

JOINT STOCK COMPANY KAZKOMMERTSBANK

**Condensed Interim Consolidated Financial
Information (Unaudited)**

For the three months ended 31 March 2008

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

JOINT STOCK COMPANY KAZKOMMERTSBANK

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2008 (UNAUDITED)

The following statement, which should be read in conjunction with independent auditors' responsibilities stated in the independent auditors' report set out on pages 2-3, is made with a view to distinguish the respective responsibilities of management from those of the independent auditors in relation to the condensed interim consolidated financial information of Joint Stock Company Kazkommertsbank and its subsidiaries (the "Group").

Management is responsible for the preparation of the condensed interim consolidated financial information that present fairly the financial position of the Group as at 31 March 2008 and the results of its operations, cash flows and changes in equity for the three months 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 judgements 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 financial position of the Group, and which enable them to ensure that the condensed interim consolidated financial information of the Group complies with IAS 34;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The condensed interim consolidated financial information for the three months ended 31 March 2008 was authorised for issue on 8 July 2008 by the Management Board of JSC Kazkommertsbank.

On behalf of the Management Board:

Zhusupova N.A.
Chairman of the Board

8 July 2008
Almaty



Shoinbekova G.K.
Chief Accountant

8 July 2008
Almaty

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

To the Shareholders of JSC Kazkommertsbank:

We have reviewed the accompanying condensed interim consolidated financial information of JSC “Kazkommertsbank” and its subsidiaries (collectively – the “Group”), which comprise the condensed interim consolidated balance sheet as at 31 March 2008, the condensed interim consolidated income statement and the condensed interim consolidated statements of changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair 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 interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

As discussed in Notes 22 and 23, the accompanying condensed interim consolidated financial information has been restated.



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

A handwritten signature in black ink, appearing to read "Andrew Weekes".

Andrew Weekes
Engagement Partner
Chartered Accountant
Certificate of Public Practice 78586,
Australia

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

Nurlan Bekenov
General Director
Deloitte, LLP

8 July 2008

JOINT STOCK COMPANY KAZKOMMERTSBANK


CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2008

	Notes	Three months ended 31 March 2008 (unaudited) (KZT million)	Three months ended 31 March 2007 (unaudited) (KZT million)
Interest income	5, 19	93,729	62,573
Interest expense	5, 19	(45,918)	(35,642)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		47,811	26,931
Provisions for impairment losses on interest bearing assets	6,19	(15,220)	(9,239)
NET INTEREST INCOME		32,591	17,692
Net gain on financial assets and liabilities at fair value though profit or loss	7	7,622	4,730
Net loss on foreign exchange and precious metals operations	8	(16,563)	(2,874)
Fee and commission income		4,967	5,117
Fee and commission expense		(586)	(491)
Net realized gain on investments available-for-sale		4	54
Dividends received		4	-
Other income		1,262	1,108
NET NON-INTEREST (LOSS)/INCOME		(3,290)	7,644
OPERATING INCOME		29,301	25,336
OPERATING EXPENSES	9, 19	(8,365)	(6,076)
PROFIT BEFORE OTHER OPERATING PROVISIONS AND RESULTS OF ASSOCIATES		20,936	19,260
Provision for impairment losses on other transactions	6,19	(149)	(312)
Recovery of provision/(provision) for guarantees and other off-balance sheet contingencies	6,19	2,833	(1,554)
Share of results of associates	19	(50)	27
OPERATING PROFIT BEFORE INCOME TAX		23,570	17,421
Income tax expense	10	(7,058)	(4,914)
NET PROFIT		16,512	12,507
Attributable to:			
Ordinary shareholders of the parent		13,067	9,983
Preference shareholders of the parent		2,689	2,017
Minority interest		756	507
EARNINGS PER SHARE*			
<i>Basic and diluted (KZT)</i>	11	22.73	17.37
* As restated, see note 22			

On behalf of the Management Board of the Bank:



Zhusupova N.A.
Chairman of the Board
 8 July 2008
 Almaty


Shoinbekova G.K.
Chief Accountant
 8 July 2008
 Almaty

The notes on pages 10-40 form an integral part of this condensed interim consolidated financial information.


