JOINT-STOCK COMPANY AGRARIAN CREDIT CORPORATION

Financial Statements
for the year ended 31 December 2008

JOINT-STOCK COMPANY AGRARIAN CREDIT CORPORATION

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JOINT-STOCK COMPANY AGRARIAN CREDIT CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report set out on pages 2-3, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the financial statements of Joint-Stock Company Agrarian Credit Corporation (the "Corporation").

Management is responsible for the preparation of the financial statements that present fairly the financial position of the Corporation at 31 December 2008, the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed; and
- Preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Corporation will continue in business for the foreseeable future.

Management is also responsible for:

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

The financial statements for the year ended 31 December 2008 were authorised for issue on 15 May 2009 by the Management Board.

On behalf of the Management Board:

Karajigitov A.R.
Chairman

15 May 2009
Astana, Republic of Kazakhstan

Zaitullaeva I.N
Chief Accountant

15 May 2009
Astana, Republic of Kazakhstan

The notes on pages 9-40 form an integral part of these financial statements.

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INDEPENDENT AUDITORS' REPORT

To the Shareholder and the Board of Directors of Joint-Stock Company Agrarian Credit Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of JSC Agrarian Credit Corporation (the "Corporation"), which comprise the balance sheet as at 31 December 2008, and the income statement, statements of changes in equity and cash flows 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 misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Galymzhan Khasenov
Engagement Partner
Certificate Public Accountant, USA
License # CP3357

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

Arman Chingilbayev
Acting General Director
Deloitte, LLP
Qualified auditor
Qualification certificate №0000487,
dated 12 October 1999
Republic of Kazakhstan

15 May 2009
Almaty

JOINT-STOCK COMPANY AGRARIAN CREDIT CORPORATION

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008
(in Kazakhstani tenge and in thousands)

	Notes	Year ended 31 December 2008	Year ended 31 December 2007
Interest income	4, 24	3,407,233	1,078,284
Interest expense	4	(1,379,468)	(70,966)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		2,027,765	1,007,318
Provision for impairment losses on interest bearing assets	5	(465,734)	(15,402)
NET INTEREST INCOME		1,562,031	991,916
Net loss on financial assets at fair value through profit and loss	6	(232,434)	-
Net loss on foreign exchange	7	(74,273)	-
Loss on disposal of fixed assets		(381)	(209)
Other (expenses) / income, net		(1,738)	23
NET NON-INTEREST EXPENSE		(308,826)	(186)
OPERATING INCOME		1,253,205	991,730
OPERATING EXPENSES	9	(737,324)	(452,430)
		515,881	539,300
Interest in associates	8	14,680	9,602
PROFIT BEFORE INCOME TAX		530,561	548,902
Income tax expense	10	(207,407)	(136,422)
NET PROFIT		323,154	412,480
EARNINGS PER SHARE, BASIC AND DILUTED (KZT)	11	9.69	17.3

On behalf of the Management Board:

Karajigitov A.R.
Chairman

15 May 2009
Astana, Republic of Kazakhstan

Zaitullaeva I.N
Chief Accountant

15 May 2009
Astana, Republic of Kazakhstan

The notes on pages 9-40 form an integral part of these financial statements.

JOINT-STOCK COMPANY AGRARIAN CREDIT CORPORATION

BALANCE SHEET
AS AT 31 DECEMBER 2008
(in Kazakhstani tenge and in thousands)

	Notes	31 December 2008	31 December 2007
ASSETS:			
Cash and cash equivalents	12	2,033,970	2,847,617
Loans to customers	13, 24	51,346,740	24,820,099
Financial assets at fair value through profit and loss	6	1,436,422	-
Investments in associates	14	537,946	587,709
Property, equipment and intangible assets	15	186,192	158,911
Deferred income tax assets	10	30,739	-
Current income tax assets		-	25,065
Other assets	16	198,236	13,030
TOTAL ASSETS		55,770,245	28,452,431
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans from banks	17	16,502,465	-
Loans from Ministry of Finance of the Republic of Kazakhstan	18	1,525,335	2,114,251
Debt securities issued	19	2,582,247	1,270,369
Deferred income tax liabilities	10	-	1,175
Current income tax liabilities		19,330	-
Other liabilities	20	48,037	37,193
Total liabilities		20,677,414,	3,422,988
EQUITY:			
Share capital	21	34,449,371	24,440,471
Reserves		382,732	176,492
Retained earnings		260,728	412,480
Total equity		35,092,831	25,029,443
TOTAL LIABILITIES AND EQUITY		55,770,245	28,452,431

On behalf of the Management Board:

Karajigitov A.R.
Chairman

15 May 2009
Astana, Republic of Kazakhstan

Zaitullaeva I.N
Chief Accountant

15 May 2009
Astana, Republic of Kazakhstan

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JOINT-STOCK COMPANY AGRARIAN CREDIT CORPORATION

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008
(in Kazakhstani tenge and in thousands)

	Notes	Share capital	Reserves	Retained Earnings	Total equity
31 December 2006		15,231,571	113,431	126,125	15,471,127
Increase in share capital	21	9,208,900	-	-	9,208,900
Dividends paid	21	-	-	(63,064)	(63,064)
Transfer of retained earnings	21	-	63,061	(63,061)	-
Net profit for the year		-	-	412,480	412,480
31 December 2007	21	24,440,471	176,492	412,480	25,029,443
Increase in share capital	21	10,008,900	-	-	10,008,900
Dividends paid	21	-	-	(206,240)	(206,240)
Transfer of retained earnings	21	-	206,240	(206,240)	-
Distribution to a shareholder	21	-	-	(62,426)	(62,426)
Net profit for the year		-	-	323,154	323,154
31 December 2008	21	34,449,371	382,732	260,728	35,092,831

On behalf of the Management Board:

Karajigitov A.R.
Chairman

15 May 2009
Astana, Republic of Kazakhstan

Zaitullaeva I.N
Chief Accountant

15 May 2009
Astana, Republic of Kazakhstan

The notes on pages 9-40 form an integral part of these financial statements.

JOINT-STOCK COMPANY AGRARIAN CREDIT CORPORATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008
(in Kazakhstani tenge and in thousands)

	Notes	Year ended 31 December 2008	Year ended 31 December 2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		530,561	548,902
Adjustments for:			
Provision for impairment losses on loans to customers		465,734	15,402
(Recovery)/provision for unused vacations		(4,344)	29,475
Net loss on financial assets at fair value through profit and loss		232,434	-
Net income from associated companies		(14,680)	(9,602)
Depreciation of fixed and intangible assets		19,318	14,179
Loss on sale of property and equipment		379	209
Discount amortization of debt securities issued		84,279	-
Change in interest accruals		1,032,967	(54,103)
Net loss on foreign exchange operations		74,273	-
Cash flows from operating activities before changes in operating assets and liabilities		2,420,921	544,462
Changes in operating assets and liabilities			
Increase in operating assets:			
Loans to customers		(27,759,240)	(9,578,008)
Financial assets at fair value through profit and loss		(1,668,856)	-
Other assets		(185,206)	(12,071)
Increase/(decrease) in operating liabilities:			
Loans from banks		16,212,038	-
Loans from Ministry of Finance of the Republic of Kazakhstan		(589,108)	(748,999)
Other liabilities		456	589
Net cash outflow from operating activities before taxation		(11,568,995)	(9,794,027)
Income tax paid		(210,235)	(151,834)
Net cash outflow from operating activities		(11,779,230)	(9,945,861)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	15	(39,711)	(22,077)
Purchase of investments in associates	14	(47,250)	(71,177)
Sale of investments in associates	14	111,693	257,480
Purchase of intangible assets	15	(7,267)	(4,308)
Net cash inflow from investing activities		17,465	159,918

JOINT-STOCK COMPANY AGRARIAN CREDIT CORPORATION

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008
(in Kazakhstani tenge and in thousands)

	Notes	Year ended 31 December 2008	Year ended 31 December 2007
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issue of ordinary shares		10,008,900	9,208,900
Debt securities issued		1,207,884	1,212,716
Dividends paid		(206,240)	(63,064)
Distribution to a shareholder		(62,426)	
Net cash inflow from financing activities		10,948,118	10,358,552
NET INCREASE IN CASH AND CASH EQUIVALENTS		(813,647)	572,609
CASH AND CASH EQUIVALENTS at beginning of year	12	2,847,617	2,275,008
CASH AND CASH EQUIVALENTS at end of year	12	2,033,970	2,847,617

During 2008 the Corporation received and paid interest amounting to KZT 2,250,055 thousand and KZT 910,364 thousand, respectively.

