

JOINT STOCK COMPANY BANK CENTERCREDIT

**Condensed Interim Consolidated Financial
Information (Unaudited)**
For the six months ended 30 June 2008

**and Independent Auditors' Report
on Review of Condensed Interim
Consolidated Financial Information**

JOINT STOCK COMPANY BANK CENTERCREDIT

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JOINT STOCK COMPANY BANK CENTERCREDIT

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED)

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

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

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

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IAS 34 has been followed; and
- Preparing the condensed interim consolidated financial information on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

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

The condensed interim consolidated financial information for the six months ended 30 June 2008 was authorized for issue on 11 September 2008 by the Management Board of the Group.

On behalf of the Management Board of the Group:



Kainarbekova G.K.
Chief Accountant

11 September 2008
Almaty

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders and Board of Directors of Joint Stock Company Bank CenterCredit:

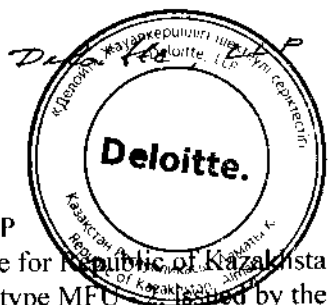
We have reviewed the accompanying condensed interim consolidated balance sheet of Joint Stock Company Bank CenterCredit and its subsidiaries (the "Group") as at 30 June 2008 and the related condensed interim consolidated statement of income for the three-month and six-month periods then ended, and condensed interim consolidated statements of changes in equity and cash flows for the six-month period then ended and the related explanatory notes. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information does not present fairly, in all material respects, the consolidated financial position of JSC Bank CenterCredit and its subsidiaries as at 30 June 2008, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month period then ended in accordance with IAS 34.



Deloitte, LLP
Audit license for Republic of Kazakhstan
№0000015, type MFO issued by the
Ministry of Finance of the Republic of Kazakhstan
dated 13 September 2006

11 September 2008
Almaty
Audit . Tax . Consulting . Financial Advisory.



Arman Chingilbayev
Engagement Partner
Qualified auditor
Qualification certificate №0000487,
dated 12 October 1999
Republic of Kazakhstan

Nurlan Bekenov
General Director
Deloitte, LLP

JOINT STOCK COMPANY BANK CENTERCREDIT

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED) (in Kazakhstani tenge and in millions, except for earnings per share which is in tenge)

	Notes	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)
Interest income	3, 27	53,146	39,361	26,535	21,476
Interest expense	3, 27	(31,946)	(23,624)	(16,177)	(12,070)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS AND LIABILITIES		21,200	15,737	10,358	9,406
Provision for impairment losses on interest bearing assets and liabilities	4	(10,432)	(6,631)	(5,266)	(3,580)
NET INTEREST INCOME		10,768	9,106	5,092	5,826
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	5	1,466	515	(3,715)	637
Net (loss)/gain on investments available- for-sale	6	(65)	8	7	(1)
Net (loss)/gain on foreign exchange operations	7	(1,038)	1,271	3,729	330
Fee and commission income	8	6,093	4,748	3,324	2,677
Fee and commission expense	8	(411)	(320)	(218)	(198)
Other income	9	1,421	784	643	443
NET NON-INTEREST INCOME		7,466	7,006	3,770	3,888
OPERATING INCOME		18,234	16,112	8,862	9,714
OPERATING EXPENSES	10, 27	(10,523)	(8,467)	(5,230)	(4,448)
INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON OTHER TRANSACTIONS		7,711	7,645	3,632	5,266
(Provision)/reversal of provision for impairment losses on other transactions	4	(746)	(254)	62	190
OPERATING PROFIT BEFORE INCOME TAX		6,965	7,391	3,694	5,456
Income tax (expense)/benefit	11	(490)	(1,739)	323	(1,039)
NET PROFIT		6,475	5,652	4,017	4,417
Attributable to:					
Ordinary shareholders of the parent		6,458	5,595	4,019	4,377
Minority interest		17	57	(2)	40
		6,475	5,652	4,017	4,417
EARNINGS PER SHARE					
Basic and diluted (KZT)	12	49.56	52.85	30.84	41.05

On behalf of the Management Board of the Group:

Lee V. C.
Chairman

11 September 2008
Almaty



Kainarbekova G.K.
Chief Accountant

11 September 2008
Almaty

Selected explanatory notes on pages 8-42 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008 (UNAUDITED) (in Kazakhstani tenge and in millions)

	Notes	30 June 2008 (unaudited)	31 December 2007
ASSETS			
Cash and balances with the National Bank of the Republic of Kazakhstan	13	78,219	43,020
Financial assets at fair value through profit or loss	14	13,134	10,297
Investments available-for-sale	15	36,768	7,232
Investments held to maturity	16	81,670	58,819
Due from banks	17	78,026	119,245
Loans to customers	18, 27	595,927	625,547
Current income tax assets		2,099	651
Other assets	19	5,619	5,641
Property, equipment and intangible assets		10,164	9,972
TOTAL ASSETS		901,626	880,424
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks	20	219,224	258,208
Customer accounts	21, 27	385,335	313,444
Debt securities issued	22	165,471	188,682
Deferred income tax liabilities	11	742	730
Other liabilities	23	4,275	4,019
Subordinated debt	24	47,997	43,984
Total liabilities		823,044	809,067
EQUITY:			
Share capital	25	36,400	36,298
Investments available-for-sale fair value reserve		1,891	1,445
Property and equipment revaluation reserve		2	3
Retained earnings		39,957	33,293
Total equity attributable to equity holders of the parent		78,250	71,039
Minority interest		332	318
Total equity		78,582	71,357
TOTAL LIABILITIES AND EQUITY		901,626	880,424

On behalf of the Management Board of the Group:

Lee V.
Chairman

11 September 2008
Almaty



Kainarbekova G.K.
Chief Accountant

11 September 2008
Almaty

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JOINT STOCK COMPANY BANK CENTERCREDIT

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

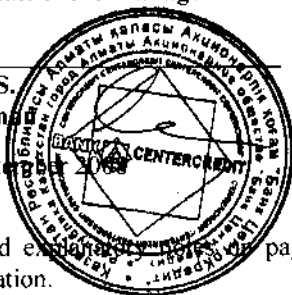
(in Kazakhstani tenge and in millions)

	Share capital	Investments available-for-sale fair value reserve	Property and equipment revaluation reserve	Retained earnings	Total equity attributable to equity holders of the parent (unaudited)	Minority interest (unaudited)	Total equity (unaudited)
31 December 2006	21,113	87	4	18,989	40,193	295	40,488
Depreciation of property and equipment revaluation reserve	-	-	(1)	1	-	-	-
Gain on revaluation of investments available-for-sale (less deferred income tax)	-	256	-	-	256	-	256
Gain transferred to statement of income on sale of available-for-sale investments (less deferred income tax)	-	(37)	-	-	(37)	-	(37)
Exchange differences on translation of foreign operations	-	-	-	(5)	(5)	-	(5)
Share capital increase	5,744	-	-	-	5,744	-	5,744
Net profit	-	-	-	5,595	5,595	57	5,652
30 June 2007	26,857	306	3	24,580	51,746	352	52,098
31 December 2007	36,298	1,445	3	33,293	71,039	318	71,357
Depreciation of property and equipment revaluation reserve	-	-	(1)	1	-	-	-
Gain on revaluation of investments available-for-sale (less deferred income tax)	-	653	-	-	653	-	653
Gain transferred to statement of income on sale of available-for-sale investments (less deferred income tax)	-	(207)	-	-	(207)	-	(207)
Exchange differences on translation of foreign operations	-	-	-	205	205	-	205
Sale of treasury shares	102	-	-	-	102	-	102
Changes in minority interest	-	-	-	-	-	(3)	(3)
Net profit	-	-	-	6,458	6,458	17	6,475
30 June 2008	36,400	1,891	2	39,957	78,250	332	78,582

On behalf of the Management Board of the Group:

Lee V.S.
Chairman

11 September 2008
Almaty



Kainarbekova G.K.
Chief Accountant

11 September 2008
Almaty

Selected explanatory information on pages 8-42 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY BANK CENTERCREDIT

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

(in Kazakhstani tenge and in millions)

	Notes	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:			
Operating profit before income tax		6,965	7,391
Adjustments for:			
Provision for impairment losses on interest bearing assets and liabilities	4	10,432	6,631
Provision for impairment losses on other transactions	4	746	254
Unrealized gain on amortization of discount on securities		(185)	(1)
Unrealized loss on amortization of discount on debt securities issued		155	-
Depreciation and amortization	10	692	489
Loss/(gain) on disposal of property and equipment	9	21	(1)
Change in interest accruals, net		(4,952)	115
Unrealized loss/(gain) on foreign exchange operations		2,192	(333)
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets:			
Due from banks		22,473	4,553
Financial assets at fair value through profit or loss		(2,638)	(3,220)
Loans to customers		23,996	(189,282)
Other assets		(724)	(1,610)
Increase/(decrease) in operating liabilities:			
Due to banks		(38,814)	19,007
Customer accounts		70,979	112,229
Other liabilities		256	1,484
Net cash inflow/(outflow) from operating activities before taxation		91,594	(42,294)
Income tax paid		(1,925)	(2,346)
Net cash inflow/(outflow) from operating activities		89,669	(44,640)
CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets		(2,279)	(1,994)
Proceeds from sale of property and equipment		1,374	120
Proceeds from sale of investments available-for-sale		30,773	121,342
Purchase of investments available-for-sale		(59,748)	(102,404)
Proceeds from redemption of investments held to maturity		221,405	93,170
Purchase of investments held to maturity		(244,233)	(147,104)
Net cash outflow from investing activities		(52,708)	(36,870)

JOINT STOCK COMPANY BANK CENTERCREDIT

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

(in Kazakhstani tenge and in millions)

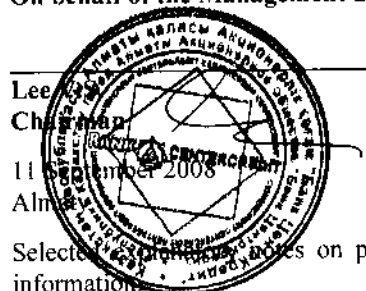
	Notes	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issues of ordinary share capital		-	5,744
Proceeds from sale of treasury shares		102	-
Repayment of debt securities issued		(20,259)	-
Repurchase of debt securities issued		(2,000)	-
Proceeds from debt securities issued		-	66,182
Proceeds from subordinated debt		3,951	6,196
		<u>3,951</u>	<u>6,196</u>
Net cash (outflow)/inflow from financing activities		<u>(18,206)</u>	<u>78,122</u>
<i>Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents</i>		(1,710)	(14)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>17,045</u>	<u>(3,402)</u>
CASH AND CASH EQUIVALENTS, beginning of the period	13	<u>106,302</u>	<u>67,912</u>
CASH AND CASH EQUIVALENTS, end of the period	13	<u><u>123,347</u></u>	<u><u>64,510</u></u>

SUPPLEMENTARY INFORMATION:

Interest paid and received by the Group during the six months ended 30 June 2008 amounted to KZT 32,045 million and KZT 48,292 million, respectively.