JOINT STOCK COMPANY KAZKOMMERTSBANK

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008

	Notes	31 March 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
ASSETS:			
Cash and balances with national (central) banks	12	170,420	168,148
Precious metals		758	-
Financial assets at fair value through profit or loss	13	87,884	188,776
Loans and advances to banks	14	227,775	212,823
Loans to customers	15, 19	2,318,175	2,366,335
Investments available-for-sale		3,223	3,036
Investments held to maturity		352	375
Investments in associates	19	3,135	3,222
Goodwill		2,405	2,405
Property, equipment and intangible assets		35,288	34,259
Other assets		17,035	17,853
TOTAL ASSETS		2,866,450	2,997,232
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and advances from banks	16	582,165	723,431
Customer accounts	19	887,695	895,083
Financial liabilities at fair value through profit or loss	13	13,811	7,730
Debt securities issued		746,250	739,688
Other borrowed funds		149,416	148,934
Provisions	6	7,944	10,638
Deferred income tax liabilities	10	30,138	30,496
Dividends payable		152	2
Other liabilities		13,894	13,845
		2,431,465	2,569,847
Subordinated debt		109,205	108,166
Total liabilities		2,540,670	2,678,013
EQUITY:			
Equity attributable to equity holders of the parent:			
Share capital		6,999	6,998
Share premium reserve		152,918	152,855
Property and equipment revaluation reserve		6,005	6,020
Reserves		146,057	140,794
Total equity attributable to equity holders of the parent		311,979	306,667
Minority interest		13,801	12,552
Total equity		325,780	319,219
TOTAL LIABILITIES AND EQUITY		2,866,450	2,997,232

On behalf of the Management Board of the Bank:


Zhusupova N.A.
 Chairman of the Board
 8 July 2008
 Almaty


Shoinbekova G.K.
 Chief Accountant
 8 July 2008
 Almaty

The notes on pages 10-40 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2008

	Share capital	Treasury shares	Share premium reserve	Investments available-for-sale fair value reserve/ (deficit) ¹	Cumulative translation reserve ¹	Hedging reserve ¹	Property and equipment revaluation reserve	Retained earnings ¹	Total equity attributable to equity holders of the parent	Minority interest	Total equity
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
31 December 2006	6,999	(4)	152,534	40	76	-	2,436	84,748	246,829	15,272	262,101
Unrealized gain on revaluation of available-for-sale investments	-	-	-	(17)	-	-	-	-	(17)	-	(17)
Revaluation of property and equipment	-	-	-	-	-	-	2	-	2	-	2
Exchange differences on translation of foreign operations	-	-	-	-	(79)	-	-	(447)	(526)	(99)	(625)
<i>Net income recognized directly in equity</i>	-	-	-	(17)	(79)	-	2	(447)	(541)	(99)	(640)
Transfers (net of any related tax):											
Depreciation of property and equipment revaluation reserve	-	-	-	-	-	-	(9)	9	-	-	-
<i>Net profit</i>	-	-	-	-	-	-	-	12,000	12,000	507	12,507
Total recognized income and expense	-	-	-	-	-	-	(9)	12,009	12,000	507	12,507
Purchase of treasury shares											
Sale of treasury shares	2	(1)	78	-	-	-	-	-	79	-	79
31 March 2007 (unaudited)	<u>7,001</u>	<u>(5)</u>	<u>152,612</u>	<u>23</u>	<u>(3)</u>	<u>-</u>	<u>2,429</u>	<u>96,310</u>	<u>258,367</u>	<u>15,680</u>	<u>274,047</u>

**JOINT STOCK COMPANY KAZKOMMERTSBANK
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2008 (CONTINUED)**

	Share capital	Treasury shares	Share premium reserve	Investments available-for-sale fair value reserve/(deficit) ¹	Cumulative translation reserve ¹	Hedging reserve ¹	Property and equipment revaluation reserve	Retained earnings ¹	Total equity attributable to equity holders of the parent	Minority interest	Total equity
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
31 December 2007	7,000	(2)	152,855	(70)	58	-	6,020	140,806	306,667	12,552	319,219
Unrealized loss on revaluation of available-for-sale investments	-	-	-	(32)	-	-	-	-	(32)	-	(32)
Deferred income tax recognized on revaluation of property and equipment	-	-	-	-	-	-	6	(6)	-	-	-
Loss on cash flow hedges	-	-	-	-	-	(27,001)	-	-	(27,001)	-	(27,001)
Deferred income tax recognized on loss on cash flow hedges	-	-	-	-	-	4,621	-	-	4,621	-	4,621
Exchange differences on translation of foreign operations	-	-	-	-	31	-	-	278	309	493	802
<i>Net income recognized directly in equity</i>	-	-	-	(32)	31	(22,380)	6	272	(22,103)	493	(21,610)
Transfers (net of related tax):											
Depreciation of property and equipment revaluation reserve	-	-	-	-	-	-	(21)	21	-	-	-
Net gain transferred to earnings	-	-	-	-	-	11,597	-	-	11,597	-	11,597
Loss on sale of available-for-sale investments	-	-	-	(2)	-	-	-	-	(2)	-	(2)
<i>Net profit</i>	-	-	-	-	-	-	-	15,756	15,756	756	16,512
Total recognized income and expense	-	-	-	(2)	-	11,597	(21)	15,777	27,351	756	28,107
Sale of treasury shares	1	-	63	-	-	-	-	-	64	-	64
31 March 2008 (unaudited)	<u>7,001</u>	<u>(2)</u>	<u>152,918</u>	<u>(104)</u>	<u>89</u>	<u>(10,783)</u>	<u>6,005</u>	<u>156,855</u>	<u>311,979</u>	<u>13,801</u>	<u>325,780</u>

¹ The amounts included within the Investments available-for-sale fair value reserve/(deficit), Cumulative translation reserve, Hedging reserve and Retained earnings, in the above table, are included within "Reserves" in the condensed interim consolidated balance sheet.

