036	-	-	-	-	176,004	[illegible]
Nostro accounts	326,082	12,145	-	-	-	-	3
Loans to customers	7,332	76,273	397,256	1,865,277	28,391	-	2,3
Held-to-maturity investments	698,726	-	-	-	-	-	6
Other assets	37,751	-	-	-	-	-	[illegible]
Property and equipment	-	-	-	-	-	678,068	6
Intangible assets	-	-	-	-	-	28,051	[illegible]
Total assets	**2,197,301**	**88,418**	**397,256**	**1,865,277**	**28,391**	**882,123**	**5,4**
Liabilities							
Current accounts and deposits from customers	2,540,294	102,401	107,451	-	-	-	2,7
Other liabilities	11,379	-	-	-	-	-	[illegible]
Deferred tax liabilities	1,784	-	-	4,238	84,350	-	[illegible]
Total liabilities	**2,553,457**	**102,401**	**107,451**	**4,238**	**84,350**	**-**	**2,8**
Net position as at 31 December 2006	**(356,156)**	**(13,983)**	**289,805**	**1,861,039**	**(55,959)**	**882,123**	**2,6**
Net position as at 31 December 2005	592,455	116,101	456,524	776,833	44,220	320,774	[illegible]

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28 Currency analysis

The following table shows the currency structure of assets and liabilities at 31 December 2006:

	KZT	USD	Other currencies	Total
	KZT '000	KZT '000	KZT '000	KZT '000
Assets				
Cash	78,489	221,110	49,775	349,374
Correspondent account with the National Bank of the Republic of Kazakhstan	319,054	634,986	-	954,040
Nostro accounts	12,675	224,070	101,482	338,227
Loans to customers	1,964,645	409,884	-	2,374,529
Held-to-maturity investments	698,726	-	-	698,726
Other assets	31,123	6,628	-	37,751
Property and equipment	678,068	-	-	678,068
Intangible assets	28,051	-	-	28,051
Total assets	**3,810,831**	**1,496,678**	**151,257**	**5,458,766**
Liabilities				
Current accounts and deposits from customers	1,285,275	1,345,712	119,159	2,750,146
Other liabilities	6,916	4,425	38	11,379
Deferred tax liabilities	90,372	-	-	90,372
Total liabilities	**1,382,563**	**1,350,137**	**119,197**	**2,851,897**
Net balance sheet position as of 31 December 2006	**2,428,268**	**146,541**	**32,060**	**2,606,869**
Net balance sheet position as of 31 December 2005	2,619,772	(330,999)	18,134	2,306,907

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28 Currency analysis

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