Interest paid and received by the Group during the six months ended 30 June 2007 amounted to KZT 19,783 million and KZT 35,635 million, respectively.

On behalf of the Management Board of the Group:



Lee
Chairman
11 September 2008
Almaty

Kainarbekova G.K.
Chief Accountant

11 September 2008
Almaty

Select information on pages 8-42 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY BANK CENTERCREDIT

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

(in Kazakhstani tenge and in millions, unless otherwise stated)

1. ORGANIZATION

JSC Bank CenterCredit (the "Bank") is a joint-stock bank, which was incorporated in the Republic of Kazakhstan and started its operations in 1988. The Bank is regulated by the legislation of the Republic of Kazakhstan. Authorized state structure is the National Bank of the Republic of Kazakhstan (the "NBRK") and the Agency of the Republic of Kazakhstan for regulation and supervision of the financial market and financial institutions (the "FMSA"). The Bank conducts its business under license number 248, renewed on 13 December 2007 by the FMSA.

The Bank's primary business consists of commercial banking activities, trading with securities, loans, foreign currencies and derivative instruments, loan origination activities and guarantees.

The Bank is a member of the Kazakhstan Deposit Insurance Fund (the "KDIF").

The registered address is: 98 Panfilov Street, Almaty, Republic of Kazakhstan.

As at 30 June 2008 and 31 December 2007, the Bank had 20 branches in the Republic of Kazakhstan.

The Bank is the parent company of the banking group (the "Group"), which consists of the following subsidiaries consolidated in the condensed interim consolidated financial information:

Name	Country of operations	Proportion or ownership interest/voting rights %		Type of operation
		30 June 2008	31 December 2007	
JSC APF Capital	Republic of Kazakhstan	74%	74%	Pension fund management
LLP Center Leasing	Republic of Kazakhstan	52.26%	51%	Finance lease of property
JSC BCC Invest	Republic of Kazakhstan	100%	100%	Brokerage and dealer activity
LLP BCC Securities	Republic of Kazakhstan	100%	100%	Brokerage and dealer activity
CenterCredit International B.V.	Netherlands	100%	100%	Issuance of capital on international financial markets
Subsidiary Bank of JSC Bank CenterCredit LLC Bank BCC-Moscow	Russian Federation	100%	-	Banking services

JSC Accumulated Pension Fund Capital ("APF Capital") was established as a closed joint stock company in October 2001, in accordance with legislation of the Republic of Kazakhstan. In December 2003, APF Capital was reregistered as a joint stock company. APF Capital manages pension contributions inflow and accumulation on individual pension accounts in accordance with both the requirements of legislative authorities of the Republic of Kazakhstan and of IFRS.

In September 2002, LLP Center Leasing was established as a limited liability partnership in accordance with the legislation of the Republic of Kazakhstan. The main activity of LLP Center Leasing is leasing operations, which are carried out in accordance with article 10 on financial leasing of the Republic of Kazakhstan. Article 10 states that a limited liability partnership is not required to obtain a license to perform leasing operations.

In May 1998, JSC BCC Invest was established as a limited liability partnership (previously named "LLP KIB ASSETS MANAGEMENT") in accordance with legislation of the Republic of Kazakhstan. On 26 September 2006, LLP KIB ASSET MANAGEMENT was re-registered as a joint stock company. The main activity of JSC BCC Invest consists of management of assets of mutual funds and management of investment portfolio.

In December 2006, LLP BCC Securities was established as a limited liability partnership in accordance with legislation of the Republic of Kazakhstan. The main activity of JSC BCC Securities consists of brokerage and dealer activity in securities market with right of managing client accounts as nominal holder.

CenterCredit International B.V. was registered in January 2006 in Rotterdam, Netherlands, as a special purpose entity. Its main activity is to raise capital on international financial markets.

In August 2006, the Bank received permission from the FMSA for establishment of its subsidiary LLC Bank BCC – Moscow. As at 21 March 2008 LLC Bank BCC-Moscow received its license from the Central Bank of Russian Federation. The main activity of LLC Bank BCC-Moscow consists of banking services.

As at 30 June 2008 and 31 December 2007 the following ultimate beneficial shareholders owned individually more than 5% of the issued shares of the Group:

	30 June 2008 % (unaudited)	31 December 2007 %
Bakhytbek R. Bayseitov	51.07	51.06
Vladislav S. Lee	7.73	7.73
Other (individually hold less than 5%)	<u>41.20</u>	<u>41.21</u>
Total	<u>100</u>	<u>100</u>

The condensed interim consolidated financial information was authorized for issue by the Management Board of the Group on 11 September 2008.

2. BASIS OF PRESENTATION

Accounting basis

The condensed interim consolidated financial information of the Group has been prepared in accordance with International Accounting Standards No. 34 Interim Financial Reporting. Accordingly, certain information and disclosures normally required to be included in the notes to the annual consolidated financial statements have been omitted or condensed. The condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements and with the related notes to the consolidated financial statements of the Group for the year ended 31 December 2007.

The accounting policies applied in the preparation of this condensed interim consolidated financial information are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2007. The condensed interim consolidated financial information has been prepared on the accrual basis of accounting under the historical cost convention, except for the measurement of buildings at revalued amounts and the measurement of investments available-for-sale, financial assets and liabilities at fair value through profit or loss, and derivative financial instruments at fair value.

The preparation of the condensed interim consolidated financial information in conformity with IAS 34 requires management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities of the Group, and disclosure of contingent assets and liabilities at the date of the consolidated financial information, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to setup of impairment loss provisions on loans and investments, determination of the fair value of financial instruments and determination of the deferred tax liabilities.

Although the condensed interim consolidated financial information is unaudited, it does reflect all adjustments that, in the opinion of Management of the Group, are necessary for a fair presentation of the consolidated results of operations for the interim periods. All such adjustments to the consolidated financial information are of a normal, recurring nature. Because the results from common banking activities are so closely related and responsive to changes in market conditions, the results for any interim period are not necessarily indicative of the results that can be expected for the year.

Functional currency

Items included in the condensed interim consolidated financial information of each entity of the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The reporting currency of this condensed interim consolidated financial information is the Kazakhstani Tenge ("KZT" or "Tenge").

3. NET INTEREST INCOME

	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)
Interest income comprises:				
Interest income on financial assets recorded at amortized cost:				
- interest income on unimpaired assets	35,240	29,006	18,756	16,930
- interest income on impaired assets	17,202	9,012	7,359	4,227
Interest income on financial assets at fair value through profit or loss	704	1,343	420	319
Total interest income	53,146	39,361	26,535	21,476
Interest income on financial assets recorded at amortized cost comprises:				
Interest on loans to customers	47,124	36,003	23,305	19,849
Interest on due from banks	2,748	1,131	1,372	522
Interest on investments held to maturity	2,570	884	1,438	786
Total interest income on financial assets recorded at amortized cost	52,442	38,018	26,115	21,157
Interest income on financial assets at fair value through profit or loss:				
Interest income on financial assets available-for-sale:				
Interest income on financial assets available-for-sale	392	1,004	238	166
Total interest income on financial assets available-for-sale	392	1,004	238	166
Interest income on financial assets held-for-trading:				
Interest income on financial assets held-for-trading	312	339	182	153
Total interest income on financial assets held-for-trading	312	339	182	153
Total interest income	53,146	39,361	26,535	21,476
Interest expense comprises:				
Interest expense on financial liabilities recorded at amortized cost	31,946	23,624	16,177	12,070
Total interest expense	31,946	23,624	16,177	12,070
Interest expense on financial liabilities recorded at amortized cost comprise:				
Interest on customer accounts	12,868	8,855	6,618	4,448
Interest on due to banks	9,155	6,606	4,543	3,292
Interest on debt securities issued	7,990	7,028	4,019	3,729
Interest on subordinated debt	1,933	1,135	997	601
Total interest expense on financial liabilities recorded at amortized cost	31,946	23,624	16,177	12,070
Net interest income before provision for impairment losses on interest bearing financial assets and liabilities	21,200	15,737	10,358	9,406

4. PROVISION FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

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

	Due from banks (unaudited)	Loans to customers (unaudited)
For six months ended 30 June 2008		
1 January 2007	-	15,987
Additional provision recognized	-	6,631
Write-off of assets	-	(3,835)
Recoveries of assets previously written off	-	2,878
30 June 2007	<u>-</u>	<u>21,661</u>
1 January 2008	18	29,500
Additional provision recognized	-	10,432
Write-off of assets	(9)	(7,071)
Recoveries of assets previously written off	-	6,357
30 June 2008	<u>9</u>	<u>39,218</u>
For three months ended 30 June 2008		
1 April 2007	-	18,637
Additional provision recognized	-	3,580
Write-off of assets	-	(96)
Recoveries of assets previously written off	-	(460)
30 June 2007	<u>-</u>	<u>21,661</u>
1 April 2008	9	34,916
Additional provision recognized	-	5,266
Write-off of assets	-	(1,527)
Recoveries of assets previously written off	-	563
30 June 2008	<u>9</u>	<u>39,218</u>

The movements in provision for impairment losses on other transactions were as follows:

	Other assets (unaudited)	Guarantees and other liabilities (unaudited)	Total (unaudited)
1 January 2007	345	137	482
Additional provision/(reversal of provision) recognized	(105)	359	254
Write-off of assets	(223)	-	(223)
Recoveries of assets previously written off	2	-	2
30 June 2007	<u>19</u>	<u>496</u>	<u>515</u>
1 January 2008	22	626	648
Additional provision recognized	152	594	746
Write-off of assets	(23)	-	(23)
Recoveries of assets previously written off	4	-	4
30 June 2008	<u>155</u>	<u>1,220</u>	<u>1,375</u>

	Other assets (unaudited)	Guarantees and other liabilities (unaudited)	Total (unaudited)
1 April 2007	113	687	800
Additional provision/(reversal of provision) recognized	2	(192)	(190)
Write-off of assets	(96)	16	(80)
Recoveries of assets previously written off	-	(15)	(15)
30 June 2007	<u>19</u>	<u>496</u>	<u>515</u>
1 April 2008	145	1,313	1,458
Additional provision/(reversal of provision) recognized	22	(84)	(62)
Write-off of assets	(9)	7	(2)
Recoveries of assets previously written off	(3)	(16)	(19)
30 June 2008	<u>155</u>	<u>1,220</u>	<u>1,375</u>

There were no impairment losses on equity investments available-for-sale recognized for six months and three months periods ended 30 June 2008 and 2007.