On behalf of the Management Board of the Bank:



Shoimbekova G.K.
Chief Accountant
8 July 2008
Almaty

The notes to the financial statements are an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2008

	Notes	Three months ended 31 March 2008 (unaudited) (KZT million)	Three months ended 31 March 2007 * (unaudited) (KZT million)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating profit before income tax		23,570	17,421
Adjustments for:			
Provision for impairment losses on interest bearing assets	6	15,220	9,239
Provision for impairment losses on other transactions	6	149	312
(Recovery of provision)/Provision for guarantees and other off- balance sheet contingencies	6	(2,833)	1,554
Amortization of discount on investments held to maturity		-	(951)
Amortization of discount on debt securities issued		78	63
Depreciation and amortization	9	760	568
Change in interest accruals, net		(19,408)	(2,776)
Unrealized foreign exchange loss		14,483	4,292
Share of results of associates		50	(27)
Net gain on sale of property, equipment and intangible assets		(5)	(1)
Net change in fair value of financial assets and liabilities at fair value though profit or loss		(3,017)	(5,393)
Cash inflow from operating activities before changes in operating assets and liabilities		29,047	24,301
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Minimum reserve deposit with National Bank of the Republic of Kazakhstan		(345)	51,294
Minimum reserve deposit with Central Bank of Russian Federation		(91)	(460)
Minimum reserve deposit with National Bank of the Kyrgyz Republic		(16)	16
Precious metals		(758)	398
Financial assets at fair value through profit or loss		93,845	62,247
Loans and advances to banks		1,907	62,614
Loans to customers		50,091	(185,989)
Other assets		1,207	2,270
Increase/(decrease) in operating liabilities:			
Loans and advances from banks		(147,219)	(173,148)
Customer accounts		(9,095)	64,999
Other borrowed funds		140	7,223
Other liabilities		(5,294)	413
Cash inflow/(outflow) from operating activities before taxation		13,419	(83,822)
Income tax paid		(2,795)	(2,170)
Net cash inflow/(outflow) from operating activities		10,624	(85,992)

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2008


	Notes	Three months ended 31 March 2008 (unaudited) (KZT million)	Three months ended 31 March 2007 * (unaudited) (KZT million)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets		(1,718)	(3,762)
Proceeds on sale of property, equipment and intangible assets		139	497
Proceeds on sale of investments available-for-sale		1,758	1,505
Purchase of investments available-for-sale		(2,180)	(1,050)
Proceeds on maturity of investments held to maturity		7	749
Purchase of investments held to maturity		-	(1,573)
Net cash outflow from investing activities		(1,994)	(3,634)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from sale of treasury shares		64	79
Proceeds from debt securities issued		-	221,427
Repayment of subordinated debt		-	(1,370)
Net cash inflow from financing activities		64	220,136
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,694	130,510
CASH AND CASH EQUIVALENTS, beginning of period	12	144,346	59,403
Effect of changes in foreign exchange rate on cash and cash equivalents		268	(309)
CASH AND CASH EQUIVALENTS, end of period	12	153,308	189,604

* As restated, see note 23

Interest paid and received by the Group in cash during the three months ended 31 March 2008 amounted to KZT 55,309 million (2007: KZT 38,070 million) and KZT 83,312 million (2007: KZT 80,018 million).

On behalf of the Management Board of the Bank:




Shoibelova G.K.
Chief Accountant

8 July 2008
Almaty

The notes on pages 10-40 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2008 (UNAUDITED)

1. ORGANISATION

JSC Kazkommertsbank (the “Bank”, or “Kazkommertsbank”) is a joint stock bank and operates in the Republic of Kazakhstan since 1990. The Bank’s activities are regulated by the Agency of the Republic of Kazakhstan on regulation and supervision of the financial market and financial organizations (“FMSA”) in accordance with the license № 48 and by the National Bank of the Republic of Kazakhstan (“NBRK”). The Bank’s primary business consists of commercial banking activities, operations with securities, foreign currencies and derivative instruments, originating loans and guarantees.

The registered office of the Bank is located at: 135Zh, Gagarin str., Almaty, Republic of Kazakhstan.

The Bank has 25 branches in the Republic of Kazakhstan.

Kazkommertsbank is a parent company of the banking group (the “Group”). The enterprises consolidated in the interim financial information are consistent with those presented in the consolidated financial statements for the year ended 31 December 2007.

