

# **JSC HALYK BANK**

**Interim Financial Information (Unaudited)**

For the six months ended 30 June 2008

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

# JSC HALYK BANK

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# JSC HALYK BANK

## STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2008

The following statement, which should be read in conjunction with independent auditors' responsibilities stated in report on review of interim financial information, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the unaudited interim financial information of JSC Halyk Bank (the "Bank") and its subsidiaries (collectively - the "Group").

Management is responsible for the preparation of interim financial information that presents fairly the financial position of the Group as at 30 June 2008, the results of its operations for the three months and six months periods then ended and its cash flows and changes in equity for the six months ended 30 June 2008, in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34).


In preparing the interim financial information, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IAS 34 has been followed; and
- Preparing the interim financial information on a going concern basis.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the interim financial information of the Group comply with IAS 34;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

On behalf of the Management Board of the Bank:

  
**Grigory A. Marchenko**  
Chairman of the Board

18 August 2008  
Almaty, Kazakhstan



  
**Pavel A. Choussov**  
Chief Accountant

18 August 2008  
Almaty, Kazakhstan



## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Board of Directors of JSC "Halyk Bank":

### Introduction

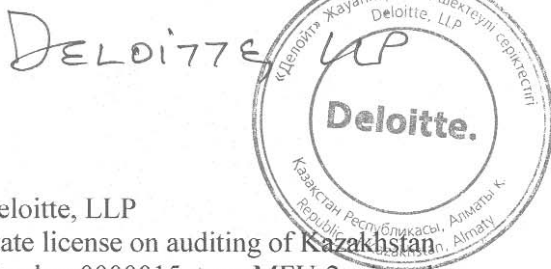
We have reviewed the accompanying interim financial information of JSC "Halyk Bank" and its subsidiaries (collectively - the "Group") which comprises the condensed interim consolidated balance sheet as at 30 June 2008 and the related condensed interim consolidated income statements for the three months and six months then ended, the condensed interim consolidated statements of changes in equity and cash flows for the six months ended 30 June 2008, a summary of significant accounting policies and the related explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.



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

A handwritten signature in black ink, appearing to read "Nurlan Bekenov".

Nurlan Bekenov  
Engagement Partner  
Qualified auditor  
of the Republic of Kazakhstan  
Qualification certificate №0082  
General Director  
Deloitte, LLP



18 August 2008  
Almaty, Kazakhstan

# JSC HALYK BANK

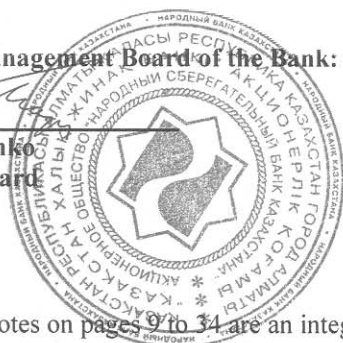
## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008 (UNAUDITED) (Millions of Kazakhstani Tenge)

	Notes	30 June 2008 (Unaudited)	31 December 2007
<b>ASSETS</b>			
Cash and cash equivalents	5	272,349	255,245
Obligatory reserves	6	93,515	87,268
Financial assets at fair value through profit or loss	7	24,590	48,073
Amounts due from credit institutions	8	5,898	3,398
Available-for-sale investment securities	9	106,950	107,839
Loans to customers	10, 29	1,133,401	1,040,273
Property and equipment		28,901	22,766
Goodwill		3,249	3,265
Intangible assets		5,021	3,841
Insurance assets	11	8,728	3,886
Other assets	12	25,687	19,221
<b>TOTAL ASSETS</b>		<b>1,708,289</b>	<b>1,595,075</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Amounts due to customers	13, 29	992,982	935,429
Amounts due to credit institutions	14	229,040	247,452
Financial liabilities at fair value through profit or loss	7	1,280	2,851
Debt securities issued	15	283,869	224,886
Provisions	16	3,609	1,885
Deferred tax liability	17	5,862	3,897
Insurance liabilities	11	12,583	7,389
Other liabilities	18	6,931	10,261
<b>Total liabilities</b>		<b>1,536,156</b>	<b>1,434,050</b>
<b>EQUITY</b>			
Share capital		65,726	65,531
Share premium reserve		1,947	1,952
Treasury shares		(66)	(66)
Retained earnings and other reserves		102,730	92,253
<b>Minority interest</b>		<b>170,337</b>	<b>159,670</b>
<b>Total equity</b>		<b>172,133</b>	<b>161,025</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,708,289</b>	<b>1,595,075</b>

On behalf of the Management Board of the Bank:

Grigory A. Marchenko  
Chairman of the Board

18 August 2008  
Almaty, Kazakhstan



Pavel A. Cheussov  
Chief Accountant

18 August 2008  
Almaty, Kazakhstan



The accompanying notes on pages 9 to 34 are an integral part of this interim financial information

# JSC HALYK BANK

## CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED) (Millions of Kazakhstani Tenge, except earnings per share which is in Tenge)

	Notes	Three months ended 30 June 2008 (Unaudited)	Three months ended 30 June 2007 (Unaudited)	Six months ended 30 June 2008 (Unaudited)	Six months ended 30 June 2007 (Unaudited)
Interest income	20, 29	46,384	29,419	89,603	54,850
Interest expense	20, 29	(25,843)	(13,318)	(49,958)	(24,187)
NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE	20	20,541	16,101	39,645	30,663
Impairment charge	16	(13,558)	(6,163)	(14,959)	(6,169)
NET INTEREST INCOME		6,983	9,938	24,686	24,494
Fee and commission income	21	8,220	7,019	14,389	12,421
Fee and commission expense		(417)	(703)	(741)	(946)
Fees and commission income, net		7,803	6,316	13,648	11,475
Net gains/(losses) from financial assets and liabilities at fair value through profit or loss	22	22	29	(2,551)	(68)
Net gains from available-for-sale investment securities		502	295	445	686
Net gain on foreign exchange operations	23	1,677	3,539	3,176	4,778
Insurance underwriting income	24	2,946	1,581	4,683	2,499
Share of losses of associates		(5)	(8)	(13)	(15)
Other income		1,065	253	1,561	1,029
OTHER NON-INTEREST INCOME		6,207	5,689	7,301	8,909
Operating expenses	25	(10,548)	(7,216)	(20,399)	(15,963)
(Provisions)/recoveries of provisions	16	(556)	335	(1,680)	1,107
Insurance claims incurred, net of reinsurance		(1,446)	(418)	(2,502)	(756)
NON-INTEREST EXPENSES		(12,550)	(7,299)	(24,581)	(15,612)
INCOME BEFORE INCOME TAX EXPENSE		8,443	14,644	21,054	29,266
Income tax expense	17	(2,628)	(3,946)	(5,442)	(7,721)
NET INCOME AFTER INCOME TAX EXPENSE		5,815	10,698	15,612	21,545
Attributable to:					
Minority interest		341	252	439	282
Preferred shareholders		529	1,011	1,467	2,064
Common shareholders		4,945	9,435	13,706	19,199
		5,815	10,698	15,612	21,545
Basic earnings per share (in Kazakhstani Tenge)	26	3.87	9.06	13.77	19.64
Diluted earnings per share (in Kazakhstani Tenge)	26	3.87	6.58	12.87	15.53

On behalf of the Management Board of the Bank:

Grigory A. Marchenko  
Chairman of the Board

18 August 2008  
Almaty, Kazakhstan

Pavel A. Cheussov  
Chief Accountant

18 August 2008  
Almaty, Kazakhstan

The accompanying notes on pages 9 to 34 are an integral part of this interim financial information.

# JSC HALYK BANK

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Common Shares	Share Capital Non-Convertible Preferred Shares	Convertible Preferred Shares	Share Premium Reserve	Treasury Shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property and equipment revaluation reserve*	Retained Earnings*	Total	Minority Interest	Total Equity
31 December 2007	49,824	2,474	13,233	1,952	(66)	78	(371)	278	92,268	159,670	1,355	161,025
Exchange differences on translation of foreign operations	207	-	(15)	-	-	55	-	-	-	247	-	247
Loss on revaluation of available-for-sale investment securities, net of tax of nil tenge	-	-	-	-	-	-	(445)	-	-	(445)	121	(324)
Net income/(loss) recognized directly in equity	207	-	(15)	-	-	55	(445)	-	-	(198)	121	(77)
Transfers (net of any related tax):												
Loss transferred to income statement on sale of available-for-sale investment securities	-	-	-	-	-	-	68	-	-	68	-	68
Release of property and equipment revaluation reserve on disposal of previously revalued assets	-	-	-	-	-	-	-	(24)	24	-	-	-
Net income	-	-	-	-	-	-	-	-	15,173	15,173	439	15,612
Total recognized income and expense	207	-	(15)	-	-	55	(377)	(24)	15,197	15,043	560	15,603
Common shares issued	3	-	-	-	-	-	-	-	-	3	-	3
Treasury shares purchased	-	-	-	(5)	-	-	-	-	-	(5)	-	(5)
Dividends – preferred shares	-	-	-	-	-	-	-	-	(1,679)	(1,679)	-	(1,679)
Dividends – common shares	-	-	-	-	-	-	-	-	(2,695)	(2,695)	-	(2,695)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(119)	(119)
30 June 2008 (unaudited)	50,034	2,474	13,218	1,947	(66)	133	(748)	254	103,091	170,337	1,796	172,133