During 2007 the Corporation received and paid interest amounting to KZT 964,023 thousand and KZT 10,744 thousand , respectively.

On behalf of the Management Board:

Karajigitov A.R.
Chairman

15 May 2009
Astana, Republic of Kazakhstan

Zaitullaeva I.N
Chief Accountant

15 May 2009
Astana, Republic of Kazakhstan

The notes on pages 9-40 form an integral part of these financial statements.

1. ORGANIZATION

JSC Agrarian Credit Corporation (the "Corporation") is established by Government Regulation dated January 25, 2001 No 137 "On agricultural sector crediting". State registration certificate No 9609-1901-AO dated March 20, 2001 issued by Department of Justice of Astana city. State re-registration certificate No 0125809 series B dated August 25, 2003 issued by Department of Justice of Astana city.

The main activities of the Corporation are:

- establishing network of credit partnerships and it's financing;
- activities on sale of collateral and agricultural products, received as a payment to cover debt;
- consulting and information services to credit partnerships;
- financing infrastructure for preparation, processing, storage, supply and distribution of agricultural products;
- financing non-agricultural entrepreneurship in rural areas.

The Corporation has the license No 24 dated February 3, 2006 issued by Agency of the Republic of Kazakhstan on the Regulation and Supervision of Financial Market and Financial Organizations for national currency transactions provided by the Banking legislation of the Republic of Kazakhstan which empowers to carry out the following national currency transactions: Banks loan transactions, granting monetary credits on terms of payment, maturity and recoverability.

By the Resolution of administration of Agency of the Republic of Kazakhstan on the Regulation and Supervision of Financial Market and Financial Organizations dated July 30, 2005 No 274, the Corporation is given the status of financial agency.

Until 31 December 2006 the Ministry of Agriculture of the Republic of Kazakhstan owned 100% of the Company. On 23 December 2006, the Government of the Republic of Kazakhstan (the "Government") resolved to transfer its ownership and management of certain Government-owned joint-stock companies performing activities in the agricultural sector to a newly organised national holding company, JSC National Holding KazAgro ("KazAgro"). KazAgro, a joint-stock company, was established on 23 December 2006 with the Government as its sole shareholder. KazAgro's aim is to develop the agricultural sector of Kazakhstan by improving the state administration and corporate management of state-owned companies operating in the agricultural sector. On 17 April 2007, the Government transferred its ownership in the Corporation to KazAgro. As at 31 December 2008 and 2007 KazAgro owned 100% of the Corporation.

The registered office of the Corporation is: Jeltoksan str, 28a, Astana.

As of 31 of December 2008 the Corporation had 6 branches operating throughout Kazakhstan. In February 2008 the Corporation has established 7 representative offices.

These financial statements were approved by the Management Board of the Corporation on 15 May 2009.

2 BASIS OF PRESENTATION

Accounting basis

These financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements are presented in thousands of Kazakhstani Tenge ("KZT"), unless otherwise indicated. These financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments.

The Corporation maintains its accounting records in accordance with Kazakhstan law. These financial statements have been prepared from the Republic of Kazakhstan statutory accounting records and have been adjusted to conform with IFRS. Adjustments include certain reclassifications to reflect the economic substance of underlying transactions including reclassifications of certain assets and liabilities, income and expenses to appropriate financial statement captions.

Functional currency

The functional currency of these financial statements is Kazakhstani Tenge ("KZT").

3 SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Investments in associates are carried in the balance sheet at cost as adjusted for post-acquisition changes in the Corporation's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Corporation's interest in those associates are not recognized.

Where the Corporation transacts with an associate of the Corporation, profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

Recognition and measurement of financial instruments

The Corporation recognizes financial assets and liabilities on its balance sheet when it becomes a party to the contractual obligation of the instrument. Regular way purchase and sale of the financial assets and liabilities are recognized using settlement date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as for acquired instruments.

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand balances, current accounts with Banks and time deposit accounts in banks with original maturities within 90 days.

Loans to customers

Loans to customers are non-derivative assets with fixed or determinable payments that are not quoted in an active market other than those classified in other categories of financial assets.

Loans granted by the Corporation are initially recognized at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the loan, for example where the loan is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the loan is recognized as a loss on initial recognition of the loan and included in the income statement according to nature of these losses. Subsequently, loans are carried at amortized cost using the effective interest method. Loans to customers are carried net of any allowance for impairment losses.

Write off of loans

Loans are written off against allowance for impairment losses in case of uncollectibility of loans and advances, including through repossession of collateral. Loans and advances are written off after management has exercised all possibilities available to collect amounts due to the Corporation and after the Corporation has sold all available collateral. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the income statement in the period of recovery.

Allowance for impairment losses

The Corporation establishes an allowance for impairment losses of financial assets when there is objective evidence that a financial asset or group of financial assets is impaired. The allowance for impairment losses is measured as the difference between carrying amounts and the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the financial asset's original effective interest rate, for financial assets which are carried at amortized cost. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjustment of an allowance account. For financial assets carried at cost the allowance for impairment losses is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

The determination of the allowance for impairment losses is based on an analysis of the risk assets and reflects the amount which, in the judgment of management, is adequate to provide for losses incurred. Provisions are made as a result of an individual appraisal of risk for financial assets that are individually significant, and an individual or collective assessment for financial assets that are not individually significant.

The change in the allowance for impairment losses is charged to the income statement and the total of the allowance for impairment losses is deducted in arriving at assets as shown in the balance sheet. Factors that the Corporation considers in determining whether it has objective evidence that an impairment loss has been incurred include information about the debtors' or issuers' liquidity, solvency and business and financial risk exposures, levels of and trends in delinquencies for similar financial assets, national and local economic trends and conditions, and the fair value of collateral and guarantees. These and other factors may, either individually or taken together, provide sufficient objective evidence that an impairment loss has been incurred in a financial asset or group of financial assets.

Derecognition of financial assets and liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Corporation has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; and
- the Corporation either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial asset is derecognized when it has been transferred and the transfer qualifies for derecognition. A transfer requires that the Corporation either: (a) transfers the contractual rights to receive the asset’s cash flows; or (b) retains the right to the asset’s cash flows but assumes a contractual obligation to pay those cash flows to a third party. After a transfer, the Corporation reassesses the extent to which it has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards have been retained, the asset remains on the balance sheet. If substantially all of the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been neither retained nor transferred, the Corporation assesses whether or not is has retained control of the asset. If it has not retained control, the asset is derecognized. Where the Corporation has retained control of the asset, it continues to recognize the asset to the extent of its continuing involvement.

Financial liabilities
A financial liability is derecognized when the obligation is discharged, cancelled, or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represent embedded derivative instruments. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in income statement. An embedded derivative is a component of a hybrid (combined) financial instrument that includes both the derivative and a host contract, with the effect that some of the cash flows of the combined instrument vary in a similar way to a stand-alone derivative. The Corporation enters into derivative financial instruments to manage currency risks.

Financial assets at fair value through profit or loss are initially recorded and subsequently measured at fair value. These financial instruments are not quoted in an active market; the Corporation establishes fair value by using a valuation technique that is commonly applied by market practitioners. For embedded derivatives, assumptions are made based on quoted market rates adjusted for specific features of the instrument. The Corporation uses Black-Scholes model to value its financial instruments and assumptions used in valuation model (such as risk free and volatility rates) are gathered from those financial instruments with similar characteristics quoted at Bloomberg.