Name	Country of operation	Proportion or ownership interest/voting rights		Type of operation
		31 March 2008	31 December 2007	
JSC Kazkommerts Securities	Republic of Kazakhstan	100%	100%	Securities market transactions
LLP Processing Company	Republic of Kazakhstan	100%	100%	Payment card and related services
Kazkommerts International B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
Kazkommerts Finance II B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
Kazkommerts Capital II B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
JSC OCOPAIM Grantum Asset Management	Republic of Kazakhstan	100%	100%	Investment management of pension assets
LLP Kazkommertsbank RFCA	Republic of Kazakhstan	100%	100%	Operations with financial instruments on Regional financial centre of Almaty
JSC Kazkommerts Life	Republic of Kazakhstan	100%	100%	Life insurance
CJSC Kazkommertsbank Tajikistan	Republic of Tajikistan	100%	100%	Commercial bank
JSC Kazkommertsbank Kyrgyzstan	Kyrgyz Republic	93.58%	93.58%	Commercial bank
JSC Grantum APF	Republic of Kazakhstan	80.01%	80.01%	Pension fund
JSC Insurance Company Kazkommerts-Policy	Republic of Kazakhstan	65%	65%	Insurance
LLP Commercial bank Moscommertsbank	Russia	52.11%	52.11%	Commercial bank
LLP Investment Company East Capital	Russia	50%	50%	Securities market transactions

On 24 January 2008, CJSC “Kazkommertsbank Tajikistan” received an operating licence from the National Bank of Tajikistan for banking operations in both national currency and foreign currencies # 33/1.

2. BASIS OF PRESENTATION

Accounting basis

The condensed interim consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (“IAS”) № 34 “Interim Financial Reporting”. Accordingly, certain information and disclosures normally required to be included in the notes to the annual 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 selective notes to the consolidated financial statements of the Group 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 revaluation of property and the measurement at fair value of investments available-for-sale, financial assets and liabilities at fair value through profit or loss, and derivative financial instruments.

The preparation of the condensed interim consolidated financial information in conformity with International Financial Reporting Standards (“IFRS”) 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 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 the allowance for impairment of loans and receivables and determination of the fair value of financial instruments.

The condensed interim consolidated financial information reflects all adjustments that, in the opinion of management of the Group, are necessary for a fair presentation of the results of operations for the interim period. All such adjustments to the 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 financial statements 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 these condensed interim consolidated financial information is the Kazakhstan tenge.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Hedge accounting

From 1 January 2008, the Group implemented a hedge accounting policy to designate certain hedging instruments as cash flow hedges in accordance with IAS № 39 “Financial Instruments: Recognition and Measurement”.

At inception of the hedge relationship, the Group documents the relationship between hedging instruments and hedged items at the inception of the, along with its risk management objectives and the way in which effectiveness will be assessed at inception and during the period of the hedge. Furthermore, at inception of the hedge and on an ongoing basis, the Group documents whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. If the hedge is not highly effective in offsetting changes in cash flows attributable to the hedged risk, consistent with the documented risk management strategy, hedge accounting is discontinued.

With cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the “Net gain on financial assets and liabilities at fair value through profit or loss” line of the consolidated income statement. Amounts deferred in equity are recycled in profit or loss in the same periods when the hedged item is recognised in profit or loss, in the same line of the consolidated income statement as the recognised hedged item. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. On the discontinuance of hedge accounting (except where a forecast transaction is no longer expected to occur), any cumulative unrealized gain or loss recognised in equity is recognised in profit or loss when the hedged cash flow occurs or, if the forecast transaction results in the recognition of a financial asset or financial liability, in the same periods during which the asset or liability affects profit or loss. Where a forecast transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in profit or loss immediately.

4. RECLASSIFICATIONS

Certain reclassifications have been made to the interim condensed consolidated financial information for the three months ended 31 March 2007 to conform to the presentation for the three months ended 31 March 2008. The current year presentation provides a better view of the consolidated financial position of the Group. These reclassifications include reclassifying of net gain on financial assets and liabilities at fair value through profit or loss and net gain on foreign exchange operations. These reclassifications are not material in nature and have no impact on the financial results of the Group.