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

	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)
Net gain/(loss) on financial assets and liabilities held-for-trading	<u>1,466</u>	<u>515</u>	<u>(3,715)</u>	<u>637</u>
Total net gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>1,466</u>	<u>515</u>	<u>(3,715)</u>	<u>637</u>
Net gain/(loss) on operations with financial assets and liabilities held-for-trading comprise:				
Unrealised gain/(loss) on operations with derivative financial instruments	1,511	67	(4,073)	294
Realised gain/(loss) on operations with derivative financial instruments	77	(18)	509	(15)
Realized (loss)/gain on trading operations	(27)	(1)	31	(144)
Unrealized (expense)/income on fair value adjustment	(95)	467	(182)	502
Total net gain/(loss) on operations with financial assets and liabilities at fair value through profit or loss	<u>1,466</u>	<u>515</u>	<u>(3,715)</u>	<u>637</u>

6. NET (LOSS)/GAIN ON INVESTMENTS AVAILABLE-FOR-SALE

	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)
Dealing, net	(59)	-	13	-
Net (loss)/gain on realized revaluation	<u>(6)</u>	<u>8</u>	<u>(6)</u>	<u>(1)</u>
Total net (loss)/gain on investments available-for-sale	<u>(65)</u>	<u>8</u>	<u>7</u>	<u>(1)</u>

7. NET (LOSS)/GAIN ON FOREIGN EXCHANGE OPERATIONS

	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)
Dealing, net	1,193	943	586	657
Translation differences, net	<u>(2,231)</u>	<u>328</u>	<u>3,143</u>	<u>(327)</u>
Total net (loss)/gain on foreign exchange operations	<u>(1,038)</u>	<u>1,271</u>	<u>3,729</u>	<u>330</u>

8. FEE AND COMMISSION INCOME AND EXPENSE

	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)
Fee and commission income:				
Settlements	1,255	1,107	675	618
Cash operations	1,199	1,112	664	643
Guarantees	1,132	824	609	423
Trust operations	605	492	310	339
Plastic cards	575	372	314	201
Documentary operations	581	217	341	99
Foreign exchange operations	332	343	187	206
Purchase and sale of securities	119	60	59	37
Internet-banking operations	76	56	40	30
Custodian activities	74	23	44	14
Factoring transactions	64	27	42	14
Safe operations	26	18	12	10
Sale of insurance policies	9	50	6	31
Credit services	5	4	3	3
Other	41	43	18	9
Total fee and commission income	<u>6,093</u>	<u>4,748</u>	<u>3,324</u>	<u>2,677</u>
Fee and commission expense:				
Settlements	146	116	79	70
Brokerage services	77	25	64	13
Services on deal arrangements	58	47	17	25
Legal services	41	25	14	17
Custodian services	25	9	16	6
Rating agencies services	22	12	-	8
Documentary operations	22	21	13	7
Foreign exchange operations	6	31	4	30
Purchase and sale of securities	6	15	5	11
Other	8	19	6	11
Total fee and commission expense	<u>411</u>	<u>320</u>	<u>218</u>	<u>198</u>

9. OTHER INCOME

	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)
Fines and penalties received	1,443	784	664	451
(Loss)/gain from sale of property and equipment	(21)	1	(20)	(7)
Other	(1)	(1)	(1)	(1)
	<u>1,421</u>	<u>784</u>	<u>643</u>	<u>443</u>

10. OPERATING EXPENSES

	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)
Staff costs	5,088	3,433	2,669	1,763
Operating leases	1,635	1,243	829	653
Depreciation and amortization	692	489	351	251
Taxes other than income tax	628	879	185	437
Insurance agency fees	562	406	190	286
Administrative expenses	422	313	207	132
Social cost	352	360	181	186
Telecommunications	180	192	74	113
Advertising costs	127	184	67	132
Property and equipment maintenance	121	260	70	168
Professional services	89	162	85	15
Business trip expenses	67	90	47	59
Business development expenses	48	41	25	21
Sponsorship expenses	14	25	5	16
Entertainment expenses	10	73	10	47
Other expenses	488	317	235	169
	<u>10,523</u>	<u>8,467</u>	<u>5,230</u>	<u>4,448</u>

11. INCOME TAXES

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Group and its subsidiaries operate, which may differ from IFRS.

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses such as business development expenses and a tax free regime for certain income such as income from operations with state securities and securities listed at Kazakhstan Stock Exchange.

Deferred taxes reflect the net tax effect 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 30 June 2008 and 31 December 2007 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Temporary differences as at 30 June 2008 and 31 December 2007 comprise:

	30 June 2008 (unaudited)	31 December 2007
Deductible temporary differences:		
Loans to customers	3,077	1,599
Total deductible temporary differences	<u>3,077</u>	<u>1,599</u>
Taxable temporary differences:		
Revaluation of financial assets and liabilities at fair value through profit or loss	(4,057)	(2,477)
Property and equipment and accrued depreciation	(1,265)	(1,247)
Due to banks	(229)	(308)
Total taxable temporary differences	<u>(5,551)</u>	<u>(4,032)</u>
Total tax basis of deferred tax liability	(2,474)	(2,433)
Net deferred tax liability at the statutory tax rate (30%)	<u>(742)</u>	<u>(730)</u>
Net deferred tax liability	<u>(742)</u>	<u>(730)</u>

Relationships between tax expenses and accounting profit for the six months ended 30 June 2008 and 2007 are explained as follows:

	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)
Operating profit before income tax	<u>6,965</u>	<u>7,391</u>	<u>3,694</u>	<u>5,456</u>
Tax at the statutory tax rate (30%)	2,090	2,217	1,109	1,636
Tax effect of permanent differences:				
Tax-exempt interest income and other related income on state and other qualifying securities	(791)	(521)	(377)	(270)
Other tax-exempt income	(68)	(250)	(36)	(221)
Tax-exempt interest income from mortgage loans	-	(683)	-	26
Non-deductible expenditure	697	976	(1,019)	(132)
Prior year adjustment	<u>(1,438)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income tax expense/(benefit)	<u>490</u>	<u>1,739</u>	<u>(323)</u>	<u>1,039</u>
Current income tax expense	478	1,764	1,086	1,143
Change in the deferred tax liabilities	<u>12</u>	<u>(25)</u>	<u>(1,409)</u>	<u>(104)</u>
Income tax expense/(benefit)	<u>490</u>	<u>1,739</u>	<u>(323)</u>	<u>1,039</u>

The tax rate used for the six months ended 30 June 2008 and the year ended 31 December 2007 reconciliations above is the corporate tax rate of 30 per cent payable by corporate entities in the Republic of Kazakhstan on taxable profits under tax law in that jurisdiction.

	30 June 2008 (unaudited)	31 December 2007
Deferred income tax (liabilities)/assets		
Beginning of the period	(730)	233
Change in deferred tax (liabilities)/assets	<u>(12)</u>	<u>(963)</u>
End of the period	<u>(742)</u>	<u>(730)</u>

12. EARNINGS PER SHARE

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

	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)	Three months ended 30 June 2008 (unaudited)	Three months ended 30 June 2007 (unaudited)
Profit:				
Net profit attributable to ordinary shareholders of the parent	6,458	5,595	4,019	4,377
Weighted average number of ordinary shares	<u>130,316,695</u>	<u>105,866,480</u>	<u>130,316,695</u>	<u>106,624,800</u>
Earnings per share basic and diluted (tenge)	<u>49.56</u>	<u>52.85</u>	<u>30.84</u>	<u>41.05</u>

13. CASH AND BALANCES WITH THE NATIONAL BANK OF THE REPUBLIC OF KAZAKHSTAN

	30 June 2008 (unaudited)	31 December 2007
Balance with the National Bank of the Republic of Kazakhstan	29,835	20,984
Time deposit with the National Bank of the Republic Kazakhstan	25,015	-
Cash on hand	<u>23,369</u>	<u>22,036</u>
Total cash and balances with the National Bank of the Republic of Kazakhstan	<u>78,219</u>	<u>43,020</u>

Minimum reserve requirements are determined as a percentage from average balances of deposits and international borrowings in accordance with the requirements of NBRK and amounted to KZT 51,232 million and KZT 50,758 million as at 30 June 2008 and 31 December 2007, respectively. The Group was in compliance with the NBRK requirements by maintaining an average balance with the NBRK and therefore was able to use the amounts without any restrictions.

Cash and cash equivalents for the purposes of the condensed interim consolidated statement of cash flows comprise the following:

	30 June 2008 (unaudited)	31 December 2007
Cash and balances with the National Bank of the Republic of Kazakhstan	78,219	43,020
Due from banks in OECD countries (Organization for Economic Co-operation and Development)	<u>45,128</u>	<u>63,282</u>
Total cash and cash equivalents	<u>123,347</u>	<u>106,302</u>
	30 June 2007 (unaudited)	31 December 2006
Cash and balances with the National Bank of the Republic of Kazakhstan	56,723	55,094
Due from banks in OECD countries (Organization for Economic Co-operation and Development)	<u>7,787</u>	<u>12,818</u>
Total cash and cash equivalents	<u>64,510</u>	<u>67,912</u>

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

	30 June 2008 (unaudited)	31 December 2007
Financial assets held-for-trading:		
Debt securities	6,745	6,314
Shares	1,075	697
Investments in units of investment fund	80	39
Total financial assets held-for-trading	<u>7,900</u>	<u>7,050</u>
Derivative financial instruments	5,234	3,247
Total financial assets at fair value through profit or loss	<u>13,134</u>	<u>10,297</u>

The financial assets at fair value through profit or loss relate entirely to financial assets held for trading.