Property, equipment and intangible assets

Property, equipment and intangible assets are carried at historical cost less accumulated depreciation.

Depreciation of property, equipment and intangible assets is charged on the carrying value of property and equipment and is designed to write off assets over their useful economic lives. It is calculated on a straight line basis at the following annual prescribed rates:

Buildings	4.5%
Furniture and equipment	10-20%
Vehicles	10%
Other fixed assets	7-10%
Intangible assets	15-100%

The carrying amounts of property and equipment are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts. The recoverable amount is the higher of fair value less costs to sell and value in use. Where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount, an impairment is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation charge for property and equipment is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

Taxation

Income tax expense represents the sum of the current and deferred tax expense.

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Corporation's current tax expense is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax assets and deferred income tax liabilities are offset and reported net on the balance sheet if:

- The Corporation has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
- Deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

In the Republic of Kazakhstan where the Corporation operates it also has various other taxes, which are assessed on the Corporation's activities. These taxes are included as a component of operating expenses in the income statement.

Loans from banks, loans from Ministry of Finance of the Republic of Kazakhstan and debt securities issued

Loans from banks, loans from Ministry of Finance of the Republic of Kazakhstan and debt securities issued are initially recognized at fair value. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the income statement over the period of the borrowings, using the effective interest method.

Shareholder's equity

Contributions to share capital are recognized at historic cost, net of direct issue costs.

Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the balance sheet date are treated as a subsequent event under IAS 10 "Events after the Balance Sheet Date" ("IAS 10") and disclosed accordingly.

Retirement and other benefit obligations

The Corporation does not incur any expenses related to retirement obligations. In accordance with the requirements of the legislation of the Republic of Kazakhstan the Corporation withholds pension contributions from salary of employees and transfers them to state or private pension funds. This state pension system provides for the calculation of current payments by the employer as a percentage of current total payments to staff. This expense is charged in the period the related salaries are earned. Upon retirement all retirement benefit payments are made by pension funds selected by employees. The Corporation does not have any pension arrangements separate from the pension system of the Republic of Kazakhstan. In addition, the Corporation has no post-retirement benefits or other significant compensated benefits requiring accrual.

Recognition of income and expense

Interest income and expense are recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into KZT at the appropriate spot rates of exchange ruling at the balance sheet date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Profits and losses arising from these translations are included in net loss on foreign exchange operations.

Rates of exchange

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

	31 December 2008	31 December 2007
KZT/1 USD	120.77	120.30
KZT/1 Euro	170.89	177.17

Offset of financial assets and liabilities

Financial assets and liabilities are offset and reported net on the balance sheet when the Corporation has a legally enforceable right to set off the recognized amounts and the Corporation intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the Corporation does not offset the transferred asset and the associated liability.

Contingencies

Contingent liabilities are not recognized in the financial statements unless it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Segment reporting

A segment is a distinguishable component of the Corporation that is engaged either is providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from sales to external customers and whose revenues, results, or assets are 10% or more of all the segments are reported separately. Business and geographical segments of the Corporation, concerning income and expenses, have not been reported separately in these financial statements as the management of the Corporation considers the principal segment to be providing loans with agricultural entities in the Republic of Kazakhstan as the risks of and returns are considered to be similar through the country. Further, more than 90% of the Corporation's operations are conducted within the Republic of Kazakhstan.

Critical judgments in applying the Corporation's accounting policies

The preparation of the Corporation's financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amount of income and expenses during the period ended. 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 Corporation's financial condition.

Allowance for impairment of loans
The Corporation regularly reviews its loans to assess for impairment. The Corporation's loan impairment provisions are established to recognize incurred impairment losses in its portfolio of loans. The Corporation considers accounting estimates related to allowance for impairment of loans 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 are based on recent performance experience, and (ii) any significant difference between the Corporation's estimated losses and actual losses will require the Corporation to take provisions which, if significantly different, could have a material impact on its future income statement and its balance sheet.

The Corporation uses management's judgement 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 Corporation estimates changes in future cash flows based on past performance, past customer behaviour, 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, finance leases and receivables. The Corporation uses management's judgement 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 financial statements have been determined on the basis of existing economic and political conditions. The Corporation 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.

Valuation of Financial Instruments
Financial instruments that are classified at fair value through profit or loss or available for sale, and all derivatives, are stated at fair value. The fair value of such financial instruments is the estimated amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for an instrument, the fair value is calculated based on the market price. When valuation parameters are not observable in the market or cannot be derived from observable market prices, the fair value is derived through analysis of other observable market data appropriate for each product and pricing models which use a mathematical methodology based on accepted financial theories. Pricing models take into account the contract terms of the securities as well as market-based valuation parameters, such as interest rates, volatility, exchange rates and the credit rating of the counterparty. Where market-based valuation parameters are not directly observable, management will make a judgment as to its best estimate of that parameter in order to determine a reasonable reflection of how the market would be expected to price the instrument. In exercising this judgment, a variety of tools are used including proxy observable data, historical data, and extrapolation techniques. The best evidence of fair value of a financial instrument at initial recognition is the transaction price unless the instrument is evidenced by comparison with data from observable markets. Any difference between the transaction price and the value based on a valuation technique is not recognized in the income statement on initial recognition. Subsequent gains or losses are only recognized to the extent that it arises from a change in a factor that market participants would consider in setting a price.

The Corporation considers that the accounting estimate related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and (ii) the impact that recognizing a change in the valuations would have on the assets reported on its balance sheet as well as its profit/(loss) could be material.

Had management used different assumptions regarding the interest rates, volatility, exchange rates, the credit rating of the counterparty and valuation adjustments, a larger or smaller change in the valuation of financial instruments where quoted market prices are not available would have resulted that could have had a material impact on the Corporation's reported net income.

Adoption of new and revised standards

In the current year, the Corporation has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods ending on 31 December 2008. The adoption of these new and revised Standards and Interpretations has not resulted in significant changes to the Corporation's accounting policies that have affected the amounts reported for the current or prior years.

Amendments to IAS 1 "Capital Disclosures" ("IAS 1") – On 18 August 2005, the IASB issued an amendments to IAS 1 which requires certain disclosures to be made regarding the entity's objectives, policies and processes for managing capital. Additional information was disclosed in the financial statements for the current and comparative reporting periods as required by amended IAS 1.

Amendments to IAS 39, "Financial Instruments: Recognition and Measurement", and IFRS 7, "Financial Instruments: Disclosures", titled "Reclassification of Financial Assets" – On 13 October 2008 IASB issued amendments to IAS 39 and IFRS 7 which permits certain reclassifications of non-derivative financial assets (other than those designated as at fair value through profit or loss at initial recognition under the fair value option) out of the fair value through profit or loss category and also allow reclassification of financial assets from the available for sale category to the loans and receivables category in particular circumstances. The amendments to IFRS 7 introduce additional disclosure requirements if an entity has reclassified financial assets in accordance with the amendments to IAS 39. The amendments are effective as of 13 October 2008 and in certain circumstances can be applied retrospectively from 1 July 2008. The Corporation has elected not to apply the amendments to IAS 39 and IFRS 7 retrospectively.

Standards and interpretations issued and not yet adopted

At the date of authorization of these financial statements, other than the Standards and Interpretations adopted by the Corporation in advance of their effective dates, the following Interpretations were in issue but not yet effective.

IFRIC 9 "Reassessment of Embedded Derivatives" which requires that there should be no reassessment of whether an embedded derivative should be separated from the host contract after initial recognition, unless there have been changes to the contract. The adoption of IFRIC 9 had no impact on the Corporation's income statement or financial position.

IFRS 8 – The IASB issued IFRS 8 "Operating Segments" in December 2006. This will replace IAS 14 "Segment Reporting" for accounting periods beginning on or after 1 January 2009. IFRS 8 requires segmental analysis reported by an entity to be based on information used by management. Management is currently assessing the impact of the adoption of IFRS 8.