	As previously reported 31 March 2007 (KZT million)	As reclassified 31 March 2007 (KZT million)	Effect on financial statement’s line as per current report (KZT million)
Net gain on financial assets and liabilities at fair value through profit or loss	5,011	4,730	281
Net gain on foreign exchange and precious metals operations	(3,101)	(2,874)	(227)
Net realized gain on investments available-for-sale	-	54	(54)

5. NET INTEREST INCOME

	Three months ended 31 March 2008 (unaudited) (KZT million)	Three months ended 31 March 2007 (unaudited) (KZT million)
Interest income comprises:		
Interest income on assets recorded at amortized cost:		
- interest income on impaired assets	55,501	18,125
- interest income on unimpaired assets	36,727	41,600
Interest income on assets at fair value through profit or loss	1,499	2,834
Interest income on investments available-for-sale	2	14
Total interest income	<u>93,729</u>	<u>62,573</u>
Interest income on assets recorded at amortized cost comprises:		
Interest on loans to customers	88,966	56,450
Interest on loans and advances to banks	2,891	2,936
Interest on investments held to maturity	21	10
Amortization of discount on loans	350	329
Total interest income on financial assets recorded at amortized cost	<u>92,228</u>	<u>59,725</u>
Interest income on assets at fair value through profit or loss:		
Interest income on financial assets held-for-trading	1,499	2,834
Total interest income on assets at fair value through profit or loss	<u>1,499</u>	<u>2,834</u>
Interest income on investments available for sale	2	14
Total interest income	<u>93,729</u>	<u>62,573</u>
Interest expense comprises:		
Interest on liabilities recorded at amortized cost	45,918	35,642
Total interest expense	<u>45,918</u>	<u>35,642</u>
Interest expense on liabilities recorded at amortized cost comprise:		
Interest on debt securities issued	18,094	13,702
Interest on customer accounts	16,089	10,242
Interest on loans and advances from banks	8,832	10,195
Preference share dividends	151	149
Interest expense on securitization program	2,033	1,086
Other interest expense	719	268
Total interest expense on financial liabilities recorded at amortized cost	<u>45,918</u>	<u>35,642</u>
Net interest income before provision for impairment losses on interest bearing assets	<u>47,811</u>	<u>26,931</u>

In the above disclosure, interest income on loans, which are categorized in watch, sub standard, doubtful and loss categories, as well loans, which are overdue, but categorized as standard, is included in the line item "interest income on impaired assets". The provision against these loans ranges from 2% to 100%.

6. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

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

	Loans and advances to banks (KZT million)	Loans to customers (KZT million)	Total (KZT million)
31 December 2006	857	73,936	74,793
(Recovery of provision)/additional provision recognized	(284)	9,523	9,239
Write-off of assets	-	(109)	(109)
Recovery of assets previously written off	-	5	5
Exchange rate difference	(22)	(1,217)	(1,239)
31 March 2007 (unaudited)	<u>551</u>	<u>82,138</u>	<u>82,689</u>
31 December 2007	1,276	140,363	141,639
Additional provision recognized	21	15,199	15,220
Write-off of assets	-	(56)	(56)
Exchange rate difference	4	604	608
31 March 2008 (unaudited)	<u>1,301</u>	<u>156,110</u>	<u>157,411</u>

Total provisions for impairment losses on insurance provision and guarantees and other off-balance sheet contingencies comprise:

	31 March 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Insurance provisions	3,481	3,422
Provision for guarantees and other off-balance sheet contingencies	<u>4,463</u>	<u>7,216</u>
	<u>7,944</u>	<u>10,638</u>

The movements in insurance provisions and allowances for impairment losses on other transactions were as follows:

	Insurance provisions (KZT million)	Other assets (KZT million)	Total (KZT million)
31 December 2006	2,703	117	2,820
Additional provision recognized	266	46	312
Write-off of assets	-	(3)	(3)
Recovery of assets previously written off	-	1	1
Exchange difference	-	1	1
31 March 2007 (unaudited)	<u>2,969</u>	<u>162</u>	<u>3,131</u>
31 December 2007	3,422	323	3,745
Additional provision recognized	59	90	149
Write-off of assets	-	(1)	(1)
Exchange difference	-	(37)	(37)
31 March 2008 (unaudited)	<u>3,481</u>	<u>375</u>	<u>3,856</u>

Insurance provisions comprised:

	31 March 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Property	997	978
Vehicles	708	785
Civil liability for damage	420	91
Life insurance	305	207
Civil liability for owners of vehicles	39	241
Other	<u>1,012</u>	<u>1,120</u>
Total insurance provisions	<u><u>3,481</u></u>	<u><u>3,422</u></u>

Other insurance provisions include provisions for insurance of civil liability of passengers, private lawyers, auditors and audit organizations, ecological, medical, air and marine transport and others.