**JSC HALYK BANK**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED)**  
(Millions of Kazakhstani Tenge)

	Common Shares	Share Capital Non-Convertible Preferred Shares	Convertible Preferred Shares	Share Premium Reserve	Treasury Shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property and equipment revaluation reserve*	Retained Earnings*	Total	Minority Interest	Total Equity
31 December 2006	44,977	2,474	13,233	2,183	(38)	-	258	285	56,193	119,565	1,062	120,627
Exchange differences on translation of foreign operations	-	-	-	-	-	36	-	-	1	37	-	37
Loss on revaluation of available-for-sale investment securities, net of tax of nil tenge	-	-	-	-	-	-	(686)	-	-	(686)	(8)	(694)
Net income/(loss) recognized directly in equity	-	-	-	-	-	36	(686)	-	1	(649)	(8)	(657)
Transfers (net of any related tax)	-	-	-	-	-	-	-	-	-	-	-	-
Loss transferred to income statement on sale of available-for-sale investment securities	-	-	-	-	-	-	540	-	-	540	-	540
Release of property and equipment revaluation reserve on disposal of previously revalued assets	-	-	-	-	-	-	-	(3)	3	-	-	-
Net income	-	-	-	-	-	-	-	-	21,263	21,263	282	21,545
Total recognized income and expense	-	-	-	-	-	36	(146)	(3)	21,267	21,154	274	21,428
Common shares issued	3,632	-	-	-	-	-	-	-	-	3,632	-	3,632
Treasury shares purchased	-	-	-	-	(196)	-	-	-	-	(196)	-	(196)
Dividends – preferred shares	-	-	-	-	-	-	-	-	(1,578)	(1,578)	-	(1,578)
Dividends – common shares	-	-	-	-	-	-	-	-	(2,450)	(2,450)	(150)	(2,600)
Acquisition of minority interest in subsidiary	-	-	-	-	-	-	-	-	-	-	(156)	(156)
30 June 2007 (unaudited)	48,609	2,474	13,233	2,183	-	36	112	282	73,432	140,127	1,030	141,157

\*These amounts are included in Retained Earnings and other reserves in the condensed interim consolidated balance sheet.

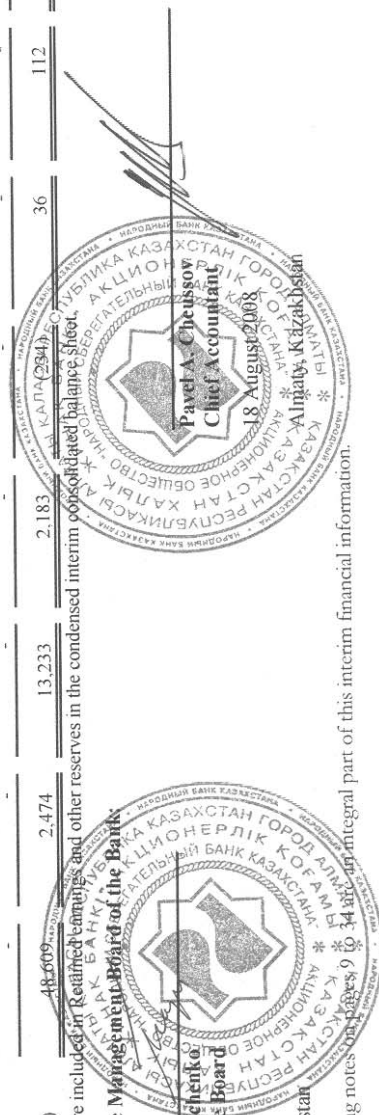
On behalf of the Management Board of the Bank:

Grigory A. Marchenko,  
Chairman of the Board

18 August 2008

Almaty, Kazakhstan

The accompanying notes are an integral part of this interim financial information.





# JSC HALYK BANK

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Income before income tax expense		21,054	29,266
Adjustments for:			
Impairment charge	16	14,959	6,169
Provisions/(recoveries of provisions)	16	1,680	(1,107)
Depreciation and amortization expenses	25	2,251	1,540
Loss/(gain) from disposal of property and equipment and other assets		129	30
Insurance claims incurred, net of reinsurance		2,502	756
Change in unearned insurance premiums reserve, net	11	1,176	478
Net loss from financial assets and liabilities at fair value through profit and loss	22	2,551	68
Other		(312)	15
Unrealized foreign exchange loss/(gain)		262	(1,961)
Cash flows from operating activities before changes in net operating assets		46,252	35,254
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets:			
Obligatory reserves		(6,668)	(19,317)
Financial assets at fair value through profit or loss		20,925	953
Amounts due from credit institutions		(2,558)	(4,126)
Loans to customers		(110,746)	(190,114)
Insurance assets		(6,019)	165
Other assets		(5,956)	(6,743)
Increase/(decrease) in operating liabilities:			
Financial liabilities at fair value through profit or loss		(1,572)	-
Amounts due to customers		62,787	14,071
Amounts due to credit institutions		(16,668)	153,161
Insurance liabilities		2,692	(640)
Other liabilities		(2,786)	5,565
Net cash outflow from operating activities before income taxes		(20,317)	(11,771)
Income tax paid		(5,523)	(6,875)
Net cash outflow from operating activities		(25,840)	(18,646)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase and prepayment for property and equipment and intangible assets		(9,089)	(3,981)
Proceeds on sale of property and equipment		132	256
Proceeds on sale of available-for-sale investment securities		17,008	117,680
Purchase of available-for-sale investment securities		(16,119)	(134,332)
Purchase of minority share of subsidiary		-	(156)
Net cash outflow from investing activities		(8,068)	(20,533)

# JSC HALYK BANK

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED) (Millions of Kazakhstani Tenge)

	Notes	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds on common shares issued		3	3,632
Dividends paid		(4,493)	(4,178)
Purchase of treasury shares		(5)	(196)
Proceeds on debt securities issued		60,160	102,413
Redemption of debt securities issued		(1,301)	-
Net cash inflow from financing activities		54,364	101,671
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		(3,352)	(124)
Net change in cash and cash equivalents		17,104	62,368
CASH AND CASH EQUIVALENTS, beginning of the period		255,245	127,799
CASH AND CASH EQUIVALENTS, end of the period	5	272,349	190,167
<b>SUPPLEMENTARY INFORMATION:</b>			
Interest received		79,281	49,365
Interest paid		52,827	23,687

On behalf of the Management Board of the Bank:

Grigory A. Marchenko  
Chairman of the Board

18 August 2008  
Almaty, Kazakhstan



Pavel A. Cheussov  
Chief Accountant

18 August 2008  
Almaty, Kazakhstan



The accompanying notes on pages 9 to 34 are an integral part of this interim financial information.

# JSC HALYK BANK

## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED)

*(Millions of Kazakhstani Tenge)*

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### 1. PRINCIPAL ACTIVITIES

JSC Halyk Bank (the “Bank”) and its subsidiaries (together the “Group”) provide retail and corporate banking services principally in Kazakhstan, Russia, Kyrgyzstan, Mongolia and Georgia, and pension asset management and insurance services in Kazakhstan. The Bank was incorporated in 1995 and is domiciled in Kazakhstan. The Bank operates under a general banking license renewed by the Agency for Regulation and Supervision of Financial Markets and Financial Organizations of Kazakhstan (“FMSA”) on 30 September 2005. The Bank also possesses licenses for securities operations and custody services from the FMSA, which was renewed on 19 February 2004. The Bank is a member of the obligatory deposit insurance system provided by the JSC Kazakhstani Fund for Deposits Guarantee.

The Bank’s primary business includes originating loans and guarantees, attracting deposits, trading in securities and foreign currencies, executing transfers, cash and credit card operations and rendering other banking services to its customers. In addition, the Bank acts as the government’s agent in channeling various budgetary payments and pensions through its nationwide network.

The Bank has a primary listing with the Kazakhstan Stock Exchange (“KASE”). In addition, certain of the Bank’s debt securities issued are primarily listed on the Luxembourg and London Stock Exchanges. The Bank has also sold Global Depository Receipts (“GDRs”) through a listing on the London Stock Exchange. The Group’s controlling shareholder JSC Holding Group Almex (“Almex”), sold 17.69% of its share in the Group’s equity through the GDR issuance, and obtained the proceeds from this issuance.

As of 30 June 2008, the Bank was controlled by Almex via its 62.09% share in the Bank’s equity (31 December 2007 – 62.08%). The Group is ultimately controlled by Timur Kulibayev and Dinara Kulibayeva.

As at 30 June 2008 the Bank operated through its head office in Almaty and its 22 regional branches, 125 sub-regional offices and 487 cash settlement units (as at 31 December 2007 - 22, 127 and 473, respectively) located throughout Kazakhstan. The address of the Bank’s registered office is: 97 Rozybakiyev Street, Almaty, 050046, Kazakhstan.

The interim financial information of the Group was authorized for issue by the Management Board of the Bank on 18 August 2008.

### 2. BASIS OF PREPARATION

#### Accounting basis

The interim financial information of the Group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The 31 December 2007 consolidated balance sheet was derived from the audited consolidated financial statements but does not include all of the disclosures required by International Financial Reporting Standards (“IFRS”). However, the Group believes that the disclosures are adequate to make the interim financial information presentation not misleading.

Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with IFRS have been omitted or condensed as set out by IAS 34. However, such information reflects all adjustments (consisting of normal recurring adjustments) which are, in the opinion of Group management, necessary to fairly state the results of interim periods. Interim results are not necessarily indicative of results to be expected for the full year.

The interim financial information should be read in conjunction with the consolidated financial statements and with the notes to the consolidated financial statements of the Group for the year ended 31 December 2007.

This interim financial information is presented in millions of Kazakhstani Tenge (“KZT” or “Tenge”), unless otherwise indicated. The interim financial information have been prepared on the accrual basis of accounting under the historical cost convention, except for certain financial instruments that are accounted for at fair value and insurance liabilities which are accounted for based on actuarial calculations and property and equipment which are carried at re-valued cost less depreciation.