IAS 1 – on 6 September 2006, the IASB issued an amendment to IAS 1 which changes the way in which non-owner changes in equity are required to be presented to in IFRS but does not require that these be renamed in an entity's financial statements. The amendment to IAS 1 is effective for periods beginning on or after 1 January 2009.

4 NET INTEREST INCOME

	Year ended 31 December 2008	Year ended 31 December 2007
Interest income comprises:		
Interest income on assets recorded at amortized cost:		
- interest income on impaired assets	259,640	31,079
- interest income on unimpaired assets	3,147,593	1,047,205
Total interest income	3,407,233	1,078,284
Interest income on assets recorded at amortized cost comprises:		
Interest income on loans to customers	3,071,857	952,822
Interest income on deposits in banks	335,321	125,462
Dividends	55	-
Total interest income on financial assets recorded at amortized cost	3,407,233	1,078,284
Interest expense comprises:		
Interest on liabilities recorded at amortized cost	1,379,468	70,966
Total interest expense	1,379,468	70,966
Interest expense on liabilities recorded at amortized cost comprise:		
Interest expense on loans from banks	1,077,765	-
Interest expense on loans from Ministry of Finance of the Republic of Kazakhstan	10,378	13,313
Interest expense on debt securities issued	291,325	57,653
Total interest expense on financial assets recorded at amortized cost	1,379,468	70,966
Net interest income before provisions for impairment losses on interest bearing assets	2,027,765	1,007,318

5 ALLOWANCE FOR IMPAIRMENT LOSSES

The movements in allowance for impairment losses on interest bearing assets were as follows:

	Loans to customers
31 December 2006	97,804
Provision	15,402
Write off of assets	(27,060)
31 December 2007	86,146
Provision	465,734
Write off of assets	(46,955)
31 December 2008	504,925

6 NET LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

To manage exposure to foreign exchange risk the Corporation grants certain denominated in KZT loans to customers that are indexed to the USD. These agreements require that the borrower repay the loans and respective interest in KZT; however, the amount to be repaid is adjusted by changes in the USD exchange rates from inception of the loan to the payment date. The contracts also provide for a floor exchange rate which is equal to the spot rates on the origination date of the loans. The Corporation has determined that the embedded derivative is not closely related to the host contract and should be separately measured at fair value.

For embedded derivatives the Corporation uses a valuation technique based on option valuation models and market data related to forward exchange rates and volatility at each balance sheet date to determine the fair value of any embedded derivatives.

As at 31 December 2008 the net loss on financial assets at fair value through profit or loss are the result of changes in the valuation of embedded derivatives.

7 NET LOSS ON FOREIGN EXCHANGE

Net loss on foreign exchange for the year ended 31 December 2008 amounted to KZT 74,273 thousand (31 December 2007: nill). This comprised net losses on the revaluation of loans from banks denominated in USD.

8 NET INCOME FROM ASSOCIATED COMPANIES

Net profit from associated companies comprises of the following:

	Year ended 31 December 2008	**Year ended 31 December 2007**
Income from associated companies	26,997	31,638
Loss on associated companies	(12,317)	(22,036)
Total net income from associated companies	14,680	9,602

9 OPERATING EXPENSES

Operating expenses comprise of the following:

	Year ended 31 December 2008	Year ended 31 December 2007
Payroll and bonuses	497,748	295,511
Social tax	41,564	31,947
Current rent	40,557	23,122
Professional services	33,728	15,655
Telecommunications	23,927	16,280
Depreciation of property, equipment and intangible assets	19,318	14,179
Maintenance of property and equipment	15,440	14,185
Travel expenses	9,023	9,665
Insurance	6,643	316
Stationary	5,925	3,363
Advertisement	5,528	2,279
Banking services	5,321	3,389
Education	4,378	1,128
Taxes, other than corporate income tax	1,828	1,708
Utilities	1,652	1,299
Charity and sponsorship	669	450
Representative expenses	561	3,768
Security	505	420
Membership fees	270	250
Other expenses	22,739	13,516
Total operating expenses	737,324	452,430

10 INCOME TAX

The Corporation provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of the Republic of Kazakhstan.

The Corporation is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2008 and 2007 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

The tax effect from temporary differences as at 31 December 2008 and 2007 comprise:

	Year ended 31 December 2008	Year ended 31 December 2007
Deferred assets:		
Financial assets at fair value through profit and loss	232,434	-
Provisions on loans to customers	224,190	-
Provisions on vacations	37,555	33,211
Total deferred assets	494,179	33,211
Deferred liabilities:		
Loans to customers	314,247	-
Property, equipment and intangible assets	28,852	30,635
Investments in associated companies	21,172	6,492
Total deferred liabilities	364,271	37,127
Net deferred assets/(liabilities)	129,908	(3,916)
Net deferred assets/(liabilities) at set rate	30,739	(1,175)
Net deferred assets/(liabilities)	30,739	(1,175)

In November 2008, an amendment to the Tax Code was enacted to reduce the corporate income tax rate from 30% to 20% effective from 1 January 2009, to 17.5% effective from 1 January 2010 and to 15% effective from 1 January 2011. Current year Kazakh income tax is measured at 30% (2007: 30%) of the estimated assessable profit for the year. Starting from December 2008 deferred taxes are measured at the rates expected to apply to the period when the asset is realized or liability is settled.

Relationships between tax expenses and accounting profit for the years ended 31 December 2008 and 2007 are explained as follows:

	Year ended 31 December 2008	Year ended 31 December 2007
Profit before income tax	530,561	548,902
Tax at the statutory tax rate of 30%	159,168	164,671
Non-deductable withholding tax expenses	33,679	-
Non-deductable sponsorship expenses	20,781	-
Other permanent differences	2,012	(28,249)
Effect of change in tax rate	(8,233)	-
Income tax expense	207,407	136,422
Current income tax expense	239,321	140,708
Deferred income tax benefit	(31,914)	(4,286)
Income tax expense	207,407	136,422

Assets/(liabilities) on deferred tax on income	Year ended 31 December 2008	Year ended 31 December 2007
Beginning of the period	(1,175)	(5,461)
Changes of deferred tax on income during the period, indicated in income statement	31,914	4,286
End of the period	30,739	(1,175)

11 EARNINGS PER SHARE

The calculation of basic earnings per share attributable to ordinary equity holders of the parent is as follows:

	Year ended 31 December 2008	Year ended 31 December 2007
Profit:		
NET PROFIT FOR THE YEAR	323,154	412,480
Weighted average number of ordinary shares for basic and diluted earnings per share	33,337,938	23,809,724
Earnings per share – basic and diluted (KZT)	9.69	17.3

No dilutive instruments were outstanding as of 31 December 2008 and 2007.

12 CASH AND CASH EQUIVALENTS

	31 December 2008	31 December 2007
Time deposits in banks	1,556,916	-
Current accounts with Banks	476,908	2,847,609
Cash on hand	146	8
Total cash and cash equivalents	2,033,970	2,847,617

As at 31 December 2008 time deposits in banks included deposit in JSC Kazkommertsbank in the amount of KZT 1,550,000 thousand and accrued interest in the amount of KZT 6,917 thousand. The term of the deposit is 3 months and it bears interest rate of 9% per annum. On 9 March 2009 the deposit was withdrawn on maturity.

13 LOANS TO CUSTOMERS

Loans to customers comprises of the following:

	31 December 2008	31 December 2007
Loans to customers	51,851,665	24,906,245
Less allowance for impairment losses	(504,925)	(86,146)
Total loans to customers	51,346,740	24,820,099

Movements in allowances for impairment losses on loans to customers for the years ended 31 December 2008 and 2007 are disclosed in Note 5.

As at 31 December 2008 and 2007 accrued interest income included in loans to customers amounted to KZT 899,516 thousand and KZT 132,651 thousand, respectively.