	30 June 2008 (unaudited)		31 December 2007	
	Nominal interest rate	Amount	Nominal Interest rate	Amount
Debt securities:				
Bonds Nomura Securities Co.	2.88	1,213	5.39	1,217
Bonds Temir Capital B.V.	9.00-9.50	1,034	9.00-9.50	1,010
Bonds ATF Capital B.V.	9.25	735	9.25	734
Bonds JSC BTA Ipoteka	8.50-11.00	454	8.50-11.00	474
Bonds JSC Pavlodarenergoservice	9.00	446	9.00	492
Bonds JSC ATF Bank	8.125-9.00	410	8.125-9.00	415
Bonds JSC Doszhan Temir Zholy	8.05	371	8.05	5
Bonds BTA Finance B.V.	7.75	314	7.75	313
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	5.70	280	5.70	296
Bonds JSC Halyk Bank	6.00	267	6.00	273
Bonds Kazkommerts International B.V.	7.00-7.875	215	7.00-7.875	211
Bonds JSC BTA ORIX Leasing	10.00	187	10.00	180
Bonds JSC KSMK-3	11.00	184	11.00	35
Bonds JSC Tsesna Bank	8.00-9.00	180	8.00-9.00	184
Bonds JSC Subsidiary Bank of JSC Sberbank of Russia	12.00	154	11.40	170
Bonds JSC Bank Caspian	8.50	139	8.50	144
Bonds JSC Kaztranscom	8.00	63	8.00	62
Bonds JSC Kazkommertsbank	8.00-9.90	39	8.00-9.90	16
Bonds JSC Alliance Bank	12.00	34	11.40	40
Bonds JSC Kazakhstan Mortgage Company	11.70-16.70	26	11.70-12.20	35
Bonds JSC Vita	-	-	11.15-13.00	8
Total debt securities		<u>6,745</u>		<u>6,314</u>

	30 June 2008 (unaudited)		31 December 2007	
	Ownership interest	Fair value	Ownership Interest	Fair value
Shares:				
Shares JSC Kazakhtelekom	-	603	-	93
Shares JSC BTA Bank	-	206	-	199
Shares JSC EP KazmunaiGaz	-	158	-	101
Shares Subsidiary Bank of JSC BTA Bank JSC Temirbank	-	31	-	32
Shares JSC Gazprom	-	29	-	62
Shares JSC Kazkommertsbank	-	28	-	49
Shares JSC Halyk Bank	-	12	-	8
Shares JSC Aktobemunaigaz	-	5	-	5
Shares JSC Kazakhmys	-	-	-	66
Shares JSC Subsidiary Bank of JSC Sberbank of Russia	-	-	-	18
Shares JSC ATF Bank	-	-	-	13
Shares PTR US Petrochina	-	-	-	10
Shares O2 C GR CAT OIL AG	-	-	-	8
Other	-	3	-	33
Total shares		<u>1,075</u>		<u>697</u>

	30 June 2008 (unaudited)	31 December 2007
Units of investment fund:		
Units of open mixed investment fund Alfa Capital Metallurgy	10	-
Units of open mixed investment fund Peter Stolipin	10	8
Units of open mixed investment fund KIT FORTIS-Index RTS	9	8
Units of open mixed investment fund Pioglobal Asset Management Fund Shares of Second echelon	8	-
Units of open mixed investment fund Alfa Capital Shares	8	-
Units of open mixed investment fund Ohotniy Ryad – Russian Consumer Sector	7	9
Units of open mixed investment fund UralSib	7	-
Units of open mixed investment fund Ostankino- Russian connection	5	6
Units of open mixed investment fund Russian telecommunications	5	-
Units of open mixed investment fund Zamoskvorechie – Russian Energy	4	4
Units of open mixed investment fund Triumphal square- RusOil	4	4
Units of open mixed investment fund Alfa Capital Finance	3	-
	<hr/>	<hr/>
Total investments in units of investment fund	80	39
	<hr/>	<hr/>
Total financial assets held-for-trading	<u>7,900</u>	<u>7,050</u>

	30 June 2008 (unaudited)			31 December 2007		
	Nomional Amount	Fair value		Nomional Amount	Fair value	
Derivative financial instruments:		Asset	Liability		Asset	Liability
Foreign currency contracts						
Swaps	60,586	5,164	534	55,052	3,222	79
Forward contracts	-	-	-	9,023	-	248
Securities contracts						
Swaps	5,415	70	-	5,406	25	-
		<hr/>	<hr/>		<hr/>	<hr/>
Total derivative financial instruments		<u>5,234</u>	<u>534</u>		<u>3,247</u>	<u>327</u>

The derivatives are not designated in hedging relationships.

As at 30 June 2008 and 31 December 2007 financial assets at fair value through profit or loss included bonds with accrued interest amounting to KZT 119 million and KZT 105 million, respectively.

15. INVESTMENTS AVAILABLE-FOR-SALE

	Nominal interest rate	30 June 2008 (unaudited)	Nominal interest rate	31 December 2007
Debt securities:				
NBRK notes	-	24,832	-	4,981
JSC BTA Bank	11.00	6,026	-	-
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	6.75-8.50	5,284	3.35-6.00	1,452
JSC Bank Caspian	12.46	292	10.80	296
JSC ATF Bank	8.50	100	8.50	100
JSC Kazakhstan Mortgage Company	-	-	11.59	168
Other	-	-	-	1
		<u>36,534</u>		<u>6,998</u>
	Ownership interest	30 June 2008 (unaudited)	Ownership interest	31 December 2007
Shares:				
JSC Oil Insurance Company	5.73	85	5.74	85
LLP First Credit Bureau	18.40	37	18.40	37
JSC Pension Fund Atameken	9.66	37	9.66	37
JSC Pension Fund Korgau	9.44	28	9.44	28
JSC Investment Company CenterInvest	19.00	27	19.00	27
JSC Processing Center	0.80	10	0.80	10
JSC Kazakhstan Stock Exchange	2.80	6	2.71	6
Association of Financiers of Kazakhstan	16.6	1	16.6	1
Other	-	3	-	3
		<u>234</u>		<u>234</u>
Total investments available-for-sale		<u><u>36,768</u></u>		<u><u>7,232</u></u>

As at 30 June 2008 and 31 December 2007 interest income on debt securities amounting to KZT 133 million and KZT 15 million, respectively, was accrued and included in investments available-for-sale.

As at 30 June 2008 and 31 December 2007 investments available-for-sale included Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, short term NBRK notes and bonds of JSC Kazakhstan Mortgage Company pledged under repurchase agreements with other banks/customers amounting to KZT 4,174 million and KZT 1,054 million, respectively. All the agreements as at 30 June 2008 and 31 December 2007 have maturity before 7 July 2008 and 3 January 2008, respectively.

During six month period ended 30 June 2008 debt securities with the fair value of KZT 2,899 million were transferred from investments available-for-sale to investments held to maturity. Management transferred Treasury bonds of the Ministry of finance of the Republic of Kazakhstan and bonds of JSC Kazakhstan Mortgage Company from investments available-for-sale to investments held to maturity, due to the reason that fair value of these securities were declining during last half year. Management expected further temporary declining of fair value of these securities and decided to transfer them to investments held to maturity and value at amortized cost.

Equity securities are non-marketable and therefore held at cost, less impairment losses as it is not practicable to determine fair value of such securities.

16. INVESTMENTS HELD TO MATURITY

	Nominal interest rate	30 June 2008 (unaudited)	Nominal interest rate	31 December 2007
NBRK notes	-	49,891	-	35,630
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	3.35-20.00	22,501	3.50-18.00	13,966
Bonds JSC Kazakhstan Mortgage Company	5.69-16.70	3,991	5.69-12.20	3,895
Bonds JSC BTA Ipoteka	3.00-10.00	1,208	6.20-9.30	1,182
Bonds JSC Kazkommertsbank	9.50-11.00	1,113	9.40-9.90	1,118
Bonds of JSC Prodcorporation	8.00	1,035	8.00	1,076
Bonds of JSC Halyk Bank	7.50-9.60	507	7.50-9.60	510
Bonds JSC Caspian Bank	8.50-9.50	475	8.50-9.50	474
Bonds JSC JP Morgan Chase Bank	13.79	315	2.73	304
Bonds JSC BTA Bank	12.00	260	8.50-12.00	291
Bonds of JSC Astana Finance	7.80-14.00	182	7.80-11.90	182
Bonds Subsidiary Bank of JSC BTA Bank JSC Temirbank	9.75-10.00	150	9.75-10.00	150
Bonds JSC ATF Bank	10.00	27	8.50	26
Bonds of JSC Vita	13.00	15	13.00	15
Total investments held to maturity		<u>81,670</u>		<u>58,819</u>

As at 30 June 2008 and 31 December 2007 interest income amounting to KZT 620 million and KZT 595 million, respectively, was accrued and included in investments held to maturity.

As at 30 June 2008 and 31 December 2007 investments held to maturity included short-term NBRK notes, bonds of JSC Kazakhstan Mortgage Company, Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan pledged under repurchase agreements with other banks/customers amounting to KZT 6,381 million and KZT 12,750 million, respectively. All the agreements as at 30 June 2008 and 31 December 2007 have maturity before 5 February 2009 and 21 January 2008, respectively.

During six month period ended 30 June 2008 debt securities at cost KZT 500 million were transferred from investments held to maturity to investments available-for-sale. The amount of fair value adjustment to equity was 5 million KZT on the day of transfer. Management transferred Treasury bonds of the Ministry of finance of the Republic of Kazakhstan from investments held to maturity to investments available-for-sale, due to the reason that these securities were tied to inflation rate and as Management expected decrease of inflation rate, it transferred these securities for further sale.

17. DUE FROM BANKS

	30 June 2008 (unaudited)	31 December 2007
Recorded as loans and receivables in accordance with IAS 39:		
Due from banks	53,708	85,830
Loans under reverse repurchase agreements	15,396	16,656
Correspondent accounts with other banks	8,931	16,777
	<u>78,035</u>	<u>119,263</u>
Less provision for impairment losses	(9)	(18)
Total due from banks	<u>78,026</u>	<u>119,245</u>

Included in due from banks is accrued interest KZT 271 million and KZT 864 million as at 30 June 2008 and 31 December 2007, respectively.

Movements in allowances for impairment losses on balances due from banks for the six-month period ended 30 June 2008 and 2007 are disclosed in Note 4.

As at 30 June 2008 the Group had due from JSC Landesbank Baden-Wurttemberg AG and JSC Standard Bank London and as at 31 December 2007 the Group had due from JSC Hypo-und Vereinsbank, JSC Landesbank Baden-Wurttemberg AG, JSC Kazkommertsbank, JSC BNP Paribas and JSC Fortis Bank NV/SA, which individually and in aggregate exceeded 10% of the Group's equity.