### Consolidated Subsidiaries

The interim financial information includes the following subsidiaries:

Subsidiary	Holding, %		Country	Industry
	30 June 2008	31 December 2007		
JSC Halyk Leasing	100	100	Kazakhstan	Leasing
JSC Kazteleport	100	100	Kazakhstan	Telecommunications
HSBK (Europe) B.V.	100	100	Netherlands	Issue and placement of Eurobonds
OJSC Halyk Bank Kyrgyzstan	100	100	Kyrgyzstan	Banking
JSC Halyk Finance	100	100	Kazakhstan	Broker and dealer activities
LLP Halyk Inkassatsiya	100	100	Kazakhstan	Cash collection services
JSC Halyk Life	100	100	Kazakhstan	Life insurance
JSC Halyk Capital	100	100	Kazakhstan	Broker and dealer activities
LLP NBK-Finance	100	100	Russia	Broker and dealer activities
JSC NBK Bank	100	100	Russia	Banking
LLP Halyk Dornod	100	100	Mongolia	Banking
LLP Halyk Astana Dornod	100	100	Mongolia	Broker and dealer activities
JSC Halyk Bank Georgia	100	-	Georgia	Banking
JSC Kazakhinstrakh	97	98	Kazakhstan	Insurance
JSC Accumulated Pension fund of Halyk Bank	85	85	Kazakhstan	Pension assets accumulation and management

During 2007, the Group established two subsidiaries in Mongolia: LLP Halyk Dornod and LLP Halyk Astana Dornod. Share capital of LLP Halyk Dornod and LLP Halyk Astana Dornod is equal to KZT 1.2 million and KZT 102.7 million, respectively. As at 30 June 2008 registered activities of LLP Halyk Dornod include only external and internal trading. LLP Halyk Dornod was registered in accordance with Mongolian law with the purpose of obtaining a license for provision of banking services. LLP Halyk Astana Dornod was registered in accordance with Mongolian law with the purpose of obtaining a license to provide non-banking financial services. On 28 February 2008 LLP Halyk Astana Dornod obtained license to provide non-banking financial services issued by Mongolian financial regulation commission.

In January 2008, the Group established a subsidiary in Georgia - JSC Halyk Bank Georgia. Share capital of JSC Halyk Bank Georgia is equal to KZT 1.2 billion. On 29 January 2008 JSC Halyk Bank Georgia obtained license for providing banking activities issued by National Bank of Georgia.

## Associates

The following associate is accounted for under the equity method:

Associate	Holding, %	Country	Activity	Share in net loss	Total assets	Total liabilities	Equity	Total revenue
<b>As at 30 June 2008 and for the six-month period then ended</b>								
JSC Processing Center	25.14	Kazakhstan	Processing	(13)	563	2	561	40
<b>As at 31 December 2007 and for the year then ended</b>								
JSC Processing Center	25.14	Kazakhstan	Processing	(31)	606	15	591	45

Investments in associates are classified within other assets.

### 3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this interim financial information, the Group has applied the same accounting policies and methods of computation as those applied in the consolidated financial statements of the Group for the year ended 31 December 2007.

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

- IFRS 8 “Operating Segments” - On 30 November 2006, the IASB issued IFRS 8 which requires segmental analysis reported by an entity to be based on information used by management. IFRS 8 is effective for periods beginning on or after 1 January 2009.
- Amendment to International Accounting Standard (“IAS”) 1 “Presentation of Financial Statements” – On 6 September 2007, the International Accounting Standards Board (the “IASB”) issued an amendment to IAS 1 which changes the way in which non-owner changes in equity are required to be presented. It also changes the titles of primary financial statements as they will be referred to in IFRS but does not require that these be renamed in an entity’s financial statements. The Group does not expect the adoption of the amendment to IAS 1 to have an impact on the consolidation financial statements. The amendment to IAS 1 is effective for periods beginning on or after 1 January 2009.
- International Financial Reporting Interpretation Committee (“IFRIC”) 11 “IFRS 2 – Group and Treasury Share Transactions” - On 30 November 2006 IFRIC issued IFRIC 11 which requires that treasury share transactions are treated as equity-settled, and share-based payments involving equity instruments of the parent should be treated as cash-settled. The Group does not expect the adoption of IFRIC 11 to have a material impact on the Group’s profit or loss or financial position. IFRIC 11 is effective for periods beginning on or after 1 March 2007.
- IFRS 3 “Business Combinations” – The IASB published IFRS 3 and related revisions to IAS 27 “Consolidated and Separate Financial Statements” following the completion in January 2008 of its project on the acquisition and disposal of subsidiaries. They are effective for accounting periods beginning on or after 1 July 2009 but may be adopted together for accounting periods beginning on or after 1 January 2007.

#### 4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's interim financial information requires management to make estimates and judgments that affect the reported amount of assets and liabilities at the date of the consolidated financial information and the reported amount of income and expenses during the reporting period. Management evaluates its estimates and judgments on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following estimates and judgments are considered important to the portrayal of the Group's financial condition.

*Allowance for impairment of loans and receivables* – The Group regularly reviews its loans and receivables to assess for impairment. The Group's loan impairment provisions are established to recognize incurred impairment losses in its portfolio of loans and receivables. The Group considers accounting estimates related to allowance for impairment of loans and receivables a key source of estimation uncertainty because (i) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired loans and receivables are based on recent performance experience, and (ii) any significant difference between the Group's estimated losses and actual losses will require the Group to take provisions which, if significantly different, could have a material impact on its future consolidated income statement and its consolidated balance sheet.

The Group uses management's judgment to estimate the amount of any impairment loss in cases where a borrower has financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Group estimates changes in future cash flows based on past performance, past customer behavior, observable data indicating an adverse change in the payment status of borrowers in a group, and 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 Group uses management's judgment to adjust observable data for a group of loans or receivables to reflect current circumstances not reflected in historical data.

The allowances for impairment of financial assets in the interim financial information have been determined on the basis of existing economic and political conditions. The Group is not in a position to predict what changes in conditions will take place in Kazakhstan and what effect such changes might have on the adequacy of the allowances for impairment of financial assets in future periods.

The carrying amount of the allowance for impairment of loans to customers as at 30 June 2008 is KZT 71,340 million (as at 31 December 2007: KZT 56,697 million).

*Taxation* – Kazakhstan tax, currency and customs legislations are subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and state authorities. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar periods proceeding the period of review.

As at 30 June 2008 management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained. Significant additional actual taxes, penalties and interest may be assessed following any challenges by the relevant authorities, which could have a material impact on the Group's reported net income.

*Claims liability and reserves 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 incurred but not reported reserves ("IBNR") claims at the balance sheet date. For certain lines of business, IBNR claims form the majority of the balance sheet claims provision. It can take a significant period of time before the ultimate claims cost can be established with certainty. For hull, property, accident and liability insurance, the Group actuarially determines the liability using past claim settlement trends to predict future claims settlement amounts. In estimating the cost of reported and IBNR claims for certain other lines of business, management applies current government guidance as provided by FMSA, due to the absence of sufficient historical data. Under this guidance, the IBNR reserve is calculated using the expected loss ratio for each line of business, less the cumulative losses actually reported. General insurance claims provisions are not discounted for the time value of money.

The gross reserves for claims and the related receivables for reinsurance recoveries are based on information available to management and the ultimate amounts may vary as a result of subsequent information and events and may result in adjustments to the amounts recovered. Actual claims experience may differ from the historical pattern on which the estimate is based and the cost of settling individual claims may differ from costs previously estimated. Any adjustments to the amount of reserves will be reflected in the interim financial information in the period in which the necessary adjustments become known and estimable.

*Goodwill* – Goodwill is the excess cost of an acquisition over the fair value of its net assets. The determination of fair value of assets and liabilities of businesses acquired requires the exercise of management judgment; for example those financial assets and liabilities for which there are no quoted prices and those non-financial assets where valuations reflect estimates of market conditions. Difference fair values would result in changes to the goodwill arising and to the post-acquisition performance of the acquisition. Goodwill is not amortized but is tested annually or more frequently for impairment if events or changes in circumstances indicated that it might be impaired.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units or groups of cash-generating units expected to benefit from the combination. Goodwill impairment testing involves the comparison of the carrying value of a cash-generating unit or group of cash generating units with its recoverable amount. The recoverable amount is the higher of the unit's fair value and its value in use. Value in use is the present value of expected future cash flows from the cash-generating unit or group of cash-generating units. Fair value is the amount obtainable for the sale of the cash-generating unit in an arm's length transaction between knowledgeable, willing parties.

Impairment testing inherently involves a number of judgmental areas: the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting; the assessment of the discount rate appropriate to the business; estimation of the fair value of cash-generating units; and the valuation of the separable assets of each business whose goodwill is being reviewed.