The table below summarizes the amount of loans secured by type of collateral, rather than the fair value of the collateral itself:

	31 December 2008	31 December 2007
Loans collateralized by real estate	24,074,436	4,390,343
Loans collateralized by vehicles	9,915,805	4,417,487
Loans collateralized by non agricultural equipment	6,972,996	6,622,325
Loans collateralized by land	6,543,637	963,733
Loans collateralized by deposits in banks	2,136,543	6,553,409
Loans collateralized by agricultural equipment	2,208,248	1,958,948
	51,851,665	24,906,245
Less allowance for impairment losses	(504,925)	(86,146)
Total loans to customers	51,346,740	24,820,099

	31 December 2008	31 December 2007
Analysis by sectors:		
Agriculture	49,534,585	24,211,512
Individuals	2,317,080	694,733
	51,851,665	24,906,245
Less allowance for impairment losses	(504,925)	(86,146)
Total loans to customers	51,346,740	24,820,099

As at 31 December 2008 and 2007 there were no loans to customers, which individually exceeded 10% of the Corporation's equity.

As at 31 December 2008 and 2007 all loans are granted to companies operating in Kazakhstan, which represents a significant geographical concentration in one region.

As at 31 December 2008 and 2007 the maximum credit risk exposure on loans to customers on one borrower amounted to KZT 2,063,586 thousand and KZT 1,992,614 thousand, respectively.

As at 31 December 2008 and 2007 loans to customers included loans in the amount of KZT 3,143,089 thousand and KZT 339,985 thousand, respectively, that were individually determined to be impaired.

14 INVESTMENTS IN ASSOCIATES

The Corporation invests in associates in the normal course of business according to charter to develop small and middle farmers. As at 31 December 2008 and 2007 all investments in associated companies included share of the Corporation in 96 and 109 credit partnerships, respectively. Share of the Corporation in credit partnerships was in the range of 6.7% to 50%. The Corporation has significant influence over credit partnerships and is the sole fund provider for the credit partnerships.

The movements of investments in associates comprise:

	31 December 2008	**31 December 2007**
At the beginning of the period	587,709	764,410
Purchase cost	47,250	71,177
Share of results of associates	14,680	9,602
Investments sale	(111,693)	(257,480)
At the end of the period	537,946	587,709

15 PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

Property, equipment and intangible assets are comprised of the following:

	Buildings and other real estate	**Machine and equipment**	**Vehicles**	**Land**	**Intangibl e assets**	**Other**	**Total**
At initial cost							
31 December 2006	122,981	21,421	4,130	5,397	4,214	20,189	178,332
Additions	-	8,726	5,826	-	4,309	7,524	26,385
Disposals	-	(797)	-	-	-	(235)	(1,032)
31 December 2007	122,981	29,350	9,956	5,397	8,523	27,478	203,685
Additions	-	9,738	22,899	-	7,267	7,074	46,978
Disposal	-	(1,127)	-	-	-	(304)	(1,431)
31 December 2008	122,981	37,961	32,855	5,397	15,790	34,248	249,232
Accumulated depreciation							
31 December 2006	12,272	12,151	1,033	-	291	5,671	31,418
Charge for the year	5,534	4,247	753	-	1,325	2,320	14,179
Eliminated on disposals	-	(756)	-	-	-	(67)	(823)
31 December 2007	17,806	15,642	1,786	-	1,616	7,924	44,774
Charge for the year	5,534	5,908	2,352	-	2,560	2,964	19,318
Eliminated of disposal	-	(917)	-	-	-	(135)	(1,052)
31 December 2008	23,340	20,633	4,138	-	4,176	10,753	63,040
Net book value							
As at 31 December 2008	99,641	17,328	28,717	5,397	11,614	23,495	186,192
As at 31 December 2007	105,175	13,708	8,170	5,397	6,907	19,554	158,911

16 OTHER ASSETS

Other assets comprise:

	31 December 2008	31 December 2007
FINANCIAL ASSETS:		
Accounts receivable	-	800
Total financial assets	-	800
NON-FINANCIAL ASSETS:		
Prepayment	195,121	10,737
Stationary	1,583	1,398
Taxes receivable, other than income tax.	1,532	95
Total non-financial assets	198,236	12,230
Total other assets	198,236	13,030

17 LOANS FROM BANKS

Loans from banks comprises of the following:

	Currency	Maturity date dd/mm/yyyy	Effective Interest Rate,%	31 December 2008	31 December 2007
Dresdner Bank	USD	01/03/2013	8.03	16,502,465	-
Total loans from banks:				16,502,465	-

On 21 April 2008, the Corporation entered into a USD 136 million facility agreement with JSC Dresdner Bank for the purpose of facilitating development of agricultural sector in Kazakhstan. The term of the facility is five years and it bears interest at a rate of 8.03%. The principal is repayable in full at maturity. Interest is paid semi annually starting from November 2008. As at 31 December 2008 the Corporation is meeting the requirements of the covenants (Note 22) on the outstanding facility of Dresdner Bank.

As at 31 December 2008 accrued interest expenses included in loans from banks amounted to KZT 216,154 thousand.

18 LOANS FROM MINISTRY OF FINANCE OF THE REPUBLIC OF KAZAKHSTAN

Loans from Ministry of Finance of the Republic of Kazakhstan comprises of the following:

	31 December 2008	31 December 2007
Ministry of Finance of the Republic of Kazakhstan (expires in 2010, at 0.5%)	245,034	367,573
Ministry of Finance of the Republic of Kazakhstan (expires in 2010, at 0.5%)	237,233	355,871
Ministry of Finance of the Republic of Kazakhstan (expires in 2011, at 0.5%)	939,674	1,252,945
Ministry of Finance of the Republic of Kazakhstan (expires in 2011, at 0.5%)	103,394	137,862
Total loans received	1,525,335	2,114,251

All loans are denominated in KZT.

The Corporation receives low interest loans from the Government of the Republic of Kazakhstan to facilitate the development of the agricultural sector in Kazakhstan. The Corporation follows the Order #645 of the Government of the Republic of Kazakhstan date 7 July 2006 which described in details terms and conditions of lending by each type of borrowers.

As at 31 December 2008 and 2007 included in loans from Ministry of Finance of Republic of Kazakhstan are accrued interest of KZT 262 thousand and KZT 454 thousand, respectively.

19 DEBT SECURITIES ISSUED

Debt securities issued comprises of the following:

	Maturity date dd/mm/yy	Interest Rate, %	31 December 2008	31 December 2007
Bonds	10 August 2012	8.6%-9.00%	2,820,586	1,472,175
Discount			(337,682)	(251,393)
Accrued interest			99,343	49,857
Total debt securities issued			2,582,247	1,270,369

Debt securities issued are denominated in KZT. Interest is paid semiannually, and interest rate is revised semiannually within a range from 6% to 9% per annum based on deviation of inflation rate in Kazakhstan.

As at 31 December 2008 the Corporation meets the requirements of the covenants (Note 22) on debt securities issued.

20 OTHER LIABILITIES

Other liabilities comprises of the following:

	31 December 2008	31 December 2007
FINANCIAL LIABILITIES		
Accounts payable	41,672	35,546
Total financial liabilities	41,672	35,546
NON-FINANCIAL LIABILITIES		
Deferred income	3,456	1,637
Tax payables, other than income tax	2,909	10
Total non-financial liabilities	6,365	1,647
Total other liabilities	48,037	37,193

21 SHARE CAPITAL

At 31 December 2008 and 2007 the Corporation had 34,449,371 and 24,440,471 ordinary shares authorized and issued with a par value of KZT 1,000, respectively, which amounted to KZT 34,449,371 thousand and KZT 24,440,471 thousand, respectively. All shares are the same type and have equal voting rights.

During 2008 and 2007 the Corporation had increased share capital by KZT 10,008,900 thousand and KZT 9,208,900 thousand, respectively.

In 2008 and 2007 a dividend of KZT 206,240 thousand and KZT 63,064 thousand were declared for 2007 and 2006, respectively.

In May 2008 the shareholder issued an order to the Corporation to pay an amount of KZT 62,426 thousand for social event sponsorship purposes.