The movements in provision for guarantees and other off-balance sheet contingencies were as follows:

	Guarantees and other off-balance sheet contingencies (KZT million)
31 December 2006	4,055
Additional provision recognized	1,554
Exchange difference	<u>(61)</u>
31 March 2007 (unaudited)	<u><u>5,548</u></u>
31 December 2007	7,216
Recovery of provision	(2,833)
Exchange difference	<u>80</u>
31 March 2008 (unaudited)	<u><u>4,463</u></u>

7. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Three months ended 31 March 2008 (unaudited) (KZT million)	Three months ended 31 March 2007 (unaudited) (KZT million)
Net gain on financial assets and liabilities held-for-trading	<u>7,622</u>	<u>4,730</u>
Total net gain on financial assets and liabilities at fair value through profit or loss	<u><u>7,622</u></u>	<u><u>4,730</u></u>
Net gain on operations with financial assets and liabilities held-for-trading comprise:		
Realized gain/(loss) on trading operations	505	(621)
Unrealized (loss)/gain on fair value adjustment	(1,305)	820
Net gain on operations with derivative financial instruments	<u>8,422</u>	<u>4,531</u>
Total net gain on financial assets and liabilities at fair value through profit or loss	<u><u>7,622</u></u>	<u><u>4,730</u></u>

The net gain on operations with derivative financial instruments includes an amount of cash flow hedging ineffectiveness of KZT 3,953 million (2007: Nil), which has decreased the total net gain on financial assets and liabilities at fair value through profit or loss.

8. NET LOSS ON FOREIGN EXCHANGE AND PRECIOUS METALS OPERATIONS

	Three months ended 31 March 2008 (unaudited) (KZT million)	Three months ended 31 March 2007 (unaudited) (KZT million)
Dealing, net	1,930	538
Translation differences, net	<u>(18,493)</u>	<u>(3,412)</u>
	<u><u>(16,563)</u></u>	<u><u>(2,874)</u></u>

Translation differences for the three months ended 31 March 2008 amounted to KZT 18,493 million (31 March 2007 : KZT 3,412 million). This comprised losses on the revaluation of liabilities denominated in non-functional currencies such as the Japanese Yen, Euro, Pound and Singaporean dollar.

As discussed in note 7, hedging ineffectiveness is recognised in the net gain on financial assets and liabilities at fair value through profit or loss. For the three months ending 31 March 2008, this ineffectiveness has resulted in a net non interest loss.

9. OPERATING EXPENSES

	Three months ended 31 March 2008 (unaudited) (KZT million)	Three months ended 31 March 2007 (unaudited) (KZT million)
Staff costs	4,293	3,273
Lease	921	321
Depreciation and amortization	760	568
Payments to the Individuals' Deposit Insurance Fund	643	331
Property and equipment maintenance	291	199
Advertising costs	258	233
Communications	215	141
Value added tax	137	200
Bank card services	116	64
Taxes, other than income tax	115	70
Security services	105	67
Vehicle maintenance	89	61
Consulting and audit services	72	145
Business trip expenses	65	93
Stationery	36	34
Charity and sponsorship expenses	31	32
Training and information services	27	63
Mail and courier expenses	21	15
Representative expenses	11	16
Other expenses	<u>159</u>	<u>150</u>
	<u><u>8,365</u></u>	<u><u>6,076</u></u>

10. INCOME TAX

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 and which may differ from IFRS.

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

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

Tax effect of temporary differences as at 31 March 2008 and 31 December 2007:

	31 March 2008 (unaudited) (KZT millions)	31 December 2007 (KZT million)
Deferred income tax assets:		
Bonuses accrued	889	706
Loss on revaluation of securities	1,312	1,462
Loss on revaluation of financial instruments treated as cash flow hedges	1,878	-
Other assets	232	136
Total deferred income tax assets	<u>4,311</u>	<u>2,304</u>
Deferred income tax liabilities:		
Allowance for losses on loans and advances to banks and customers	22,817	20,147
Unrealized gain on trading securities and derivatives	7,887	7,714
Property and equipment, accrued depreciation	2,796	2,795
Investments in associates	838	946
Provision on guarantees and letters of credit	111	1,198
Total deferred income tax liabilities	<u>34,449</u>	<u>32,800</u>
Net deferred income tax liabilities	<u>30,138</u>	<u>30,496</u>

Relationships between tax expenses and accounting profit for the three months ended 31 March 2008 and 2007 are explained as follows:

	Three months ended 31 March 2008 (unaudited) (KZT million)	Three months ended 31 March 2007 (unaudited) (KZT million)
Profit before income tax	<u>23,570</u>	<u>17,421</u>
Tax at the statutory tax rate (30%)	7,071	5,226
Tax effect of permanent differences:		
Tax exempt interest income on mortgage loans and financial leasing	(52)	(298)
Tax exempt interest income and other related income on state and quoted securities listed with "A" and "B" ratings	(23)	36
Other tax exempt income	(18)	(18)
Income from revaluation of investments	(140)	(169)
Non deductible interest expense	75	39
Dividend on preferred shares	45	89
Provisions on accounts receivables, loans to related parties and financial leasing	160	136
Other non deductible expenditures	233	43
Tax effect on income of subsidiaries taxed at different rates	(293)	(170)
Income tax expense net of permanent differences	<u>7,058</u>	<u>4,914</u>
Current income tax expense	2,789	2,170
Deferred income tax expense	<u>4,269</u>	<u>2,744</u>
Income tax expense	<u>7,058</u>	<u>4,914</u>