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<b>30 June 2008 (unaudited)</b>	<b>31 December 2007</b>
Cash on hand	15,321	2,918
<b>Recorded as loans and receivables in accordance with IAS 39:</b>		
Short-term deposits with Organization for Economic Co-operation and Development countries (the "OECD") based banks	137,643	197,654
Overnight deposits with OECD based banks	93,962	41,278
Correspondent accounts with the OECD based banks	9,525	3,101
Deposit pledged as a collateral for derivative instrument transaction	6,055	-
Short-term deposits with Kazakhstan banks	5,501	7,322
Correspondent accounts with non-OECD based banks	4,342	2,972
	<u>272,349</u>	<u>255,245</u>

Interest rates and currencies in which interest earning cash and cash equivalents are denominated are presented as follows:

	<b>30 June 2008 (unaudited)</b>		<b>31 December 2007</b>	
	<b>KZT</b>	<b>Foreign currencies</b>	<b>KZT</b>	<b>Foreign currencies</b>
Short-term deposits with OECD based banks	-	2.3-2.6%	-	3.8-10.0%
Overnight deposits with OECD based banks	-	2.7-4.1%	-	2.3-2.7%
Deposit pledged as a collateral for derivative instrument transaction	-	2.6%	-	-
Short-term deposits with Kazakhstan banks	5.6-6.5%	-	3.0-11.0%	-

Fair value of assets pledged and carrying value of short-term deposits, included in short-term deposits with Kazakhstan banks, under reverse repurchase agreements classified as cash and cash equivalents as at 30 June 2008 and 31 December 2007 are presented as follows:

	30 June 2008 (unaudited)		31 December 2007	
	Carrying value of deposits	Fair value of collateral	Carrying value of deposits	Fair value of collateral
Treasury bills of the Ministry of Finance of Kazakhstan	4,200	4,554	2,001	2,247
National Bank of Kazakhstan (“NBK”) notes	901	946	5,181	5,431
Bonds of Kazakhstan corporations	400	450	-	-
Equity securities of Kazakhstan corporations	-	-	100	113
	<u>5,501</u>	<u>5,950</u>	<u>7,282</u>	<u>7,791</u>

## 6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	30 June 2008 (unaudited)	31 December 2007
<b>Recorded as loans and receivables in accordance with IAS 39:</b>		
Due from NBK allocated to obligatory reserves	78,573	59,376
Cash on hand allocated to obligatory reserves	14,942	27,892
	<u>93,515</u>	<u>87,268</u>

The obligatory reserves represent the minimum reserve deposits and cash on hand balances required by the NBK and used for calculation of the minimum reserve requirement.

## 7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	30 June 2008 (unaudited)	31 December 2007
<b>Financial assets held for trading:</b>		
Corporate bonds	9,623	287
Treasury bills of the Ministry of Finance of Kazakhstan	5,204	32,161
Derivative financial instruments	2,154	3,477
Equity securities of Kazakhstan banks	1,914	1,682
Bonds of the Development Bank of Kazakhstan	1,886	1,964
Equity securities of Kazakhstan corporations	1,612	90
Mutual investment funds shares	1,397	1,245
Bonds of Kazakhstan banks	568	942
Securities of foreign countries and organizations	232	6,225
	<u>24,590</u>	<u>48,073</u>
Subject to repurchase agreements	-	2,976



Financial liabilities at fair value through profit or loss comprise:

	<b>31 June 2008 (unaudited)</b>	<b>31 December 2007</b>
<b>Financial liabilities at fair value through profit or loss:</b>		
Derivative financial instruments	1,280	2,851
	<u>1,280</u>	<u>2,851</u>

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

	<b>30 June 2008 (unaudited)</b>		<b>31 December 2007</b>	
	%	Maturity	%	Maturity
Treasury bills of the Ministry of Finance of Kazakhstan	5.6-6.5%	2008-2014	3.2-11.3%	2008-2014
Securities of foreign countries and organizations	12.0%	2011	3.1%	2008-2012
Bonds of the Development Bank of Kazakhstan	6.2%	2026	6.2%	2026
Bonds of Kazakhstan banks	8.0-12.0%	2009	7.5-13.9%	2009-2011
Corporate bonds	8.0-12.0%	2010-2011	8.3-14.1%	2010-2015

Derivative financial instruments comprise:

	<b>30 June 2008 (unaudited)</b>			<b>31 December 2007</b>		
	Nominal amount	Net fair value		Nominal amount	Net fair value	
		Asset	Liability		Asset	Liability
<b>Foreign currency contracts:</b>						
Forwards	34,566	1,959	1,201	110,532	3,364	2,740
Swaps	13,568	10	1	1,195	-	107
Other	241	85	35	-	-	-
<b>Interest rate contracts:</b>						
Swaps	1,198	48	43	1,296	113	4
<b>Credit default contracts:</b>						
Swaps	6,038	52	-	-	-	-
		<u>2,154</u>	<u>1,280</u>		<u>3,477</u>	<u>2,851</u>

As at 30 June 2008 and 31 December 2007, the Group used quoted market prices from independent informational sources for all of its financial assets recorded at fair value through profit or loss, with the exception of derivative financial instruments, which are valued using valuation models based on market data. Therefore, the fair values are not susceptible to significant changes as a result of changes in assumptions or inputs to the model.

## 8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	<b>30 June 2008 (unaudited)</b>	<b>31 December 2007</b>
<b>Recorded as loans and receivables in accordance with IAS 39:</b>		
Term deposits	5,436	2,626
Loans to Kazakhstan credit institutions	482	790
	<u>5,918</u>	<u>3,416</u>
Less - Allowance for loan impairment (Note 16)	(20)	(18)
	<u>5,898</u>	<u>3,398</u>

Interest rates and maturity of amounts due from credit institutions are presented as follows:

	30 June 2008 (unaudited)		31 December 2007	
	%	Maturity	%	Maturity
Term deposits	2.3-12.0%	2008-2009	6.0-13.0%	2008-2009
Loans to Kazakhstan credit institutions	13.0-17.0%	2008-2015	14.0-17.3%	2008-2012

Fair value of assets pledged and carrying value of loans under reverse repurchase agreements classified as amounts due from credit institutions as at 30 June 2008 and 31 December 2007 are presented as follows:

	30 June 2008 (unaudited)		31 December 2007	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
Equity securities of Kazakhstan corporations	-	-	439	345
Bonds of Kazakhstan banks	-	-	12	13
	<u>-</u>	<u>-</u>	<u>451</u>	<u>358</u>

## 9. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	30 June 2008 (unaudited)	31 December 2007
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	50,055	6,459
NBK notes	43,033	82,318
Corporate bonds	9,507	14,387
Equity securities of Kazakhstan corporations	1,430	1,381
Equity securities of foreign corporations	1,401	66
Bonds of Kazakhstan banks	1,302	3,047
Treasury bills of the Kyrgyz Republic	222	101
Local municipal bonds	-	80
	<u>106,950</u>	<u>107,839</u>
Subject to repurchase agreements	16,215	51,669

Interest rates and maturities of investment securities are:

	30 June 2008 (unaudited)		31 December 2007	
	%	Maturity	%	Maturity
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	4.3-19.7%	2008-2015	2.0-18.6%	2008-2014
NBK notes	6.0-6.1%	2008	5.5-9.5%	2008
Corporate bonds	7.5-18.6%	2009-2017	6.4-18.6%	2008-2021
Bonds of Kazakhstan banks	9.4-10.3%	2009-2015	6.4-18.3%	2008-2016
Treasury bills of the Kyrgyz Republic	-	-	5.6-14.9%	2008-2009
Local municipal bonds	-	-	8.5%	2008

As at 30 June 2008 and 31 December 2007, the Group used quoted market prices from independent information sources to determine the fair value all of its available-for-sale investment securities.

## 10. LOANS TO CUSTOMERS

Loans to customers comprise:

	<b>30 June 2008 (unaudited)</b>	<b>31 December 2007</b>
<b>Recorded as loans and receivables in accordance with IAS 39:</b>		
Originated loans to customers	1,195,200	1,087,372
Promissory notes	5,511	5,298
Overdrafts	4,030	4,300
	<u>1,204,741</u>	<u>1,096,970</u>
Less – Allowance for loan impairment (Note 16)	<u>(71,340)</u>	<u>(56,697)</u>
	<u><u>1,133,401</u></u>	<u><u>1,040,273</u></u>

As at 30 June 2008, the annual interest rates charged by the Group ranged from 9% to 23% per annum for KZT-denominated loans (as at 31 December 2007 – from 8% to 32%) and from 7% to 17% per annum for US Dollar-denominated loans (as at 31 December 2007 – from 3% to 20%).

As at 30 June 2008, the Group had a concentration of loans of KZT 169,036 million from the ten largest borrowers that comprised 14% of the Group's total gross loan portfolio (as at 31 December 2007 – KZT 161,592 million; 15%) and 98% of the Group's total equity (as at 31 December 2007 – 100%). As at 30 June 2008 an allowance for loan impairment amounting to KZT 6,866 million was made against these loans (as at 31 December 2007 – KZT 7,967 million).

Loans are made to the following sectors:

	<b>30 June 2008 (unaudited)</b>	<b>%</b>	<b>31 December 2007</b>	<b>%</b>
Retail loans:				
- consumer loans	183,432	15%	161,611	15%
- mortgage loans	165,031	14%	160,663	15%
	<u>348,463</u>		<u>322,274</u>	
Wholesale trade	226,553	19%	223,549	20%
Construction	157,413	13%	147,908	13%
Retail trade	103,896	9%	87,650	8%
Agriculture	69,821	6%	67,112	6%
Services	68,480	6%	59,921	5%
Real estate	61,888	5%	40,141	4%
Metallurgy	32,728	3%	29,913	3%
Oil and gas	31,563	2%	30,289	3%
Transportation	24,309	2%	9,679	1%
Food industry	18,055	1%	16,439	1%
Hotel industry	11,146	1%	10,122	1%
Energy	9,329	1%	6,236	1%
Consumer goods and automobile trading	8,539	1%	9,683	1%
Machinery	6,281	0%	7,296	1%
Mining	4,090	0%	9,343	1%
Communication	1,926	0%	1,323	0%
Research and development	635	0%	505	0%
Other	19,626	2%	17,587	1%
	<u><u>1,204,741</u></u>		<u><u>1,096,970</u></u>	100%

As at 30 June 2008 the amount of accrued interest on impaired loans comprised KZT 35,517 million (as at 31 December 2007 – KZT 31,878 million).