According to the Charter the net profit of the Corporation can be transferred to reserves account annually following the approval of the financial statements at the shareholder's general meeting. The reserves account later could be subject to distribution according to the decision of the shareholder's general meeting.

During 2008, part of net profit for the year ended 31 December 2007 of KZT 206,240 thousand, has been transferred to general reserves.

During 2007, part of net profit for the year ended 31 December 2006 of KZT 63,061 thousand, has been transferred to reserve capital.

22 FINANCIAL COMMITMENTS AND CONTINGENCIES

As at 31 December 2008 and 2007 the Corporation did not have agreements on contingent liabilities.

Financial covenants

As at 31 December 2008, according to loan agreement with Dresdner Bank, the Corporation meets its obligation to comply with the following covenant:

- Tangible Net Worth shall not at any time be less than the equivalent in KZT of USD 100 mln

According to loan agreement with Dresdner Bank, an event of default occurs when Standard&Poor's and Moody's both downgrade a rating they have assigned to senior unsecured debt of the Borrower by one notch or more or either of Standard & Poor's or Moody's (a) downgrade a rating it has assigned to senior unsecured debt of the Borrower by two notches or more (b) ceases to provide a rating in respect of the Borrower (Note 23).

According to agreement on purchase and sale of bonds with JSC Pension asset investment management company Nur-Trust («JSC PAIMC Nur-Trust»), the Corporation has an obligation to repurchase bonds issued and sold to JSC PAIMC Nur-Trust in quantity of 700,000 if the following covenant is not met:

- If within the first 3 years of bonds listing, the Capital adequacy of the Corporation calculated as ratio of Equity to Total Assets is less than 65%, JSC PAIMC Nur-Trust has a right to sell 700,000 of bonds to the Corporation during the period of 5 September to 10 August 2010 at a price based on yield to maturity 15.23% (Note 23).

Capital commitments

The Corporation did not have significant capital commitments as at 31 December 2008.

Operating lease commitments

The Corporation did not have significant lease commitments as at 31 December 2008.

Legal proceedings

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

Taxation

Due to the presence in Kazakhstani commercial legislation, and tax legislation in particular, of provisions allowing more than one interpretation, and also due to the practice developed in a generally unstable environment by the tax authorities of making arbitrary judgment of business activities, if a particular treatment based on Management's judgment of the Corporation's business activities was to be challenged by the tax authorities, the Managements of the Corporation may be assessed additional taxes, penalties and interest. Such uncertainty may relate to valuation of financial instruments, loss and impairment provisions and market level for deals' pricing. The Management of the Corporation believes that it has already made all tax payments, and therefore no allowance has been made in the financial statements. Tax years remain open to review by the tax authorities for five years.

Pensions and retirement plans

In accordance with the legislation of Republic of Kazakhstan the Corporation withholds the amount of pension contributions from the employees salaries and transfers them to the State center on pension payments. Current system of pensions provision anticipates the calculation of current contributions of employer as a percentage of total current payments to employees. These expenses are recognized in the same period as the total payments to employees. In case of employee termination all pension payments are made by pension funds that were selected by the employees. The Corporation doesn't have additional schemes of pension provisions, except for the – participation in the state pension system of Republic of Kazakhstan. More over, the Corporation does not have post-retirement benefits or any other significant benefits that should be accrued.

Operating environment

The Corporation's principal business activities are within the Republic of Kazakhstan. Laws and regulations affecting the business environment in the Republic of Kazakhstan are subject to rapid changes and the Corporation's assets and operations could be at risk due to negative changes in the political and business environment.

Volatile global and Kazakhstani financial markets

In recent months a number of major economies around the world have experienced volatile capital and credit markets. A number of major global financial institutions have either been placed into bankruptcy, taken over by other financial institutions and/or supported by government funding. As a consequence of the recent market turmoil in capital and credit markets both globally and in Kazakhstan, notwithstanding any potential economic stabilization measures that may be put into place by the Government of the Republic of Kazakhstan, there exists as at the date these financial statements are authorised for issue economic uncertainties surrounding the continual availability, and cost, of credit both for the entity and its counterparties, the potential for economic uncertainties to continue in the foreseeable future and, as a consequence, the potential that assets may be not be recovered at their carrying amount in the ordinary course of business, and a corresponding impact on the Corporation's profitability.

Recoverability of financial assets

As a result of recent economic turmoil in capital and credit markets globally, and the consequential economic uncertainties existing as at balance sheet date, there exists the potential that assets may not be recovered at their carrying amount in the regular course of business.

As at 31 December 2008 and 2007, the Corporation has financial assets amounting to KZT 55,355,078 thousand and KZT 28,256,225 thousand, respectively. The recoverability of these financial assets depends on a large extent on the efficacy of the fiscal measures and other measures and other actions, beyond the Corporation's control, undertaken within various countries to achieve economic stability and recovery. The recoverability of the Corporation's financial assets is determined based on conditions prevailing and information available as at balance sheet date.

23 SUBSEQUENT EVENTS

On 21 February 2009 the Corporation authorized and issued 1,700,000 ordinary shares with a par value of KZT 1000.

On 23 February 2009 the Corporation entered into KZT loan agreement with its shareholder JSC National Holding Kazagro in the amount of KZT 33,196,000 thousand. The maturity of the loan is 2010 and it bears interest at a rate of 1.02%.

On 24 February 2009 rating agency Moody's Investors Services announced a decrease of the Corporation's local and foreign currency issuer ratings to Baa3 from Baa2 as a result of negative impact of global economic crisis on the Kazakh economy and its financial institutions. This downgrading did not trigger an event defined as "an event of default" as decribed in Note 22 under the heading "covenants."

On 15 May 2009 the Board of Directors of the Corporation approved repurchase of its own bonds in quantity of 700,000 from JSC PAIMC Nur-Trust at a price based on yield to maturity 15.23% (Note 22).

Devaluation of national currency

During 2008 and 2007, the NBRK supported the exchange rate of the national currency to USD in the range between KZT 117 to 1 USD to KZT 123 to 1 USD. On 4 February 2009, the NBRK announced a change in the supported level of exchange rate to around KZT 150 to 1 USD.

Due to the fact that the Corporation operates in the Republic of Kazakhstan and has certain borrowings denominated in USD, its financial position and the results of operations of the Corporation, its financial position, statements of operations and cash flows will be influenced by changes in the USD-KZT exchange rate (Note 27).

Management believes that the Corporation is expected to continue as going concern notwithstanding the uncertainties as discussed in the preceding paragraphs.

24 TRANSACTIONS WITH RELATED PARTIES

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

(a) Parties that directly, or indirectly through one or more intermediaries: control, or are controlled by, or are under common control with, the Corporation (this includes parents, subsidiaries and fellow subsidiaries); have an interest in the Corporation that gives then significant influence over the Corporation; and that have joint control over the Corporation;

(b) Associates – enterprises on which the Corporation has significant influence and which is neither a subsidiary nor a joint venture of the investor;

(c) Joint ventures in which the Corporation is a venturer;

(d) Members of key management personnel of the Corporation or its parent;

(e) Close members of the family of any individuals referred to in (a) or (d);

(f) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Details of transactions between the Corporation and other related parties are disclosed below:

	31 December 2008		31 December 2007	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers	5,999,205	51,346,740	18,191,682	24,820,099

	Year ended 31 December 2008		Year ended 31 December 2007	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Compensation of key management personnel				
Short-term remuneration	36,186	497,748	27,112	295,511
	36,186	497,748	27,112	295,511

The income statement for the periods ended on 31 Decembers 2008 and 2007 contained amounts from related party transactions.

	Year ended 31 December 2008		Year ended 31 December 2007	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	246,810	3,407,233	693,942	1,078,284

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Below are figures on fair value of financial instruments in accordance with IAS 32 “Financial instruments: disclosure and presentation” and IAS 39 “Financial instruments: recognition and valuation”. Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm’s length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Corporation could realize in a market exchange from the sale of its full holdings of a particular instrument.