	Three months ended 31 March 2008 (unaudited) (KZT million)	Year ended 31 December 2007 (KZT million)
Deferred income tax liabilities		
1 January	30,496	16,851
(Increase)/decrease in property and equipment revaluation reserve	(6)	1,536
Change in hedging reserve	(4,621)	-
Deferred income tax expense	4,269	12,109
Net deferred income tax liabilities	<u>30,138</u>	<u>30,496</u>

11. EARNINGS PER SHARE

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

As described in note 22, dividend payments per ordinary shares cannot exceed the dividends per share on preference shares for the same period. Therefore, net profit for the period is allocated to the ordinary shares and the preference shares in accordance with their legal and contractual dividend rights to participate in undistributed earnings:

	Three months ended 31 March 2008 (unaudited) (KZT million)	Three months ended 31 March 2007* (unaudited) (KZT million)
Basic and diluted earnings per share		
Net profit for the three-month period attributable to equity holders of the parent	15,756	12,000
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	(2,689)	(2,017)
Net profit for the three-month period attributable to ordinary shareholders	13,067	9,983
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>574,919,450</u>	<u>574,830,364</u>
Earnings per share – basic and diluted (tenge)	<u>22.73</u>	<u>17.37</u>

*As restated, see note 22

12. CASH AND BALANCES WITH NATIONAL (CENTRAL) BANKS

	31 March 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Cash on hand	38,397	41,082
Balances with the national (central) banks	<u>132,023</u>	<u>127,066</u>
	<u>170,420</u>	<u>168,148</u>

Cash and cash equivalents for the purposes of the consolidated statement of cash flows are comprised of the following:

	31 March 2008 (unaudited) (KZT million)	31 March 2007 (unaudited) (KZT million)	31 December 2007 (KZT million)
Cash and balances with national (central) banks	170,420	285,595	168,148
Loans and advances to banks in Organisation for Economic Co-operations and Development (“OECD”) countries (Note 21)	146,184	44,684	139,042
Less minimum reserve deposit with the NBRK	(160,562)	(138,337)	(160,217)
Less minimum reserve deposit with the CBR	(2,521)	(2,172)	(2,430)
Less minimum reserve deposit with the NBKR	(213)	(166)	(197)
	<u>153,308</u>	<u>189,604</u>	<u>144,346</u>

The balances with the Central Bank of Russian Federation (“CBR”) as at 31 March 2008 include KZT 5,851 million (31 December 2007: KZT 5,246 million, 31 March 2007: KZT 2,975 million), of which KZT 2,521 million (31 December 2007: KZT 2,430 million, 31 March 2007: KZT 2,172 million) represents the obligatory minimum reserve deposits required by the CBR. The Group is required to maintain the reserve balance at the CBR at all times.

The balances with the National Bank of the Republic of Kazakhstan (“NBRK”) as at 31 March 2008 include KZT 124,672 million (31 December 2007: KZT 121,476 million, 31 March 2007: KZT 121,179 million) and cash on hand of KZT 35,890 million (31 December 2007: KZT 38,741 million, 31 March 2007: KZT 17,158 million), totaling KZT 160,562 million (31 December 2007: KZT 160,217 million, 31 March 2007: KZT 138,249 million), which represent the minimum reserve deposits required by the NBRK.

The balances with the National Bank of the Kyrgyz Republic of (“NBKR”) as at 31 March 2008 include KZT 365 million (31 December 2007: KZT 344 million, 31 March 2007: KZT 353 million), of which KZT 213 million (31 December 2007: KZT 197 million, 31 March 2007: KZT 166 million) represents the minimum reserve deposits required by the NBKR at all times.

The balance with the National Bank of Tajikistan as at 31 March 2008 include KZT 1,135 million (31 December 2007: Nil).

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

Financial assets at fair value through profit or loss comprise:

	31 March 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Debt securities	45,294	130,271
Equity investments	14,975	15,647
Derivative financial instruments	27,615	42,858
	<u>87,884</u>	<u>188,776</u>

Financial liabilities at fair value through profit or loss comprise:

	31 March 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Derivative financial instruments	13,811	7,730
	<u>13,811</u>	<u>7,730</u>