## 11. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	<b>30 June 2008 (unaudited)</b>	<b>31 December 2007</b>
Reinsurance premium unearned	3,560	1,934
Reinsurance amounts recoverable	<u>416</u>	<u>140</u>
	3,976	2,074
Premiums receivable	3,614	1,664
Deferred costs	<u>1,138</u>	<u>148</u>
	<u><u>8,728</u></u>	<u><u>3,886</u></u>

Insurance liabilities comprised the following:

	<b>30 June 2008 (unaudited)</b>	<b>31 December 2007</b>
Gross unearned insurance premium reserve	8,067	5,265
Reserves for insurance claims	<u>1,321</u>	<u>805</u>
	9,388	6,070
Payables to reinsurers and agents	<u>3,195</u>	<u>1,319</u>
	<u><u>12,583</u></u>	<u><u>7,389</u></u>

## 12. OTHER ASSETS

	<b>30 June 2008 (unaudited)</b>	<b>31 December 2007</b>
<b>Other financial assets recorded as loans and receivables in accordance with IAS 39:</b>		
Other debtors on non-banking activities	1,983	171
Accrued commission for managing pension assets	653	1,147
Accrued other commission income	1,103	1,037
Other debtors on banking activities	252	2,159
Other	<u>1,313</u>	<u>657</u>
	5,304	5,171
Less – Allowance for impairment (Note 16)	<u>(470)</u>	<u>(504)</u>
	4,834	4,667
<b>Other non financial assets:</b>		
Prepayments for property and equipment	13,540	12,412
Inventory	2,942	871
Deferred tax assets (Note 17)	1,310	220
Investments in associates	279	262
Other	<u>2,782</u>	<u>789</u>
	<u><u>25,687</u></u>	<u><u>19,221</u></u>

### 13. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	30 June 2008 (unaudited)	31 December 2007
<b>Recorded at amortized cost:</b>		
<b>Term deposits:</b>		
Legal entities	413,003	381,139
Individuals	280,037	282,520
	<u>693,040</u>	<u>663,659</u>
<b>Current accounts:</b>		
Legal entities	223,408	196,618
Individuals	75,157	75,152
	<u>298,565</u>	<u>271,770</u>
Restricted accounts	1,377	-
	<u>992,982</u>	<u>935,429</u>

As at 30 June 2008, the Group's ten largest customers accounted for approximately 48% of the total amounts due to customers (31 December 2007 – 45%).

Management believes that in the event of withdrawal of funds, the Group would be given sufficient notice so as to realize its liquid assets to enable repayment.

An analysis of customer accounts by sector follows:

	30 June 2008 (unaudited)	%	31 December 2007	%
Individuals and entrepreneurs	355,194	36%	357,672	38%
Oil and gas	246,774	25%	206,185	22%
Financial sector	79,951	8%	57,573	6%
Transportation	61,624	6%	55,690	6%
Other consumer services	58,468	6%	55,889	6%
Government	51,894	5%	47,130	5%
Wholesale trade	45,610	5%	57,105	6%
Energy	39,079	4%	32,552	4%
Construction	36,162	4%	41,781	5%
Metallurgy	3,425	-	2,724	-
Other	14,801	1%	21,128	2%
	<u>992,982</u>	100%	<u>935,429</u>	100%

### 14. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	30 June 2008 (unaudited)	31 December 2007
<b>Recorded at amortized cost:</b>		
Loans and deposits from OECD based banks	176,360	176,480
Loans and deposits from Kazakhstan banks	48,580	66,889
Correspondent accounts	1,982	1,286
Loans and deposits from non-OECD based banks	1,620	2,797
Overnight deposits	362	-
Loans from other financial institutions	136	-
	<u>229,040</u>	<u>247,452</u>

Interest rates and maturities of amounts due to credit institutions are presented as follows:

	<b>30 June 2008</b> <b>(unaudited)</b>		<b>31 December 2006</b>	
	<b>%</b>	<b>Maturity</b>	<b>%</b>	<b>Maturity</b>
Loans and deposits from OECD based banks	2.2-8.4%	2008-2012	3.0-8.4%	2008-2015
Loans and deposits from Kazakhstan banks	2.7-8.5%	2008	6.5-6.6%	2008
Loans and deposits from non-OECD based banks	6.7%	2008-2012	6.2-6.7%	2008-2009
Overnight deposits	2.7%	2008	-	-
Loans from other financial institutions	4.4%	2013	-	-

Fair value of assets pledged and carrying value of loans under repurchase agreements as at 30 June 2008 and 31 December 2007 are presented as follows:

	<b>30 June 2008 (unaudited)</b>		<b>31 December 2007</b>	
	<b>Fair value of collateral</b>	<b>Carrying value of loans</b>	<b>Fair value of collateral</b>	<b>Carrying value of loans</b>
NBK notes	16,215	15,430	51,672	49,151
Treasury bills of the Ministry of Finance of Kazakhstan	-	-	2,973	2,680
	<u>16,215</u>	<u>15,430</u>	<u>54,645</u>	<u>51,831</u>

In accordance with the contractual terms of the loans from certain OECD based banks and EBRD, the Group is required to maintain certain financial ratios, particularly with regard to its liquidity, capital adequacy and lending exposures. In accordance with the terms of certain of those loans, the Group is also required to obtain the approval of the lender before distributing any dividends to the common shareholders other than dividend shares. Furthermore, certain of the Group's outstanding financing agreements include covenants restricting the Group's ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group's other financing arrangements.

As at 30 June 2008 and 31 December 2007, the Group was in compliance with the covenants of the various debt agreements the Group has with other banks and financial institutions.

## 15. DEBT SECURITIES ISSUED

Debt securities issued consisted of the following:

	<b>30 June 2008</b> <b>(unaudited)</b>	<b>31 December</b> <b>2007</b>
<b>Recorded at amortized cost:</b>		
<b>Subordinated debt securities issued:</b>		
Inflation indexed KZT denominated bonds	19,250	19,221
Fixed rate KZT denominated bonds	11,295	11,229
Reverse inflation indexed KZT denominated bonds	<u>8,348</u>	<u>8,381</u>
Total subordinated debt securities outstanding	<u>38,893</u>	<u>38,831</u>
<b>Unsubordinated debt securities issued:</b>		
USD denominated bonds	205,802	145,017
KZT denominated bonds	<u>39,174</u>	<u>41,038</u>
Total unsubordinated debt securities outstanding	<u>244,976</u>	<u>186,055</u>
Total debt securities outstanding	<u>283,869</u>	<u>224,886</u>

The coupon rates and maturities of these debt securities issued follow:

	<b>30 June 2008 (unaudited)</b>		<b>31 December 2007</b>	
	<b>%</b>	<b>Maturity</b>	<b>%</b>	<b>Maturity</b>
<b>Subordinated debt securities issued:</b>				
Inflation indexed KZT denominated bonds	inflation rate plus 1%	2015	inflation rate plus 1%	2015
	inflation rate plus 2%	2010-2017	inflation rate plus 2%	2010-2017
Fixed rate KZT denominated bonds	7.5-9.0%	2009-2015	7.5-9.0%	2009-2015
	15% less		15% less	
Reverse inflation indexed KZT denominated bonds	inflation rate	2015-2016	inflation rate	2015-2016
<b>Unsubordinated debt securities issued:</b>				
USD denominated bonds	7.3-8.1%	2009-2017	7.3-8.1%	2009-2017
KZT denominated bonds	7.1-7.8%	2009	7.1-7.8%	2008-2009

Subordinated securities are unsecured obligations of the Group and are subordinated in right of payments to all present and future senior indebtedness and certain other obligations of the Group. Interest on debt securities issued is payable on a semi-annual and annual basis.

In accordance with the terms of the USD denominated bonds, the Group is required to maintain certain financial covenants particularly with regard to its capital adequacy, lending exposures, limitations on transactions at less than fair market value and payment of dividends. Furthermore, the terms of the USD denominated bonds include covenants restricting the Group's ability to create security interests over its assets. In addition, should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group's other financing arrangements. Management believes that as of 30 June 2008 and 31 December 2007, the Group was in compliance with the other covenants of the agreements the Group has with the notes' trustee and holders.

## 16. ALLOWANCES FOR IMPAIRMENT AND OTHER PROVISIONS

The movements in the allowances for impairment of interest earning and other assets were as follows:

	<b>Loans to customers</b>	<b>Amounts due from credit institutions</b>	<b>Other assets</b>	<b>Total</b>
31 March 2007 (unaudited)	(34,430)	(8)	(278)	(34,716)
Additional provisions recognized	(6,011)	(5)	(147)	(6,163)
Write-offs	-	-	17	17
Revaluation	28	-	(340)	(312)
30 June 2007 (unaudited)	<u>(40,413)</u>	<u>(13)</u>	<u>(748)</u>	<u>(41,174)</u>
31 March 2008 (unaudited)	(58,284)	(328)	(408)	(59,020)
(Additional provisions recognized)/recovery of provision	(12,966)	280	(872)	(13,558)
Write-offs	-	-	803	803
Revaluation	(90)	28	7	(55)
30 June 2008 (unaudited)	<u>(71,340)</u>	<u>(20)</u>	<u>(470)</u>	<u>(71,830)</u>
31 December 2006	(33,654)	(6)	(218)	(33,878)
Additional provisions recognized	(5,956)	(7)	(206)	(6,169)
Write-offs	6	-	17	23
Revaluation	(809)	-	(341)	(1,150)
30 June 2007 (unaudited)	<u>(40,413)</u>	<u>(13)</u>	<u>(748)</u>	<u>(41,174)</u>
31 December 2007	(56,697)	(18)	(504)	(57,219)
Additional provisions recognized	(14,346)	(2)	(611)	(14,959)
Write-offs	1	-	805	806
Revaluation	(298)	-	(160)	(458)
30 June 2008 (unaudited)	<u>(71,340)</u>	<u>(20)</u>	<u>(470)</u>	<u>(71,830)</u>

Allowances for impairment of assets are deducted from the related assets

The movements in provisions were as follows:

	<b>Three months ended 30 June 2008 (unaudited)</b>	<b>Three months ended 30 June 2007 (unaudited)</b>	<b>Six months ended 30 June 2008 (unaudited)</b>	<b>Six months ended 30 June 2007 (unaudited)</b>
At the beginning of the period	(3,067)	(2,249)	(1,885)	(3,021)
Recovery of provision	2,844	2,775	4,733	5,847
Additional provisions recognized	(3,400)	(2,440)	(6,413)	(4,740)
Revaluation	14	3	(44)	3
At the end of the period	<u>(3,609)</u>	<u>(1,911)</u>	<u>(3,609)</u>	<u>(1,911)</u>

Provisions represent provisions against letters of credit and guarantees issued.