The fair value of financial assets and liabilities compared with the corresponding carrying amount in the balance sheet of the Corporation is presented below:

	31 December 2008		31 December 2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	2,033,970	2,033,970	2,847,617	2,847,617
Loans to customers	51,346,740	44,650,295	24,820,099	21,886,602
Loans from banks	16,502,465	11,084,137	-	-
Loans from Ministry of Finance of the Republic of Kazakhstan	1,525,335	1,461,875	2,114,251	2, 003,189
Debt securities issued	2,582,247	2,777,722	1,270,369	1, 383,845

26 REGULATORY MATTERS

Quantitative measures established by regulation to ensure capital adequacy require the Corporation to maintain minimum amounts and ratios of total (8%) and tier 1 capital (4%) to risk weighted assets.

The ratio was calculated according to the principles employed by the Basle Committee by applying the following risk estimates to the assets and off-balance sheet commitments net of allowances for impairment losses.

Rate	Position description
0%	Cash
20%	Loans deposits for the period less than 1 year.
100%	Loans to customers
100%	Guarantees issued
50%	Liabilities on unused loans with initial period over 1 year.
100%	Other assets

Actual amounts and capital ratios of the Corporation are:

Amounts and capital ratio	Actual amount	For the purpose of capital adequacy	Ratio for the purpose of capital adequacy	Minimum required ratio level
As at 31 December 2008				
Total capital	35,092,831	34,513,510	67%	8%
Capital of Tier 1	35,092,831	35,051,456	68%	4%
As at 31 December 2007				
Total capital	25,029,443	24,441,734	128%	8%
Capital of Tier 1	25,029,443	25,029,443	131%	4%

27 RISK MANAGEMENT POLICIES

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

- Credit exposures
- Liquidity risk
- Market risk

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

Credit risk

The Corporation is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Risk management and monitoring is performed within set limits of authority by the Credit Department and the Corporation’s Management Board. Daily monitoring of risks is performed by the Head of Credit Department and Credit Departments of branches.

The Corporation structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers. Actual exposures against limits are monitored daily.

Where appropriate, and in the case of most loans, the Corporation obtains collateral and corporate and personal guarantees.

Maximum Exposure

The Corporation's maximum exposure to credit risk varies significantly and is dependant on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk of balance sheet and off balance sheet financial assets. For financial assets in the balance sheet, the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral.

31 December 2008	**Maximum exposure**	**Offset**	**Net exposure after offset**	**Collateral Pledged**	**Net exposure after offset and collateral**
Cash and cash equivalents	2,033,970	-	2,033,970	-	2,033,970
Loans to customers	51,346,740	-	51,346,740	47,408,265	3,938,475
Financial assets at fair value through profit and loss	1,436,422	-	1,436,422	-	1,436,422
Investments in associates	537,946	-	537,946	-	537,946

31 December 2007	**Maximum exposure**	**Offset**	**Net exposure after offset**	**Collateral Pledged**	**Net exposure after offset and collateral**
Cash and cash equivalents	2,847,617	-	2,847,617	-	2,847,617
Loans to customers	24,820,099	-	24,820,099	13,528,772	11,291,327
Investments in associates	587,709	-	587,709	-	587,709

Financial assets are graded according to the current credit rating they have been issued by an internationally regarded agency such as Standard and Poors. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classed as speculative grade.

The following table details the credit ratings of financial assets held by the Corporation as at 31 December 2008:

	AAA	**AA**	**A**	**BBB**	**<BBB**	**Not Rated**	**Total at 31 December 2008**
Cash and cash equivalents					1,882,917	151,053	2,033,970
Loans to customers	-	-	-	-	-	51,346,740	51,346,740
Financial assets at fair value through	-	-	-	-	-	1,436,422	1,436,422
Investments in associates	-	-	-	-	-	537,946	537,946

The following table details the credit ratings of financial assets held by the Corporation as at 31 December 2007:

	AAA	**AA**	**A**	**BBB**	**<BBB**	**Not Rated**	**Total at 31 December 2007**
Cash and cash equivalents					2,615,770	231,847	2,847,617
Loans to customers					-	24,820,099	24,820,099
Investments in associates					-	587,709	587,709

As at 31 December 2008 and 2007, the Corporation's loans to customers and investments in associated companies comprises clients who are farmers, therefore these customers are not rated by any international rating agencies. For the purpose of financial statements presentation in accordance with IFRS, the Corporation presents the classification of these loans to customers and investments in associated companies according to the internal rating model, which is presented below.

Classification of loans to customers by types is performed in accordance with Rules of Classification of assets, contingent liabilities and creation of loan loss allowance. approved by the Order # 226 of the Board of Management of the Agency of Regulation and monitoring of the financial market and the financial organisations, dated 25 December 2006 and internal rules of assets classification.

Rating of customers is formed by using the number of points assigned to customers. The number of points is calculated based on the following factors: financial position of customers, overdue of payments, quality of collateral, number of prolongation, other overdue liabilities, share of funds used not for the stated purpose, write-off of liabilities against other creditors, availability of the rating of the customer.

Loans to customers are classified based on internal assessments and other information. Loans are classified according to their risk and the exposure that they potentially present to the Corporation, and this classification is verified by the Risk Management function. At present, the Risk Management function uses classifications as follows:

Standard: the financial condition of the borrower is good and there is no indication of any external or internal factors to suggest that the financial condition of the borrower has deteriorated. Payments of interest and principal are being made in a timely fashion. The borrower is considered to have the capability to repay the loan in accordance with its terms.

Doubtful -first and second category: there is evidence of a temporary deterioration in the financial condition of the borrower, including a reduction in income and/or a loss of market share. However, there is evidence to suggest that the borrower will be able to cope with any temporary difficulties, and there is a low expectation that the borrower will be unable to repay the loan and pay interest in full.

Doubtful -third or fourth category: there is evidence of a severe deterioration in the financial condition of the borrower, including negative operating results and/or a declining liquidity position. The current financial condition of the borrower raises concerns as to the ability of the borrower to stabilise and improve its current financial performance and casts doubt on the borrower's ability to repay the loan and pay interest in full.

Doubtful -fifth category: deterioration in the financial condition of the borrower has reached a critical level, including significant operating losses, a loss of market position and/or negative shareholders' equity. It is probable that the borrower will be unable to repay the loan or pay interest in full.

Loss: the borrower's financial condition and operations have reached the point where it is evident that the borrower will be unable to meet in full its obligations under the loan.

Classification of not rated financial assets as at 31 December 2008 is as follows:

	Loans to customers	Investment in associated companies
Standard	48,097,218	537,946
Doubtful of the 1st category	654,265	
Doubtful of the 2nd category	557,167	-
Doubtful of the 3nd category	1,225,910	
Doubtful of the 4th category	541,386	-
Doubtful of the 5th category	270,794	-
Total	51,346,740	537,946

Classification of not rated financial assets as at 31 December 2007 is as follows:

	Loans to customers	Investment in associated companies
Standard	24,398,366	587,709
Doubtful of the 1st category	421,733	-
Total	24,820,099	587,709

The Banking industry is generally exposed to credit risk through its loans to customers and inter bank deposits. With regard to the loans to customers this risk exposure is concentrated within the Republic of Kazakhstan. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Corporation's risk management policy are not breached.

The following table details the carrying value of assets that are impaired and the ageing of those that are past due but not impaired:

	Neither past due nor impaired	Financial assets past due but not impaired				Financial assets that have been impaired	Total at 31 December 2008
		0-3 months	3-6 months	6 months to 1 year	Greater than one year		
Cash and cash equivalents	2,033,970	-	-	-	-	-	2,033,970
Loans to customers	48,097,218	49,191	112,698	35,746	21,496	3,030,391	51,346,740
Financial assets at fair value through profit and loss	1,436,422	-	-	-	-	-	1,436,422
Investments in associates	537,946	-	-	-	-	-	537,946

	Neither past due nor impaired	Financial assets past due but not impaired 0-3 months	3-6 months	6 months to 1 year	Greater than one year	Financial assets that have been impaired	Total at 31 December 2007
Cash and cash equivalents	2,847,617	-	-	-	-	-	2,847,617
Loans to customers	24,459,989	20,125	-	-	-	339,985	24,820,099
Investments in associates	587,709	-	-	-	-	-	587,709

Geographical concentration

All of the Corporation's assets and liabilities are in Kazakhstan, and denominated in KZT, except for loans from banks which is denominated in USD.