As at 30 June 2008 and 31 December 2007 the maximum credit risk exposure on due from banks amounted to KZT 78,026 million and KZT 119,245 million, respectively.

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

	30 June 2008 (unaudited)		31 December 2007	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
Shares of Kazakhstani banks	12,662	16,992	12,909	15,959
Shares of Kazakhstani companies	1,695	2,425	49	50
NBRK notes	1,000	1,053	1,501	1,577
Bonds of Kazakhstani companies	39	42	1,552	1,755
Bonds of the Ministry of Finance of the Republic of Kazakhstan	-	-	645	706
Total	15,396	20,512	16,656	20,047

Included in loans under reverse repurchase agreements is accrued interest KZT 231 million and KZT 228 million as at 30 June 2008 and 31 December 2007, respectively.

18. LOANS TO CUSTOMERS

	30 June 2008 (unaudited)	31 December 2007
Recorded as loans and receivables in accordance with IAS 39:		
Originated loans	626,215	645,767
Net investment in finance lease	8,930	9,280
	635,145	655,047
Less provision for impairment losses	(39,218)	(29,500)
Total loans to customers	595,927	625,547

As at 30 June 2008 and 31 December 2007 accrued interest income included in loans to customers amounted to KZT 19,209 million and KZT 13,919 million, respectively.

Movements in provisions for impairment losses on loans to customers for the six-month period ended 30 June 2008 and 2007 are disclosed in Note 4.

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

	30 June 2008 (unaudited)	31 December 2007
Loans collateralized by real estate	442,698	457,351
Loans collateralized by inventories	86,365	87,093
Loans collateralized by equipment	78,758	80,610
Loans collateralized by other assets	9,715	10,399
Loans collateralized by corporate guarantees	5,907	4,715
Loans collateralized by cash	4,573	6,286
Unsecured loans	7,129	8,593
	<u>635,145</u>	<u>655,047</u>
Less provision for impairment losses	(39,218)	(29,500)
Total loans to customers	<u>595,927</u>	<u>625,547</u>

	30 June 2008 (unaudited)	31 December 2007
Analysis by sector:		
Individuals	269,915	281,727
Trading	88,532	95,657
Industrial construction	51,443	49,018
Residential construction	44,402	46,609
Food industry	33,290	33,448
Manufacturing	28,215	33,070
Rent of real estate	27,409	18,821
Agriculture	26,108	30,202
Transportation and equipment maintenance	25,339	17,377
Oil and gas	13,492	15,994
Telecommunications and transport	7,668	11,620
Mass media	2,449	2,400
Machinery	2,089	2,165
Mining and production of precious metals	1,311	1,241
Metallurgy	792	706
Financial sector	495	595
Energy	417	665
Other	11,779	13,732
	<u>635,145</u>	<u>655,047</u>
Less provision for impairment losses	(39,218)	(29,500)
Total loans to customers	<u>595,927</u>	<u>625,547</u>

Loans to individuals are presented as follows:

	30 June 2008 (unaudited)	31 December 2007
Mortgage loans	133,231	137,241
Consumer loans	79,736	86,756
Business development	45,283	45,307
Car loans	9,419	10,740
Agriculture	2,246	1,683
	<u>269,915</u>	<u>281,727</u>
Less provision for impairment losses	(10,358)	(6,776)
Loans to individuals	<u>259,557</u>	<u>274,951</u>

As at 30 June 2008 the Group provided loans to LLP Interstroysservice totaling KZT 12,782 million and as at 31 December 2007 the Group provided loans to LLP Interstroysservice, LLP Ak-Aul Corporation, LLP Kontaktoil and LLP Grain Pool totaling KZT 46,016 million, which individually and in aggregate exceeded 10% of the Group's equity.

As at 30 June 2008 and 31 December 2007 the maximum credit risk exposure on loans to customers amounted to KZT 635,145 million and KZT 655,047 million, respectively.

As at 30 June 2008 and 31 December 2007 included in loans to customers are non-accrual loans amounting to KZT 4,576 million and KZT 2,265 million, respectively. The provision set up for these loans as at 30 June 2008 and 31 December 2007 totaled KZT 2,860 million and KZT 1,597 million, respectively.

During the six-months period ended 30 June 2008 the Group entered as a lessor into finance leasing agreement for equipment and non-production buildings for long-term period. The interest rate inherent in the leases is fixed at the contract date for all of the lease term. As at 30 June 2008 and 31 December 2007 the average effective interest rate contracted is an average of 12.85 per cent and 14.58 per cent per annum, respectively.

The components of net investment in finance lease as at 30 June 2008 and 31 December 2007 are presented as follows:

	30 June 2008 (unaudited)	31 December 2007
Not later than one year	1,390	1,743
Later than one year, but not later than five years	3,632	5,447
After five years	15,254	13,639
Total minimum lease payments	20,276	20,829
Less: unearned finance income	(11,346)	(11,549)
Net investment in finance lease	<u>8,930</u>	<u>9,280</u>
Minimum lease payments - current portion	300	191
Minimum lease payments - long-term portion	8,630	9,089
Net investment in finance lease	<u>8,930</u>	<u>9,280</u>

19. OTHER ASSETS

	30 June 2008 (unaudited)	31 December 2007
Other financial assets recorded as loans and receivables in accordance with IAS 39:		
Prepayments and receivables on other transactions	2,549	1,530
Debtors from capital investments	1,053	1,139
Accrued commission	898	570
Western Union and other wireless transfers	123	118
Travelers cheques	70	97
Due from the Government on foreign exchange losses for longterm mortgage loans	5	32
	4,698	3,486
Less provision for impairment losses	(155)	(22)
	4,543	3,464
Other non-financial liabilities:		
Tax settlements, other than income tax	918	1,776
Inventory	145	396
Advances to employees	13	5
	<u>5,619</u>	<u>5,641</u>

Movements in provision for impairment losses on other assets for the six-month period ended 30 June 2008 and 2007 are disclosed in Note 4.

20. DUE TO BANKS

	30 June 2008 (unaudited)	31 December 2007
Recorded at amortized cost:		
Correspondent accounts of other banks	115	613
Due to banks, including:		
Long-term loans due to other banks and financial institutions	148,190	161,793
Short-term and long-term deposits due to other banks	29,437	54,855
Loans due to international credit organizations	16,986	10,219
Short-term loans due to other banks	13,334	17,444
Loans under repurchase agreements	11,001	13,189
Loans due to Government of the Republic of Kazakhstan and NBRK	161	95
	<u>219,224</u>	<u>258,208</u>
Total due to banks	<u>219,224</u>	<u>258,208</u>

As at 30 June 2008 and 31 December 2007 accrued interest expenses included in due to banks amounted to KZT 3,761 million and KZT 3,931 million, respectively.

Interest on dues to banks is repayable quarterly, semiannually and at the end of the term in accordance with repayment schedule. Principal is repayable at the end of the term.

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

	30 June 2008 (unaudited)		31 December 2007	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
NBRK notes	4,933	5,203	7,849	8,271
Bonds of the Ministry of Finance of the Republic of Kazakhstan	4,138	4,650	4,534	5,062
Bonds of kazakhstani companies	1,930	1,790	437	499
Shares of kazakhstani banks	-	-	220	228
Bonds of kazakhstani banks	-	-	115	60
Shares of kazakhstani companies	-	-	34	37
	<u>11,001</u>	<u>11,643</u>	<u>13,189</u>	<u>14,157</u>
Total	<u>11,001</u>	<u>11,643</u>	<u>13,189</u>	<u>14,157</u>

As at 30 June 2008 and 31 December 2007 accrued interest expenses included in loans under repurchase agreements amounted to KZT 78 million and KZT 29 million, respectively.

21. CUSTOMER ACCOUNTS

	30 June 2008 (unaudited)	31 December 2007
Recorded at amortized cost:		
Time deposits	276,738	222,707
Repayable on demand	108,597	90,737
	<u>385,335</u>	<u>313,444</u>
Total customer accounts	<u>385,335</u>	<u>313,444</u>

As at 30 June 2008 and 31 December 2007 accrued interest expenses included in customers accounts amounted to KZT 4,356 million and KZT 3,443 million, respectively.

As at 30 June 2008 and 31 December 2007 the customer accounts of KZT 25,400 million and KZT 13,604 million, respectively, were due to two and two customers, which represent significant concentration.

	30 June 2008 (unaudited)	31 December 2007
Analysis by sector:		
Individuals	145,755	131,209
Social services	64,656	44,814
Insurance	44,639	44,644
Fuel	29,335	13,399
Transportation and communication	20,825	8,659
Real estate construction	16,314	15,375
Trade	14,916	12,025
Agriculture	13,064	5,394
Manufacturing	7,724	14,478
Metallurgy	7,586	10,452
Energy	3,387	1,366
Machinery	2,152	2,171
Chemical	283	237
Other	14,699	9,221
	<u>385,335</u>	<u>313,444</u>
Total customer accounts		

22. DEBT SECURITIES ISSUED

	Currency	Issue date dd/mm/yy	Maturity date dd/mm/yy	Annual coupon rate %	30 June 2008 (unaudited)	31 December 2007
Recorded at amortized cost:						
International bonds	USD	02/02/2006- 30/01/2007	02/02/2011- 30/01/2014	8.00-8.63	100,287	124,283
International bonds	KZT	30/09/2006 24/07/2007-	30/09/2011 24/07/2017-	8.25	25,170	25,561
Bank's bonds	JPY	19/11/2007	19/11/2017	5.27-7.65	22,804	21,754
Kazakhstani bonds	KZT	29/12/2004- 16/05/2007	27/12/2010- 27/12/2015	8.50-12.00	17,210	17,084
Total debt securities issued					<u>165,471</u>	<u>188,682</u>

As at 30 June 2008 and 31 December 2007 accrued interest expense included in debt securities issued amounted to KZT 4,464 million and KZT 5,326 million, respectively.

Interest on debt securities issued is repayable semiannually.

23. OTHER LIABILITIES

	30 June 2008 (unaudited)	31 December 2007
Other financial liabilities:		
Settlements on other transactions	1,209	1,580
Derivative financial instruments (Note 14)	534	327
Advances received	233	116
Accrued commission expenses	135	195
	<u>2,111</u>	<u>2,218</u>
Other non-financial liabilities:		
Provision on guarantees and other commitments	1,220	626
Taxes payable, other than income tax	944	1,175
Total other liabilities	<u>4,275</u>	<u>4,019</u>

Movements in provision for guarantees and other commitments for the six-month period ended 30 June 2008 and 2007 are disclosed in Note 4.