## 17. TAXATION

The Bank and its subsidiaries, other than HSBK (Europe) B.V., JSC NBK Bank, OJSC Halyk Bank Kyrgyzstan, LLP Halyk Dornod, LLP Halyk Astana Dornod, LLP NBK-Finance and JSC Halyk Bank Georgia are subject to taxation in Kazakhstan. HSBK (Europe) B.V. is subject to income tax in the Netherlands. JSC NBK Bank and LLP NBK-Finance are subject to income tax in the Russian Federation. OJSC Halyk Bank Kyrgyzstan is subject to income tax in the Republic of Kyrgyzstan. LLP Halyk Dornod and Halyk Astana Dornod are subject to income tax in Mongolia. JSC Halyk Bank Georgia is subject to income tax in Georgia.

The income tax expense comprises:

	<b>Three months ended 30 June 2008 (Unaudited)</b>	<b>Three months ended 30 June 2007 (Unaudited)</b>	<b>Six months ended 30 June 2008 (Unaudited)</b>	<b>Six months ended 30 June 2007 (Unaudited)</b>
Current tax charge	2,846	5,043	4,567	6,223
Deferred tax charge/(benefit)	(218)	(1,097)	875	1,498
Income tax expense	<u>2,628</u>	<u>3,946</u>	<u>5,442</u>	<u>7,721</u>

Kazakhstan legal entities must file individual tax declarations. The tax rate for banks for income other than on state and other qualifying securities was 30% during six months ended 30 June 2008 and 2007. The tax rate for companies other than banks was also 30% during six months ended 30 June 2008 and 2007, except insurance companies which were taxed at 4%. Income on state and other qualifying securities is tax exempt.



Deferred tax assets and liabilities comprise:

	<b>30 June 2008 (unaudited)</b>	<b>31 December 2007</b>
<b>Tax effect of deductible temporary differences:</b>		
Bonuses accrued	332	1,262
Vacation pay accrual	313	212
Insurance premium reserves	281	129
Fair value of derivatives	384	-
	<u>1,310</u>	<u>1,603</u>
Deferred tax asset		
<b>Tax effect of taxable temporary differences:</b>		
Loans to customers, allowance for impairment losses	(4,083)	(3,431)
Property and equipment, accrued depreciation	(991)	(1,342)
Provisions, different rates	(142)	(322)
Fair value of derivatives	(646)	(185)
	<u>(5,862)</u>	<u>(5,280)</u>
Deferred tax liability		
Net deferred tax asset (Note 14)	<u>1,310</u>	<u>220</u>
Net deferred tax liability	<u>(5,862)</u>	<u>(3,897)</u>

Kazakhstan and other countries where the Group operates currently has a number of laws related to various taxes imposed by both state and regional governmental authorities. Applicable taxes include value added tax, income tax, social taxes, and others. Implementing regulations are 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 (as examples, 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.

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

## 18. OTHER LIABILITIES

	<b>30 June 2008 (unaudited)</b>	<b>31 December 2007</b>
<b>Other financial liabilities:</b>		
Other creditors on non-banking activities	1,587	1,101
Payable for general and administrative expenses	538	155
Other creditors on bank activities	506	95
Other	125	175
	<u>2,756</u>	<u>1,526</u>
<b>Other non financial liabilities:</b>		
Salary payable	2,414	5,653
Other prepayments received	949	1,015
Taxes payable other than income tax	812	1,111
Current income tax payable	-	956
	<u>4,175</u>	<u>8,735</u>
	<u>6,931</u>	<u>10,261</u>

## 19. COMMITMENTS AND CONTINGENCIES

*Financial Commitments and Contingencies* – The Group’s financial commitments and contingencies comprised the following:

	<b>30 June 2008 (unaudited)</b>	<b>31 December 2007</b>
Guarantees issued	50,531	34,888
Commitments to extend credit	40,431	37,746
Commercial letters of credit	21,569	18,825
	<hr/>	<hr/>
Financial commitments and contingencies	112,531	91,459
Less: cash collateral against letters of credit	(1,378)	(443)
Less: provisions (Note 16)	(3,609)	(1,885)
	<hr/>	<hr/>
Financial commitments and contingencies, net	<u>107,544</u>	<u>89,131</u>

Guarantees issued included above represent financial guarantees where payment is not probable as at the respective balance sheet date, and therefore have not been recorded in the condensed interim consolidated balance sheet. As at 30 June 2008, the ten largest guarantees accounted for 72% of the Group’s total financial guarantees (as at 31 December 2007 – 54%) and represented 21% of the Group’s total equity (as at 31 December 2007 – 13%).

As at 30 June 2008, the ten largest letters of credit accounted for 73% of the Group’s total commercial letters of credit (as at 31 December 2007 – 31%) and represented 9% of the Group’s total equity (as at 31 December 2007 – 7%).

The Group requires collateral to support credit-related financial instruments when it is deemed necessary. Collateral held varies, but may include deposits held in the banks, government securities and other assets.

*Trust Activities* – In the normal course of its business, the Group enters into agreements with clients to manage the clients’ assets with limited decision making rights and in accordance with specific criteria established by the clients. The Group may only be liable for losses or actions aimed at appropriation of the clients’ funds if such funds or securities are not returned to the client. The maximum potential financial risk of the Group on any date is equal to the volume of the clients’ funds, net of any unrealized income/loss on the client’s position. The balance of the clients’ funds under the management of the Group, as at 30 June 2008 is KZT 351,224 million (31 December 2007 – KZT 354,005 million).

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

*Taxation* – Commercial legislation of the countries where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on Management’s judgment of the Group’s business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the interim financial information.

Tax periods in Kazakhstan remain open to review by the tax authorities for five years. However, tax authorities may perform additional reviews, if considered necessary. In accordance with judicial rulings, the period of review can be altered, if the court acknowledges the fact of interdiction to conducting the tax review by the tax authorities.

## 20. NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE

	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)
<b>Interest income comprises:</b>				
<b>Interest income on financial assets recorded at amortized cost:</b>				
- interest income on impaired assets	43,425	25,176	83,709	48,354
- interest income on unimpaired assets	626	1,792	1,090	2,078
Interest income on available-for-sale investment securities	2,037	1,910	4,106	3,179
Interest income on financial assets at fair value through profit or loss	296	541	698	1,239
Total interest income	46,384	29,419	89,603	54,850
<b>Interest income on financial assets recorded at amortized cost comprises:</b>				
Interest income on loans to customers	42,200	25,499	80,368	47,735
Interest income on amounts due from credit institutions and cash and cash equivalents	1,851	1,469	4,431	2,697
Total interest income on financial assets recorded at amortized cost	44,051	26,968	84,799	50,432
<b>Interest income on financial assets at fair value through profit or loss:</b>				
Interest income on financial assets held-for-trading	296	541	698	1,239
Total interest income on financial assets at fair value through profit or loss	296	541	698	1,239
Interest income on available-for-sale investment securities	2,037	1,910	4,106	3,179
Total interest income	46,384	29,419	89,603	54,850
<b>Interest expense comprises:</b>				
<b>Interest expense on financial liabilities recorded at amortized cost</b>				
Total interest expense	(25,843)	(13,318)	(49,958)	(24,187)
<b>Interest expense on financial liabilities recorded at amortized cost comprise:</b>				
Interest expense on amounts due to customers	(17,455)	(7,106)	(34,059)	(13,542)
Interest expense on debt securities issued	(5,533)	(4,336)	(9,878)	(7,106)
Interest expense on amounts due to credit institutions	(2,855)	(1,876)	(6,021)	(3,539)
Total interest expense on financial liabilities recorded at amortized cost	(25,843)	(13,318)	(49,958)	(24,187)
Net interest income before impairment charge	20,541	16,101	39,645	30,663

## 21. FEE AND COMMISSION INCOME

Fee and commission income was derived from the following sources:

	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)
Pension fund and asset management	2,620	2,070	3,982	2,977
Bank transfers	2,382	2,005	4,392	3,637
Cash operations	937	1,666	1,709	2,427
Plastic cards maintenance	728	42	1,278	449
Letters of credit and guarantees issued	487	332	876	721
Customers' pension payments	437	302	780	674
Maintenance of customer accounts	337	275	782	397
Utilities payments	81	60	146	121
Foreign currency operations	1	8	50	15
Other	210	259	394	1,003
	<u>8,220</u>	<u>7,019</u>	<u>14,389</u>	<u>12,421</u>

## 22. NET GAINS / (LOSSES) FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gains / (losses) from financial assets and liabilities at fair value through profit or loss comprise:

	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)
<b>Net loss on operations with financial assets and liabilities classified as held for trading:</b>				
Gain/(loss) on trading operations	661	(224)	(1,752)	(188)
Net fair value adjustment	(639)	253	(799)	120
	<u>22</u>	<u>29</u>	<u>(2,551)</u>	<u>(68)</u>