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.

Assets and liabilities Management Department controls liquidity risk through maturity analysis of expected future cash flows for debtors and creditors, and prepares report on expected future cash flows. Risk Management Department performs monthly analysis of expected versus actual cash flows and prepares report with recommendations to the Management of the Corporation, as well as monitors compliance with the ratios. Calculation of quick, current and general liquidity ratios are made by the Department of accounting and financial statements preparation.

Below is analysis of liquidity risk and interest rate risk comprising the following:

	Weighted average effective interest rate, %	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2008 Total
FINANCIAL ASSETS								
Cash and cash equivalents	8	2,033,824	-	-	-	-	-	2,033,824
Loans to customers	7.8	967,317	177,626	2,856,299	40,647,489	6,483,634	214,375	51,346,740
Total interest bearing financial assets		3,001,141	177,626	2,856,299	40,647,489	6,483,634	214,375	53,380,564
Financial assets at fair value through profit and loss		356	870	28,516	1,406,680	-	-	1,436,422
Cash and cash equivalents		146	-	-	-	-	-	146
Investments in associates		-	-	-	-	-	537,946	537,946
		3,001,643	178,496	2,884,815	42,054,169	6,483,634	752,321	55,355,078
FINANCIAL LIABILITIES								
Loans from Ministry of Finance of the Republic of Kazakhstan	0.5	262	-	-	1,525,073	-	-	1,525,335
Loans from banks	8.03	216,154	-	-	16,286,311	-	-	16,502,465
Debt securities issued	9.00	-	99,343	-	2,482,904	-	-	2,582,247
Total interest bearing liabilities		216,416	99,343	-	20,294,288	-	-	20,610,047
Other financial liabilities		41,672	-	-	-	-	-	41,672
		258,088	99,343	-	20,294,288	-	-	20,651,719
Liquidity gap		2,743,555	79,153	2,884,815	21,759,881	6,483,634		
Interest sensitivity gap		2,784,725	78,283	2,856,299	20,353,201	6,483,634		
Cumulative interest sensitivity gap		2,784,725	2,863,008	5,719,307	26,072,508	32,556,142		
Cumulative interest sensitivity gap as a percentage of total assets		5.03%	5.17%	10.33%	47.10%	58.81%		

	Weighted average effective interest rate, %	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2007 Total
FINANCIAL ASSETS								
Cash and cash equivalents	5	2,847,609	-	-	-	-	-	2,847,609
Loans to customers	5	132,651	90,231	766,544	12,096,523	11,714,350	19,800	24,820,099
Total interest bearing financial assets		2,980,260	90,231	766,544	12,096,523	11,714,350	19,800	27,667,708
Cash and cash equivalents		8	-	-	-	-	-	8
Investments in associates		-	-	-	-	-	587,709	587,709
Other financial assets		800	-	-	-	-	-	800
		2,981,068	90,231	766,544	12,096,523	11,714,350	607,509	28,256,225
FINANCIAL LIABILITIES								
Loans from Ministry of Finance of the Republic of Kazakhstan	0.5	454	-	-	2,113,797	-	-	2,114,251
Debt securities issued	8.6	-	49,587	-	1,220,782	-	-	1,270,369
Total interest bearing liabilities		454	49,587	-	3,334,579	-	-	3,384,620
Other financial liabilities		35,546	-	-	-	-	-	35,546
		36,000	49,587	-	3,334,579	-	-	3,420,166
Liquidity gap		2,945,068	40,644	766,544	8,761,944	11,714,350		
Interest sensitivity gap		2,979,806	40,644	766,544	8,761,944	11,714,350		
Cumulative interest sensitivity gap		2,979,806	3,020,450	3,786,994	12,548,938	24,263,288		
Cumulative interest sensitivity gap as a percentage of total assets		10.55%	10.69%	13.40%	44.41%	85.87%		

A further analysis of the liquidity and interest rate risks is presented in the following tables in accordance with IFRS 7. The amounts disclosed in these tables do not correspond to the amounts recorded on the balance sheet as the presentation below includes a maturity analysis for financial liabilities that indicates the total remaining contractual payments (including interest payments), which are not recognized in the balance sheet under the effective interest rate method.

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2008 Total
FINANCIAL LIABILITIES								
Loans from Ministry of Finance of the Republic of Kazakhstan	0.5%	-	-	596,350	942,768	-	-	1,539,118
Loans from banks	8.03%	216,154	-	1,337,223	21,103,169	-	-	22,656,546
Debt securities issued	9.00%	-	128,337	128,337	2,482,904	-	-	2,739,578
Other financial liabilities		41,672	-	-	-	-	-	41,672
Total financial liabilities		257,826	128,337	2,061,910	24,528,841	-	-	26,976,914

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2007 Total
FINANCIAL LIABILITIES								
Loans from Ministry of Finance of the Republic of Kazakhstan	0.5%	454	-	599,294	1,539,118	-	-	2,138,866
Debt securities issued	8.6%	-	66,248	66,248	2,002,158	-	-	2,134,654
Other financial liabilities		35,546	-	-	-	-	-	35,546
Total financial liabilities		36,000	66,248	665,542	3,541,276	-	-	4,309,066

Market Risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Corporation is exposed. There have been no changes as to the way the Corporation measures risk or to the risk it is exposed in 2008.

The Corporation is not exposed to market interest risks, as all loans received and granted are at fixed rate.

Currency risk

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

	KZT	USD	31 December 2008 Total
FINANCIAL ASSETS			
Cash and cash equivalents	2,033,970	-	2,033,970
Loans to customers	51,346,740	-	51,346,740
Financial assets at fair value through profit and loss	1,436,422		1,436,422
Investments in associates	537,946	-	537,946
TOTAL FINANCIAL ASSETS	55,355,078	-	55,355,078
FINANCIAL LIABILITIES			
Loans received from Ministry of Finance of the Republic of Kazakhstan	1,525,335	-	1,525,335
Loans from banks	-	16,502,465	16,502,465
Debt securities issued	2,582,247	-	2,582,247
Other financial liabilities	41,672	-	41,672
TOTAL FINANCIAL LIABILITIES	4,149,254	16,502,465	20,651,719
OPEN BALANCE SHEET POSITION	51,205,824	(16,502,465)	34,703,359

	KZT	USD	31 December 2007 Total
FINANCIAL ASSETS			
Cash and cash equivalents	2,847,617	-	2,847,617
Loans to customers	24,820,099	-	24,820,099
Investments in associates	587,709	-	587,709
Other financial assets	800	-	800
TOTAL FINANCIAL ASSETS	28,256,225	-	28,256,225
FINANCIAL LIABILITIES			
Due to Budget of the Republic of Kazakhstan	2,114,251	-	2,114,251
Debt securities issued	1,270,369	-	1,270,369
Other financial liabilities	35,546	-	35,546
TOTAL FINANCIAL LIABILITIES	3,420,166	-	3,420,166
OPEN BALANCE SHEET POSITION	24,836,059	-	24,836,059

Currency risk sensitivity

The following table details the Corporation's sensitivity to a 25% increase and decrease in the USD against the KZT. 25% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 25% change in foreign currency rates. The sensitivity analysis includes external loan where the denomination of the loan is in a currency other than the currency of the lender.

Impact on net profit and equity based on liabilities values as at 31 December 2008 and 31 December 2007:

	As at 31 December 2008		As at 31 December 2007	
	KZT/USD +25%	**KZT/USD -25%**	**KZT/USD +10%**	**KZT/USD -10%**
Impact on profit or loss	(4,143,705)	4,143,705	-	-
Impact on equity	-	-	-	-

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

Limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Corporation's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.