24. SUBORDINATED DEBT

	Currency	Issue date dd/mm/yy	Maturity date dd/mm/yy	Annual coupon rate %	30 June 2008 (unaudited)	31 December 2007
Recorded at amortized cost:						
Subordinated bonds	Tenge	01/04/2002- 05/12/2007	01/04/2009- 05/12/2022	10.00-21.00	29,527	27,987
Perpetual debt	USD	03/03/2006	01/03/2016	9.125 6 month	12,436	12,399
Subordinated loan	USD	22/12/2004- 28/12/2007- 25/04/2008	15/12/2011- 14/12/2014- 14/12/2014	LIBOR+4.5 - 6 month LIBOR+6.3	<u>6,034</u>	<u>3,598</u>
Total subordinated debts					<u>47,997</u>	<u>43,984</u>

As at 30 June 2008 and 31 December 2007 accrued interest expense included in subordinated debt amounted to KZT 945 million and KZT 923 million, respectively.

The Perpetual debt represents the Perpetual Non-Cumulative Loan Participation Notes issued by the Bank with an option to repay in 2016 at face value.

Interest on subordinated loan is repayable semiannually and principal is repayable at the end of the term. 6 month LIBOR was 3.11 per cent as at 30 June 2008.

In the event of bankruptcy or liquidation of the Group, repayment of this debt is subordinate to the repayments of the Group's liabilities to all other creditors.

25. SHARE CAPITAL

As at 30 June 2008 the Group's share capital comprised the following:

	Authorized share capital	Share capital authorized and not issued	Repurchased share capital	Total share capital
Ordinary shares	180,316,695	50,000,000	-	130,316,695

As at 31 December 2007 the Group's share capital comprised the following:

	Authorized share capital	Share capital authorized and not issued	Repurchased share capital	Total share capital
Ordinary shares	180,316,695	50,000,000	-	130,316,695

All ordinary shares are ranked equally, carry one vote, and have no par value.

During the six-month period ended 30 June 2008 the Bank did not issue shares.

According to Kazakhstan legislation on joint stock companies dividends are payable on ordinary shares in the form of money or securities of the Bank on condition that the decision was made at the annual meeting of shareholders of the Bank. In accordance with Regulation of the Bank dividend payments are made on the basis of financial results for the year.

26. FINANCIAL COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the consolidated balance sheet.

The Group's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

The risk-weighted amount is obtained by applying credit conversion factor and counterparty risk weightings according to the principles employed by the Basle Committee on Banking Supervision.

As at 30 June 2008 and 31 December 2007 the nominal or contract amounts and risk-weighted amounts were:

	30 June 2008 (unaudited)		31 December 2007	
	Nominal Amount	Risk weighted amount	Nominal Amount	Risk weighted amount
Contingent liabilities and credit commitments				
Guarantees issued and similar commitments	51,903	51,903	46,444	46,444
Letters of credit and other transaction related contingent obligations	39,016	7,803	28,047	5,609
Commitments on loans and unused credit lines	<u>2,025</u>	<u>1,013</u>	<u>3,385</u>	<u>1,693</u>
Total contingent liabilities and credit commitments	<u>92,944</u>	<u>60,719</u>	<u>77,876</u>	<u>53,746</u>

The table below summarizes the amounts of guarantees and similar commitments secured by type of collateral, rather than the fair value of the collateral itself:

	30 June 2008 (unaudited)	31 December 2007
Cash deposits	20,222	18,086
Real estate	12,353	11,080
Land	5,315	4,665
Goods in turnover	4,744	4,261
Movables	2,356	2,116
Grain	1,869	1,685
Corporate guarantees	1,630	1,467
Goods	872	784
Other	<u>2,542</u>	<u>2,300</u>
Total	<u>51,903</u>	<u>46,444</u>

The table below summarizes the amounts of letter of credit and other transactions related to contingent obligations secured by type of collateral, rather than the fair value of the collateral itself:

	30 June 2008 (unaudited)	31 December 2007
Real estate	22,153	15,919
Goods	9,364	6,728
Cash deposits	5,891	4,239
Movables	183	125
Corporate guarantees	98	74
Unsecured	<u>1,327</u>	<u>962</u>
Total	<u>39,016</u>	<u>28,047</u>

The Group has made provisioning of KZT 493 million and KZT 480 million against commitments under guarantees as at 30 June 2008 and 31 December 2007, and KZT 727 million and KZT 146 million against commitments under letter of credits as at 30 June 2008 and 31 December 2007.

Capital commitments

The Group had no material commitments for capital expenditures outstanding as at 30 June 2008 and 31 December 2007.

Rental commitments

There was no material rental commitment outstanding as at 30 June 2008 and 31 December 2007.

Fiduciary activities

In the normal course of its business the Group enters into agreements with limited right of decision making with clients for management of their assets in accordance with specific criteria established by the client. The Group may be liable for losses or actions aimed at appropriation of the clients' funds if such funds or securities are not returned to the client. The balance of the clients' funds under the management of the Group as at 30 June 2008 and 31 December 2007, including assets under trusteeship as at 30 June 2008 and 31 December 2007 are KZT 158,864 million and KZT 106,955 million, respectively.

Managed assets are not included in the consolidated balance sheet of the Group, as these assets are not assets of the Group. The face values of the securities presented below differ from the market value of the indicated securities. Fiduciary assets are divided by face value into the following categories:

	30 June 2008 (unaudited)	31 December 2007
Investments in capital	53,676	19,040
Securities of pension funds	47,880	36,983
Securities of investment funds	4,199	3,451
Pension funds deposits in other banks	3,314	3,314
Other assets of investment funds	470	75
Property and equipment	210	37
Investment funds deposits in other banks	<u>6</u>	<u>6</u>
Total fiduciary assets	<u>109,755</u>	<u>62,906</u>

The Group also provides depository services to its customers. As at 30 June 2008 and 31 December 2007 the Group had customer securities totaling KZT 101,188 million and KZT 84,484 million, respectively, in its nominal holder accounts.

As at 30 June 2008 and 31 December 2007 assets of legal entities totaled KZT 49,109 million and KZT 43,824 million, respectively.

The Group maintains the accounting records and prepares financial statements related to the assets and results of operations of the pension funds and investment funds, which manages assets, and other legal entities and operations with their assets. The Group performs reconciliations with the managing company in respect of cost, investment fund asset flow and composition, follows the order of asset cost valuation of served investment funds as well as the estimated cost of shares on the subsequent placement or purchase. Further, the Group maintains the control of transactions with assets, served investment funds, maintains investment fund assets separate to the Group's assets and holds the documents which certify the rights to these assets, in accordance with the requirements of the legislation of the Republic of Kazakhstan and rules of FMSA.

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material losses will be incurred and respectively no provision has been made in this condensed interim consolidated financial information.

Taxes

Kazakhstani commercial legislation and tax legislation of the Republic of Kazakhstan in particular may give rise to varying interpretations and amendments, which may be retrospective. In addition, as Management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Group may be assessed additional taxes, penalties and interest. The Group believes that it has already made all tax payments, and therefore no provision has been made in the condensed interim consolidated financial information.

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

Pensions and retirement plans

Employees of the Group receive pension benefits from pension funds in accordance with the laws and regulations of the Republic of Kazakhstan. As at 30 June 2008 and 31 December 2007 the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment

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

27. TRANSACTIONS WITH RELATED PARTIES

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

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

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

	30 June 2008 (unaudited)		31 December 2007	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Loans to customers, gross before provision for impairment losses	10,312	635,145	4,112	655,047
- joint ventures in which the Bank is venture	5,846		1	
- key management personnel of the entity or its parent	2,665		3,226	
- other related parties	1,801		885	
Provision for impairment losses on loans to customers	(14)	(39,218)	(53)	(29,500)
- key management personnel of the entity or its parent	(14)		(53)	
Customers accounts	565	385,335	351	313,444
- other related parties	565		351	
Guarantees issued	1	51,903	1	46,444
- key management personnel of the entity or its parent	1		1	

Secured and unsecured loans and guarantees are made to key management personnel of the entity and shareholders in the ordinary course of business. These loans are made on substantially the same terms, including interest rates, as for comparable transactions with persons of a similar standing or, where applicable, with other employees. The transactions did not involve more than the normal risk of repayment or present other unfavorable features.

Amounts deposited by the parent and other related parties earn interest at the same rates as those offered to the market or on the same terms and conditions applicable to other employees within the Group.

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

	Six months ended 30 June 2008 (unaudited)		Six months ended 30 June 2007 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	125	53,146	206	39,361
- other related parties	-		126	
- key management personnel of the entity or its parent	125		80	
Interest expense	(22)	(31,946)	-	(23,624)
- other related parties	(22)		-	
Operating expenses	(157)	(10,523)	(194)	(8,467)
- key management personnel of the entity or its parent	(157)		(194)	

Key management personnel compensation for the six months ended 30 June 2008 and 2007 is presented by short-term employee benefits.