## 23. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

Net gain on foreign exchange operations comprises:

	Three months ended 30 June 2008 (Unaudited)	Three months ended 30 June 2007 (Unaudited)	Six months ended 30 June 2008 (Unaudited)	Six months ended 30 June 2007 (Unaudited)
Dealing, net	1,828	5,160	3,202	7,448
Translation differences, net	(151)	(1,621)	(26)	(2,670)
	<u>1,677</u>	<u>3,539</u>	<u>3,176</u>	<u>4,778</u>

## 24. INSURANCE UNDERWRITING INCOME

Insurance underwriting income comprised:

	<b>Three months ended 30 June 2008 (unaudited)</b>	<b>Three months ended 30 June 2007 (unaudited)</b>	<b>Six months ended 30 June 2008 (unaudited)</b>	<b>Six months ended 30 June 2007 (unaudited)</b>
Insurance premiums written, gross	4,189	3,207	9,900	5,561
Change in unearned insurance premiums, net	797	(13)	(1,176)	(478)
Ceded reinsurance share	(2,040)	(1,613)	(4,041)	(2,584)
	<u>2,946</u>	<u>1,581</u>	<u>4,683</u>	<u>2,499</u>

## 25. OPERATING EXPENSES

Operating expenses comprised:

	<b>Three months ended 30 June 2008 (unaudited)</b>	<b>Three months ended 30 June 2007 (unaudited)</b>	<b>Six months ended 30 June 2008 (unaudited)</b>	<b>Six months ended 30 June 2007 (unaudited)</b>
Salaries and other employee benefits	4,720	3,326	10,361	8,797
Depreciation and amortization expenses	1,250	800	2,251	1,540
Taxes other than income tax	507	454	896	815
Rent	500	297	919	536
Repair and maintenance	448	151	747	315
Communication	435	246	668	414
Advertisement	350	225	532	388
Deposit insurance	294	520	823	926
Security	270	182	511	384
Business trip expenses	198	171	333	290
Professional services	178	251	268	282
Information services	122	135	177	199
Transportation	104	91	198	163
Stationery and office supplies	57	56	106	119
Charity	48	27	67	30
Social events	18	38	39	41
Other	1,049	246	1,503	724
	<u>10,548</u>	<u>7,216</u>	<u>20,399</u>	<u>15,963</u>

## 26. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net income for the period attributable to equity holders of the parent by the weighted average number of participating shares outstanding during the period.

According to Kazakhstan legislation on Joint Stock Companies, dividend payments per common share cannot exceed the dividends per share on preferred shares for the same period. Therefore, net profit for the period is allocated to the ordinary shares and the preference shares in accordance with their legal and contractual dividend rights to participate in undistributed earnings.

The following table presents basic and diluted earnings per share as previously reported:

	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)
<b>Basic earnings per share</b>				
Net profit for the year attributable to equity holders of the parent	5,474	10,446	15,173	21,263
Less: Additional dividends that would be paid on full distribution of profit to the preferred shareholders	-	-	-	(484)
Less: Dividends paid on preference shares	(1,679)	(1,578)	(1,679)	(1,578)
Net profit for the year attributable to preferred shareholders	(1,679)	(1,578)	(1,679)	(2,062)
Earnings attributable to common shareholders	3,795	8,868	13,494	19,201
Weighted average number of common shares for the purposes of basic earnings per share	979,763,070	978,831,960	979,753,783	977,420,675
Basic earnings per share (in Kazakhstani Tenge)	3.87	9.06	13.77	19.64
<b>Diluted earnings per share</b>				
Earnings for the period attributable to common shareholders	3,795	8,868	13,494	19,201
Add: Dividends paid on convertible preferred shares	N/A	1,278	1,284	1,278
Add: Additional dividends that would be paid on full distribution of profit to the convertible preferred shareholders	N/A	-	-	298
Less: Amounts payable to convertible preferred shareholders upon conversion	N/A	(3,175)	(1,139)	(4,353)
Earnings used in the calculation of total diluted earnings per share	3,795	6,971	13,639	16,424
Weighted average number of common shares for the purposes of basic earnings per share	979,763,070	978,831,960	979,753,783	977,420,675
Shares deemed to be issued:				
Weighted average number of common shares that would be issued for the convertible preferred shares	N/A	80,203,196	80,173,520	80,227,187
Weighted average number of common shares for the purposes of diluted earnings per share	979,763,070	1,059,035,156	1,059,927,303	1,057,647,862
Diluted earnings per share (in Kazakhstani Tenge)*	3.87	6.58	12.87	15.53

\*For the three months ended 30 June 2008 the convertible preferred shares were not included in the computation of diluted earnings per share as their effect was anti-dilutive.

## 27. FINANCIAL RISK MANAGEMENT

Management of risk is fundamental to the Group's banking business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to:

- Credit risk
- Liquidity risk
- Market risk

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its performance objectives. Through the risk management framework, the Group manages the following risks:

*Currency Risk* – The Group is exposed to effects of fluctuation in the prevailing foreign currency exchange rates (primarily USD) on its financial position and cash flows, which are monitored daily. The Assets and Liabilities Management Committee sets limits on the level of exposure by currencies within the authority approved by the Board of Directors, by branches and in total. These limits also comply with the minimum requirements of the FMSA. The Group’s exposure to foreign currency exchange rate risk follows:

	30 June 2008 (unaudited)			31 December 2007		
	KZT	Foreign currencies	Total	KZT	Foreign currencies	Total
<b>FINANCIAL ASSETS:</b>						
Cash and cash equivalents	18,975	253,374	272,349	9,831	245,414	255,245
Obligatory reserves	18,845	74,670	93,515	30,122	57,146	87,268
Financial assets at fair value through profit or loss	11,366	13,224	24,590	37,248	10,825	48,073
Amounts due from credit institutions	5,429	469	5,898	3,084	314	3,398
Available-for-sale investment securities	104,400	2,550	106,950	106,886	953	107,839
Loans to customers	688,636	444,765	1,133,401	621,285	418,988	1,040,273
Other financial assets	3,652	1,182	4,834	3,208	1,459	4,667
	<u>851,303</u>	<u>790,234</u>	<u>1,641,537</u>	<u>811,664</u>	<u>735,099</u>	<u>1,546,763</u>
<b>FINANCIAL LIABILITIES:</b>						
Amounts due to customers	585,798	407,184	992,982	548,136	387,293	935,429
Amounts due to credit institutions	38,797	190,243	229,040	79,989	167,463	247,452
Financial liabilities at fair value through profit or loss	-	1,280	1,280	-	2,851	2,851
Debt securities issued	78,066	205,803	283,869	79,869	145,017	224,886
Other financial liabilities	1,920	836	2,756	267	1,259	1,526
	<u>704,581</u>	<u>805,346</u>	<u>1,509,927</u>	<u>708,261</u>	<u>703,883</u>	<u>1,412,144</u>
Net balance sheet position	<u>146,722</u>	<u>(15,112)</u>	<u>131,610</u>	<u>103,403</u>	<u>31,216</u>	<u>134,619</u>

The Group’s principal cash flows are generated in KZT and USD. As a result, potential movements in the exchange rate between KZT and USD will affect the carrying values of the Group’s USD denominated monetary assets and liabilities.

*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. Short-term liquidity needs are managed by the Group’s Treasury function collecting daily customers’ cash inflow/outflow forecasts. Long-term liquidity management is performed by the Assets and Liabilities Management Committee by analyzing longer term liquidity positions and making decisions on managing significant gaps through various available means. The Assets and Liabilities Management Committee within the authority approved by the Board of Directors 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 financial assets and liabilities grouped on the basis of the remaining period from the balance sheet date to the contractual maturity date, except for financial assets and liabilities at fair value through profit or loss which are included in the column “On demand” as they are available to meet the Group’s short-term liquidity needs. The presentation below is based upon the information provided internally to key management personnel of the Group.