	Three months ended 30 June 2008 (unaudited)		Three months ended 30 June 2007 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	63	26,535	153	21,476
- other related parties	-		126	
- key management personnel of the entity or its parent	63		27	
Interest expense	(9)	(16,177)	(2)	(12,070)
- other related parties	(9)		(2)	
Operating expenses	(27)	(5,230)	(61)	(4,448)
- key management personnel of the entity or its parent	(27)		(61)	

28. SEGMENT REPORTING

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

Business segments

The Group is organized on the basis of four main business segments:

- Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.
- Investment banking – representing financial instruments trading.
- Finance leasing – finance lease services.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balances sheet, but excluding item such as taxation. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Segment information about these businesses is presented below:

	Retail banking	Corporate banking	Investment banking	Eliminations	Six months ended 30 June 2008 (unaudited)
Interest income	21,128	35,401	4,150	(7,533)	53,146
Interest expense	(16,558)	(22,658)	(263)	7,533	(31,946)
Provision for impairment losses on interest bearing assets and liabilities	(3,580)	(6,852)	-	-	(10,432)
Net gain on financial assets at fair value through profit or loss	-	-	1,466	-	1,466
Net loss on investments available-for-sale	-	-	(65)	-	(65)
Net loss on foreign exchange operations	(415)	(623)	-	-	(1,038)
Fee and commission income	1,199	4,803	119	(28)	6,093
Fee and commission expense	-	(358)	(81)	28	(411)
Other income	497	924	-	-	1,421
External operating income	2,271	10,637	5,326	-	18,234
Income/(expense) from other segments	-	7,517	44	(7,561)	-
Total operating income/(expense)	2,271	18,154	5,370	(7,561)	18,234
Operating expenses	(230)	(9,752)	(541)	-	(10,523)
Provision for impairment losses on other transactions	(335)	(411)	-	-	(746)
Operating profit/(loss) before income tax	1,706	7,991	4,829	(7,561)	6,965
Income tax expense	(147)	(343)	-	-	(490)
Net profit/(loss)	1,559	7,648	4,829	(7,561)	6,475
Segment assets*	269,739	705,555	146,065	(221,832)	899,527
Segment liabilities**	148,712	677,425	211,754	(215,589)	822,302
Other segment items					
Depreciation charge on property, equipment and intangible assets	(214)	(464)	(14)	-	(692)
Loans to customers	269,739	328,876	-	(2,688)	595,927
Property, equipment and intangible assets	2,382	7,142	640	-	10,164
Customer accounts	148,712	426,076	455	(189,908)	385,335
Capital expenditures	-	1,700	579	-	2,279

* - net of current income tax assets

** - net of deferred income tax liabilities

	Retail banking	Corporate banking	Investment banking	Eliminations	Six months ended 30 June 2007 (unaudited)
Interest income	15,780	23,630	6,636	(6,685)	39,361
Interest expense	(5,245)	(18,461)	(6,603)	6,685	(23,624)
Provision for impairment losses on interest bearing assets and liabilities	(2,656)	(3,975)	-	-	(6,631)
Net gain on financial assets at fair value through profit or loss	-	-	515	-	515
Net gain on investments available-for-sale	-	-	8	-	8
Net gain/(loss) on foreign exchange operations	514	765	(8)	-	1,271
Fee and commission income	955	3,398	418	(23)	4,748
Fee and commission expense	-	(290)	(53)	23	(320)
Other income	296	488	-	-	784
External operating income	9,644	5,555	913	-	16,112
Income/(expense) from other segments	-	6,720	36	(6,756)	-
Total operating income/(expense)	9,644	12,275	949	(6,756)	16,112
Operating expenses	(4,134)	(3,882)	(451)	-	(8,467)
Provision for impairment losses on other transactions	(98)	(156)	-	-	(254)
Operating profit/(loss) before income tax	5,412	8,237	498	(6,756)	7,391
Income tax expense	(687)	(1,006)	(46)	-	(1,739)
Net profit/(loss)	<u>4,725</u>	<u>7,231</u>	<u>452</u>	<u>(6,756)</u>	<u>5,652</u>
Segment assets*	<u>241,024</u>	<u>570,227</u>	<u>182,775</u>	<u>(203,662)</u>	<u>790,364</u>
Segment liabilities**	<u>146,540</u>	<u>613,872</u>	<u>180,638</u>	<u>(200,882)</u>	<u>740,168</u>
Other segment items					
Depreciation charge on property, equipment and intangible assets	(174)	(307)	(8)	-	(489)
Loans to customers	240,626	351,764	-	(2,186)	590,204
Property, equipment and intangible assets	2,208	4,859	73	-	7,140
Customer accounts	146,118	348,322	-	(158,983)	335,457
Capital expenditures	195	1,772	27	-	1,994

*- net of current income tax assets

** - net of deferred income tax liabilities

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

Due from banks, loans to customers, due to banks, customer accounts – for assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For assets and liabilities with maturity greater than one month, fair value is estimated as the present value of estimated future cash flows discounted at the appropriate year-end market rates.

Investments held to maturity, debt securities issued and subordinated debt – the securities are traded on active markets and quoted market prices have been used to determine the fair value.

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

	30 June 2008 (unaudited)		31 December 2007	
	Carrying value	Fair value	Carrying value	Fair value
Investments held to maturity	81,670	79,246	58,819	57,432
Due from banks	78,026	77,978	119,245	122,568
Loans to customers	595,927	609,162	625,547	619,270
Due to banks	219,224	238,134	258,208	269,884
Customer accounts	385,335	377,926	313,444	310,413
Debt securities issued	165,471	155,605	188,682	165,150
Subordinated debt	47,997	51,919	43,984	44,089

Financial assets and liabilities at fair value through profit or loss and investments available-for-sale are carried at fair value in the consolidated balance sheet. The carrying amount of cash and balances with the National Bank of the Republic of Kazakhstan approximate fair value due to the short-term nature of such financial assets.

30. REGULATORY MATTERS

The following table analyzes the Group's regulatory capital resources for capital adequacy purposes:

Composition of regulatory capital	30 June	31 December
	2008	2007
	(unaudited)	
Tier 1		
Share capital	36,295	36,193
Share premium	105	105
Reserves and retained earnings	39,816	33,329
Minority interest	332	318
Total qualifying tier 1 capital	76,548	69,945
Tier 2		
Subordinated debt	35,561	31,586
Investments to companies engaged in financial activities	12,436	12,399
Revaluation reserve	2,034	1,412
Total qualifying tier 2 capital	50,031	45,397
Total regulatory capital	126,579	115,342
Risk weighted assets	576,384	601,321
Tier 1 capital ratio	13.28%	11.63%
Total capital adequacy ratio	21.96%	19.18%

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

The total capital adequacy 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 provisions for impairment losses.

Estimation	Description of position
0%	Cash and balances with national (central) banks
0%	State debt securities
20%	Loans and advances to banks for up to 1 year
100%	Loans to customers
100%	Guarantees
50%	Obligations and commitments on unused loans with the initial maturity of over 1 year
100%	Other assets

As at 30 June 2008 and 31 December 2007 the Group included in the computation of Total capital for Capital adequacy purposes the subordinated debt received, limited to 50% of Tier 1 capital. In the event of bankruptcy or liquidation of the Group, repayment of this debt is subordinate to the repayments of the Group's liabilities to all other creditors.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes subordinated debt disclosed in Note 24, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in condensed interim consolidated statement of changes in equity.

The Management Board reviews the capital structure on a quarterly basis. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Group's overall capital risk management policy remains unchanged from 2007.

32. RISK MANAGEMENT POLICIES

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

- Credit exposures
- Liquidity risk
- Market risk

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

Credit risk

The Group 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. These processes are performed by the Credit Committees and the Group's Management Board. Before any application is made by the Credit Committee, all recommendations on credit processes (borrower's limits approved, or amendments made to loan agreements, etc.) are reviewed and approved by the branch risk-manager or the Risk Management Department. Daily risk management is performed by the Head of Credit Departments and Branch Credit Divisions.

The Group 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, and to industry (and geographical) segments. Limits on the level of credit risk by a borrower and a product (by industry sector, by region) are approved monthly, quarterly and annually by the Management Board, depending on the level of credit risk. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures which are set by the Credit Committee. Actual exposures against limits are monitored daily.

Where appropriate, and in the case of most loans, the Group obtains collateral and corporate and personal guarantees. However, a significant portion of loans is personal lending, where no such facilities can be obtained. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk on off-balance sheet financial instruments is defined as a probability of losses due to the inability of counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of the loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the balance sheet financial instruments, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring. The Group monitors the term to maturity of off balance sheet contingencies because longer term commitments generally have a greater degree of credit risk than short-term commitments.

Geographical concentration

The Assets and Liabilities Management Committee ("ALMC") exercises control over the risk in the legislation and regulatory arena and assesses its influence on the Group's activity. This approach allows the Group to minimize potential losses from the investment climate fluctuations in the Republic of Kazakhstan. The Group's Management Board sets up country limits, which mainly applies to banks of the Commonwealth of Independent States and Baltic countries.

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

	Kazakhstan	Other non-OECD countries	OECD countries	30 June 2008 (unaudited) Total
FINANCIAL ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	78,214	5	-	78,219
Financial assets at fair value through profit or loss	6,607	80	6,447	13,134
Investments available-for-sale	36,768	-	-	36,768
Investments held to maturity	81,355	-	315	81,670
Due from banks	29,110	3,378	45,538	78,026
Loans to customers	576,507	17,405	2,015	595,927
Other financial assets	4,497	46	-	4,543
TOTAL FINANCIAL ASSETS	813,058	20,914	54,315	888,287
FINANCIAL LIABILITIES				
Due to banks	54,680	8,107	156,437	219,224
Customer accounts	385,300	35	-	385,335
Debt securities issued	165,471	-	-	165,471
Other financial liabilities	1,570	7	534	2,111
Subordinated debt	29,527	-	18,470	47,997
TOTAL FINANCIAL LIABILITIES	636,548	8,149	175,441	820,138
OPEN BALANCE SHEET POSITION	176,510	12,765	(121,126)	
	Kazakhstan	Other non-OECD countries	OECD countries	31 December 2007 Total
FINANCIAL ASSETS				
Cash and balances with the National Bank of the Republic of Kazakhstan	43,020	-	-	43,020
Financial assets at fair value through profit or loss	3,526	39	6,732	10,297
Investments available-for-sale	7,232	-	-	7,232
Investments held to maturity	58,515	-	304	58,819
Due from banks	51,568	4,283	63,394	119,245
Loans to customers	608,391	16,551	605	625,547
Other financial assets	3,464	-	-	3,464
TOTAL FINANCIAL ASSETS	775,716	20,873	71,035	867,624
FINANCIAL LIABILITIES				
Due to banks	79,061	1,560	177,587	258,208
Customer accounts	313,444	-	-	313,444
Debt securities issued	188,682	-	-	188,682
Other financial liabilities	1,890	249	79	2,218
Subordinated debt	27,987	-	15,997	43,984
TOTAL FINANCIAL LIABILITIES	611,064	1,809	193,663	806,536
OPEN BALANCE SHEET POSITION	164,652	19,064	(122,628)	

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Treasury Department performs management of these risks through analysis of asset and liability maturity and performance of money market transactions for current liquidity support and cash flow optimization. Risk Analysis and Management Department performs determination of the optimum structure of balance, limits on liquidity ratios and gap-positions approved by the Assets and Liabilities Management Committee. Risk Analysis and Management Department performs monitoring of liquidity ratios.

This table does not reconcile to the condensed interim consolidated balance sheet as a result of property, equipment and intangible assets, current income tax assets, deferred income tax assets, other assets, deferred income tax liabilities and other liabilities being excluded.