	30 June 2008 (unaudited)						Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	
<b>FINANCIAL ASSETS:</b>							
Cash and cash equivalents	29,206	237,105	6,038	-	-	-	272,349
Obligatory reserves	4,676	3,741	5,611	42,082	24,313	13,092	93,515
Financial assets at fair value through profit or loss	24,590	-	-	-	-	-	24,590
Amounts due from credit institutions	-	-	1,507	4,066	301	24	5,898
Available-for-sale investment securities	3,406	42,519	3,558	17,773	21,026	18,668	106,950
Loans to customers	56,088	45,231	72,658	508,297	290,870	160,257	1,133,401
Other financial assets	724	2,189	153	887	15	866	4,834
	<u>118,690</u>	<u>330,785</u>	<u>89,525</u>	<u>573,105</u>	<u>336,525</u>	<u>192,907</u>	<u>1,641,537</u>
<b>FINANCIAL LIABILITIES:</b>							
Amounts due to customers	298,961	121,025	67,030	357,868	121,576	26,522	992,982
Amounts due to credit institutions	2,349	20,560	42,684	50,768	7,795	104,884	229,040
Financial liabilities at fair value through profit or loss	1,280	-	-	-	-	-	1,280
Debt securities issued	-	107	-	44,728	114,029	125,005	283,869
Other financial liabilities	494	534	161	1,532	31	4	2,756
	<u>303,084</u>	<u>142,226</u>	<u>109,875</u>	<u>454,896</u>	<u>243,431</u>	<u>256,415</u>	<u>1,509,927</u>
Net position	<u>(184,394)</u>	<u>188,559</u>	<u>(20,350)</u>	<u>118,209</u>	<u>93,094</u>	<u>(63,508)</u>	
Accumulated gap	<u>(184,394)</u>	<u>4,165</u>	<u>(16,185)</u>	<u>102,024</u>	<u>195,118</u>	<u>131,610</u>	
	31 December 2007						Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	
<b>FINANCIAL ASSETS:</b>							
Cash and cash equivalents	8,501	246,464	280	-	-	-	255,245
Obligatory reserves	24,099	15,353	10,540	25,708	7,471	4,097	87,268
Financial assets at fair value through profit or loss	48,073	-	-	-	-	-	48,073
Amounts due from credit institutions	-	193	127	2,460	590	28	3,398
Available-for-sale investment securities	2,045	35,350	332	56,493	4,694	8,925	107,839
Loans to customers	9,384	6,024	78,632	485,795	303,862	156,576	1,040,273
Other financial assets	833	1,675	132	1,578	184	265	4,667
	<u>92,935</u>	<u>305,059</u>	<u>90,043</u>	<u>572,034</u>	<u>316,801</u>	<u>169,891</u>	<u>1,546,763</u>
<b>FINANCIAL LIABILITIES:</b>							
Amounts due to customers	258,322	164,571	112,974	275,565	80,078	43,919	935,429
Amounts due to credit institutions	1,836	71,323	11,656	28,393	113,640	20,604	247,452
Financial liabilities at fair value through profit or loss	2,851	-	-	-	-	-	2,851
Debt securities issued	126	-	2,418	913	156,286	65,143	224,886
Other financial liabilities	85	654	724	15	48	-	1,526
	<u>263,220</u>	<u>236,548</u>	<u>127,772</u>	<u>304,886</u>	<u>350,052</u>	<u>129,666</u>	<u>1,412,144</u>
Net position	<u>(170,285)</u>	<u>68,511</u>	<u>(37,729)</u>	<u>267,148</u>	<u>(33,251)</u>	<u>40,225</u>	
Accumulated gap	<u>(170,285)</u>	<u>(101,774)</u>	<u>(139,503)</u>	<u>127,645</u>	<u>94,394</u>	<u>134,619</u>	



## 28. SEGMENT ANALYSIS

The Group's primary format for reporting segment information is business segments and the secondary format is geographical segments.

### Business Segments

The Group is organized on a basis of two main business segments:

Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages and cash and foreign currency related services.

Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and trade finance products.

There were no transactions between business segments during the six-month periods ended 30 June 2008 and 2007.

Segment information for the main reportable business segments of the Group for the six months ended 30 June 2008 and 2007 is set out below:

	<b>Retail Banking</b>	<b>Corporate banking</b>	<b>Other</b>	<b>Total</b>
<b>Six months ended 30 June 2008 (unaudited)</b>				
External revenues	45,167	61,988	4,138	111,293
Total revenues	45,167	61,988	4,138	111,293
<b>Total revenues comprise:</b>				
- Interest income	35,420	54,183	-	89,603
- Net losses from financial assets and liabilities at fair value through profit or loss	-	-	(2,551)	(2,551)
- Net realized gain from available-for-sale investment securities	-	-	445	445
- Share of loss of associates	-	(13)	-	(13)
- Net gains on foreign exchange operations	395	2,781	-	3,176
- Fee and commission income	9,352	5,037	-	14,389
- Insurance underwriting income and other income	-	-	6,244	6,244
Total revenues	45,167	61,988	4,138	111,293
- Interest expense on amounts due to customers	(14,055)	(20,004)	-	(34,059)
- Impairment charge	(3,261)	(11,698)	-	(14,959)
- Fee and commission expense	(309)	(432)	-	(741)
- Salaries and other employee benefits	(3,026)	(7,335)	-	(10,361)
- Deposit insurance and advertisement expenses	(1,355)	-	-	(1,355)
- Provisions	(484)	(1,196)	-	(1,680)
Segment result	22,677	21,323	4,138	48,138
Total unallocated costs				(27,084)
Income before income tax expense				21,054
Income tax expense				(5,442)
Net income				15,612
Total segment assets	356,970	1,054,956	131,540	1,534,466
Unallocated assets				164,823
Total assets				1,708,289
Total segment liabilities	(355,194)	(641,397)	-	(996,591)
Unallocated liabilities				(539,565)
Total liabilities				(1,536,156)
<b>Other segment items:</b>				
Capital expenditure (unallocated)				(13,768)
Depreciation and amortization expense (unallocated)				(2,251)

	Retail Banking	Corporate banking	Other	Total
<b>Six months ended</b>				
<b>30 June 2007 (unaudited)</b>				
External revenues	29,986	42,048	4,146	76,180
Total revenues	29,986	42,048	4,146	76,180
<b>Total revenues comprise:</b>				
- Interest income	21,389	33,461	-	54,850
- Net loss from financial assets and liabilities at fair value through profit or loss	-	-	(68)	(68)
- Net realized gains from available-for-sale investment securities	-	-	686	686
- Share of loss of associates	-	(15)	-	(15)
- Net gains on foreign exchange operations	605	4,173	-	4,778
- Fee and commission income	7,992	4,429	-	12,421
- Insurance underwriting income and other income	-	-	3,528	3,528
Total revenues	29,986	42,048	4,146	76,180
- Interest expense on amounts due to customers	(6,042)	(7,500)	-	(13,542)
- Impairment charge	(1,728)	(4,441)	-	(6,169)
- Fee and commission expense	(529)	(417)	-	(946)
- Salaries and other employee benefits	(2,857)	(5,940)	-	(8,797)
- Deposit insurance and advertisement expenses	(1,314)	-	-	(1,314)
- Recoveries of provisions	54	1,053	-	1,107
Segment result	17,570	24,803	4,146	46,519
Total unallocated costs				(17,253)
Income before income tax expense				29,266
Income tax expense				(7,721)
Net income				21,545
Total segment assets	234,960	741,786	191,832	1,168,578
Unallocated assets				118,372
Total assets				1,286,950
Total segment liabilities	(256,210)	(357,707)	-	(613,917)
Unallocated liabilities				(531,877)
Total liabilities				(1,145,794)
<b>Other segment items:</b>				
Capital expenditure (unallocated)				(3,272)
Depreciation and amortization expense (unallocated)				(1,540)

Some of the assets and liabilities that cannot be allocated to a particular segment are included in unallocated assets and liabilities. Unallocated assets include obligatory reserves, property and equipment and other unallocated assets. Unallocated liabilities include debt securities issued, amounts due to credit institutions and other unallocated liabilities.

*Geographical segments* – Segment information for the main geographical segments of the Group is set out below for the six-month periods ended 30 June 2008 and 2007 and for the periods then ended.

	<b>Kazakhstan</b>	<b>OECD</b>	<b>Non-OECD</b>	<b>Total</b>
<b>30 June 2008 (unaudited)</b>				
Total segment assets	1,460,961	241,130	6,198	1,708,289
<b>31 December 2007</b>				
Total segment assets	1,343,705	242,031	9,339	1,595,075
<b>Six months ended</b>				
<b>30 June 2008 (unaudited)</b>				
External revenues	111,288	4	1	111,293
Capital expenditure	(13,768)	-	-	(13,768)
<b>Six months ended</b>				
<b>30 June 2007 (unaudited)</b>				
External revenues	74,600	1,232	348	76,180
Capital expenditure	(3,272)	-	-	(3,272)

External revenues, assets and credit related commitments have generally been allocated based on domicile of the counterparty. Cash on hand, property and equipment and capital expenditure have been allocated based on the country in which they are physically held.

## **29. RELATED PARTY TRANSACTIONS**

Related parties or transactions with related parties are assessed in accordance with IAS 24 “Related Party Disclosures”. Related parties may enter into transactions which unrelated parties might not. Transactions between related parties are generally effected on the same terms, conditions and amounts as transactions between unrelated parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Group had the following transactions outstanding as at 30 June 2008 and 31 December 2007 with related parties:

	<b>30 June 2008 (unaudited)</b>		<b>31 December 2007</b>	
	<b>Related party balances</b>	<b>Total category as per financial statements caption</b>	<b>Related party balances</b>	<b>Total category as per financial statements caption</b>
Loans to customers before allowance for loan impairment	7,892	1,204,741	133	1,096,970
- <i>key management personnel of the entity or its parent</i>	42		43	
- <i>other related parties</i>	7,850		90	
Amounts due to customers	33,202	992,982	3,735	935,429
- <i>the parent</i>	31,449		2,673	
- <i>key management personnel of the entity or its parent</i>	895		406	
- <i>other related parties</i>	858		656	

Included in the condensed interim consolidated income statement for the six-month periods ended 30 June 2008 and 2007 are the following amounts which arose due to transactions with related parties:

	<b>Six months ended 30 June 2008 (unaudited)</b>		<b>Six months ended 30 June 2007 (unaudited)</b>	
	<b>Related party transactions</b>	<b>Total category as per financial statements caption</b>	<b>Related party transactions</b>	<b>Total category as per financial statements caption</b>
Interest income	167	89,603	76	54,850
- <i>entities with joint control or significant influence over the entity</i>	-		74	
- <i>key management personnel of the entity or its parent</i>	-		1	
- <i>other related parties</i>	167		1	
Interest expense	997	49,958	2,650	24,187
- <i>the parent</i>	942		881	
- <i>entities with joint control or significant influence over the entity</i>	-		1,717	
- <i>key management personnel of the entity or its parent</i>	41		52	
- <i>other related parties</i>	14		-	
	<b>For three months ended 30 June 2008 (unaudited)</b>	<b>For three months ended 30 June 2007 (unaudited)</b>	<b>For six months ended 30 June 2008 (unaudited)</b>	<b>For six months ended 30 June 2007 (unaudited)</b>
Key management personnel compensation:	413	703	984	731
- <i>short-term employee benefits</i>	413	703	984	731