The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the balance sheet date to the contractual maturity date. The presentation below is based upon the information provided internally to key management personnel of the entity.

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	30 June 2008 (unaudited) Total
FINANCIAL ASSETS							
Cash and balances with the National Bank of the Republic of Kazakhstan	5.50%	25,015	-	-	-	-	25,015
Financial assets at fair value through profit or loss	6.55%	901	22	250	5,572	70	6,815
Investments available-for-sale	6.98%	30,120	22	108	6,284	-	36,534
Investments held to maturity	6.88%	72,251	488	460	8,471	-	81,670
Due from banks	5.89%	47,759	16,017	2,735	2,584	-	69,095
Loans to customers	15.6%	47,515	41,234	116,821	234,178	156,179	595,927
Total interest bearing financial assets		223,561	57,783	120,374	257,089	156,249	815,056
Cash and balances with the National Bank of the Republic of Kazakhstan		53,204	-	-	-	-	53,204
Financial assets at fair value through profit or loss		1,155	-	-	-	5,164	6,319
Investments available-for-sale		-	-	-	234	-	234
Due from banks		8,931	-	-	-	-	8,931
Other financial assets		4,543	-	-	-	-	4,543
TOTAL FINANCIAL ASSETS		291,394	57,783	120,374	257,323	161,413	888,287
FINANCIAL LIABILITIES							
Due to banks	8.71%	79,345	17,858	18,457	103,449	-	219,109
Customer accounts	10.12%	35,031	21,562	77,360	119,706	21,119	274,778
Debt securities issued	7.31%	421	168	477	71,517	92,888	165,471
Subordinated debt	10.82%	-	490	1,500	5,204	40,803	47,997
Total interest bearing financial liabilities		114,797	40,078	97,794	299,876	154,810	707,355
Due to banks		115	-	-	-	-	115
Customer accounts		110,557	-	-	-	-	110,557
Other financial liabilities		2,111	-	-	-	-	2,111
TOTAL FINANCIAL LIABILITIES		227,580	40,078	97,794	299,876	154,810	820,138
Liquidity gap		63,814	17,705	22,580	(42,553)	6,603	
Interest sensitivity gap		108,764	17,705	22,580	(42,787)	1,439	
Cumulative interest sensitivity gap		108,764	126,469	149,049	106,262	107,701	
Cumulative interest sensitivity gap as a percentage of total financial assets		12.24%	14.24%	16.78%	11.96%	12.12%	

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2007 Total
FINANCIAL ASSETS							
Financial assets at fair value through profit or loss	7.52%	553	5,692	69	-	-	6,314
Investments available-for- sale	6.02%	6,068	574	-	356	-	6,998
Investments held to maturity	6.24%	49,524	757	157	8,381	-	58,819
Due from banks	6.52%	80,657	11,183	7,422	3,206	-	102,468
Loans to customers	15.00%	39,024	39,182	142,023	244,510	160,808	625,547
Total interest bearing financial assets		175,826	57,388	149,671	256,453	160,808	800,146
Cash and balances with the National Bank of the Republic of Kazakhstan		43,020	-	-	-	-	43,020
Financial assets at fair value through profit or loss		-	736	-	-	3,247	3,983
Investments available-for- sale		234	-	-	-	-	234
Due from banks		16,777	-	-	-	-	16,777
Other financial assets		3,464	-	-	-	-	3,464
TOTAL FINANCIAL ASSETS		239,321	58,124	149,671	256,453	164,055	867,624
FINANCIAL LIABILITIES							
Due to banks	7.08%	61,388	24,920	99,815	71,472	-	257,595
Customer accounts	9.90%	41,509	10,124	53,909	87,063	30,945	223,550
Debt securities issued	7.56%	384	24,945	114	80,600	82,639	188,682
Subordinated debt	10.80%	-	913	10	6,125	36,936	43,984
Total interest bearing financial liabilities		103,281	60,902	153,848	245,260	150,520	713,811
Due to banks		613	-	-	-	-	613
Customer accounts		89,894	-	-	-	-	89,894
Other financial liabilities		2,218	-	-	-	-	2,218
TOTAL FINANCIAL LIABILITIES		196,006	60,902	153,848	245,260	150,520	806,536
Liquidity gap		43,315	(2,778)	(4,177)	11,193	13,535	
Interest sensitivity gap		72,545	(3,514)	(4,177)	11,193	10,288	
Cumulative interest sensitivity gap		72,545	69,031	64,854	76,047	86,335	
Cumulative interest sensitivity gap as a percentage of total financial assets		8.36%	7.96%	7.47%	8.76%	9.95%	

Market risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Group is exposed. There have been no changes as to the way the Group measures risk or to the risk it is exposed for the six-months ended 30 June 2008.

The Group is exposed to interest rate risks as entities in the Group borrow funds at both fixed and floating rates. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings.

The ALMC also manages interest rate and market risks by matching the Group's interest rate position, which provides the Group with a positive interest margin. The Department of Financial Control conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in interest rates and its influence on the Group's profitability.

The majority of the Group's loan contracts and other financial assets and liabilities that bear interest are either variable or contain clauses enabling the interest rate to be changed at the option of the lender. The Group monitors its interest rate margin and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk.

Currency risk

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

The Treasury Department performs currency risk management through management of open currency position, which enables the Group to minimize losses from significant fluctuations of exchange rates of national and foreign currencies. Risk Analysis and Management Department determines limits on open currency positions, arbitrary positions and stop-loss. All limits and restrictions are approved by the Assets and Liabilities Management Committee. Risk Analysis and Management Department performs monitoring of the Group's currency position with the aim to match the requirements of the NBRK and FMSA.

The Group's exposure to foreign currency exchange rate risk as at 30 June 2008 is presented in the tables below:

	KZT	USD 1 USD = 120.75 KZT	EUR 1 EUR = 189.38 KZT	JPY 1 JPY = 1.12 KZT	Other currency	30 June 2008 (unaudited) Total
FINANCIAL ASSETS						
Cash and balances with the National Bank of the Republic of Kazakhstan	43,022	4,484	5,372	25,200	141	78,219
Financial assets at fair value through profit or loss	9,101	3,953	-	-	80	13,134
Investments available-for-sale	36,765	-	3	-	-	36,768
Investments held to maturity	81,670	-	-	-	-	81,670
Due from banks	30,031	43,382	1,133	368	3,112	78,026
Loans to customers	265,543	312,400	17,792	5	187	595,927
Other financial assets	2,155	1,635	705	-	48	4,543
TOTAL FINANCIAL ASSETS	468,287	365,854	25,005	25,573	3,568	888,287
FINANCIAL LIABILITIES						
Due to banks	32,548	135,983	8,805	41,664	224	219,224
Customer accounts	292,115	71,560	20,869	-	791	385,335
Debt securities issued	42,380	100,287	-	22,804	-	165,471
Other financial liabilities	902	357	708	144	-	2,111
Subordinated debt	29,527	18,470	-	-	-	47,997
TOTAL FINANCIAL LIABILITIES	397,472	326,657	30,382	64,612	1,015	820,138
OPEN BALANCE SHEET POSITION	70,815	39,197	(5,377)	(39,039)	2,553	

Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented below and the following table presents further analysis of currency risk by types of derivative financial instruments and spot contracts as at 30 June 2008.

	Tenge	USD 1 USD = 120.75 KZT	EUR 1 EUR = 189.38 KZT	JPY 1 JPY = 1.12 KZT	Other currency	30 June 2008 (unaudited)
Accounts receivable on spot and derivative contracts	-	3,623	7,698	47,662	120	59,103
Accounts payable on spot and derivative contracts	(604)	(43,750)	-	(9,593)	-	(53,947)
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(604)	(40,127)	7,698	38,069	120	5,156
TOTAL OPEN POSITION	70,211	(930)	2,321	(970)	2,673	

The Group's exposure to foreign currency exchange rate risk as at 31 December 2007 is presented in the tables below:

	KZT	USD 1 USD = 120.30 KZT	EUR 1 EUR = 177.17 KZT	JPY 1 JPY = 1.071 KZT	Other currency	31 December 2007 Total
FINANCIAL ASSETS						
Cash and balances with the National Bank of the Republic of Kazakhstan	16,255	8,149	2,787	15,637	192	43,020
Financial assets at fair value through profit or loss	3,199	7,098	-	-	-	10,297
Investments available-for-sale	7,229	-	3	-	-	7,232
Investments held to maturity	58,819	-	-	-	-	58,819
Due from banks	51,322	66,277	1,033	164	449	119,245
Loans to customers	282,635	327,774	14,995	6	137	625,547
Other financial assets	3,464	-	-	-	-	3,464
TOTAL FINANCIAL ASSETS	422,923	409,298	18,818	15,807	778	867,624
FINANCIAL LIABILITIES						
Due to banks	57,825	153,308	7,399	39,534	142	258,208
Customer accounts	236,897	64,832	11,291	-	424	313,444
Debt securities issued	42,645	124,283	-	21,754	-	188,682
Other financial liabilities	1,969	249	-	-	-	2,218
Subordinated debt	27,987	15,997	-	-	-	43,984
TOTAL FINANCIAL LIABILITIES	367,323	358,669	18,690	61,288	566	806,536
OPEN BALANCE SHEET POSITION	55,600	50,629	128	(45,481)	212	

Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented below and the following table presents further analysis of currency risk by types of derivative financial instruments and spot contracts as at 31 December 2007.

	Tenge	USD 1 USD = 120.30 KZT	EUR 1 EUR = 177.17 KZT	JPY 1 JPY = 1.071 KZT	Other currency	31 December 2007
Accounts receivable on spot and derivative contracts	12,706	8,773	213	45,663	60	67,415
Accounts payable on spot and derivative contracts	(9,016)	(55,786)	-	-	-	(64,802)
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	3,690	(47,013)	213	45,663	60	2,613
TOTAL OPEN POSITION	59,290	3,616	341	182	272	

33. SUBSEQUENT EVENTS

On 3 July 2008 the Bank signed 5-year loan agreement with EBRD, to the total amount of USD 50 million for further development of micro, small and medium businesses (MSMB) in Kazakhstan. The purpose of the loan is to provide finance to Bank's clients outside Almaty and Astana regions and to provide a wider access to credit in the regions.

On 4 August 2008 the Board of Directors passed a resolution for the reorganization of its subsidiary LLP BCC Securities into JSC BCC Securities. Currently the reorganization is in progress.

On 27 August 2008 Korea's Kookmin Bank ("KMB") completed purchase of 23 per cent stake in share capital of the Bank.