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

	31 March 2008 (unaudited)		31 December 2007	
	Nominal interest rate	Amount	Nominal interest rate	Amount
	%	(KZT million)	%	(KZT million)
Debt securities:				
Bonds of Kazakhstani companies	8.00-13.00%	22,107	4.90-12.40%	22,684
Bonds of international financial organizations	4.28-16.95%	7,390	1.56-20.09%	87,336
Bonds of Kazakhstani banks	6.00-12.00%	4,057	6.00-12.00%	4,151
Bonds of Russian companies	7.28-14.00%	3,886	7.28-13.80%	4,030
Eurobonds of Kazakhstani banks	7.75-8.13%	2,741	7.75-8.13%	2,900
Short-term NBRK notes	4.35%	1,885	4.50%	1,845
Bonds of Russian banks	7.34-9.50%	1,210	7.34-8.25%	703
State treasury bonds of the Ministry of Finance of Republic of Kazakhstan	4.05-6.68%	958	3.78-6.68%	926
Bonds of local executive bodies of the Russian Federation	7.25-8.70%	521	7.75-9.20%	607
Bonds of Atyrau local executive bodies	8.50%	225	8.50%	220
Bonds of federal loan of the Ministry of Finance of the Russian Federation	9.00%	168	9.00-10.00%	343
Bonds of Russian investment funds	-	146	-	4,273
Eurobonds of OECD countries	-	-	4.75%	253
		45,294		130,271

	31 March 2008 (unaudited)		31 December 2007	
	Ownership share	(Amount)	Ownership share	(Amount)
	%	(KZT million)	%	(KZT million)
Equity investments:				
Shares of Russian companies	0.00001%-0.003%	7,225	0.00001% - 19.559%	7,565
GDR of Kazakhstani companies	0.281%	3,513	0.247%	3,771
ADR of Kazakhstani companies	0.646%	2,222	0.654%	2,496
GDR of Russian banks	0.11%	739	0.07%	652
Shares of Kazakhstani companies	0.0002%-0.282%	639	0.007%-0.282%	701
Shares of Kazakhstani banks	0.0126%-0.0651%	512	0.0007%-0.043%	363
GDR of Kazakhstani banks	0.01%	71	0.01%	80
Shares of Russian banks	0.00001%	48	0.00001%	19
ADR of Russian companies	0.0002%	6	-	-
		14,975		15,647

As at 31 March 2008, financial assets at fair value through profit or loss included accrued interest income on debt securities of KZT 741 million (31 December 2007: KZT 1,506 million).

As at 31 March 2008, financial assets at fair value through profit or loss included short term-notes NBRK notes, bonds of federal loan of the Ministry of Finance of the Russian Federation, bonds of Kazakhstani and Russian companies pledged under repurchase agreements with other banks and customers with fair value of KZT 5,255 million (31 December 2007: KZT 82,147 million). As at 31 March 2008 all of the repurchase agreements are to be settled by April 2008 (31 December 2007: February 2008).

	Nominal value	31 March 2008 (unaudited) Net fair value (KZT million)		Nominal value	31 December 2007 Net fair value (KZT million)	
		Assets	Liabilities		Assets	Liabilities
		Derivative financial instruments				
<i>Foreign exchange contracts</i>						
Foreign exchange swap	335,126	23,649	(3,067)	381,001	25,724	(2,145)
Interest rate swap	139,174	3,405	(9,449)	82,740	14,987	(5,133)
Forward contracts	99,269	519	(1,227)	64,652	2,105	(381)
Spot	14,274	2	(13)	74,996	19	(25)
<i>Securities purchase/sale contracts</i>						
Total return swap	594	40	(46)	592	23	(46)
Forward contracts	4,946	-	(9)	-	-	-
		<u>27,615</u>	<u>(13,811)</u>		<u>42,858</u>	<u>(7,730)</u>

Included in the above are derivatives held for hedging purposes as follows:

	Nominal value	31 March 2008 (unaudited) Net fair value (KZT million)		Nominal value	31 December 2007 Net fair value (KZT million)	
		Assets	Liabilities		Assets	Liabilities
		Cash flow hedging				
Foreign exchange swap	227,676	25,056	(2,938)	-	-	-
Interest rate swaps	96,086	-	(6,822)	-	-	-
		<u>25,056</u>	<u>(9,760)</u>		<u>-</u>	<u>-</u>

The Group's cash flow hedges relate to exposure to variability in the anticipated future cash flows on its financial liabilities.

To hedge the cash flows on financial liabilities with floating interest rates, the Group uses interest rate swap contracts to exchange the floating rates for fixed rates. As such, the Group converts its floating rate debt repayments to fixed rate debt repayments and minimizes the effect of change in interest rates on its future cash flows.

To hedge the foreign exchange risk on financial liabilities the Group uses cross-currency swap contracts to convert, partially or in-full, its repayments on foreign currency denominated liabilities to the functional currency of the subsidiary which issued these liabilities.

Hedge ineffectiveness recognized in net gain on financial assets and liabilities at fair value through profit or loss comprised cash flow hedging ineffectiveness of KZT 3,953 million (2007: Nil).

As at 31 March 2008, the aggregate amount of unrealized losses under foreign exchange swap contracts deferred in the hedging reserve relating to the exposures amounted to KZT 12,545 million (31 December 2007: Nil). The cash flows under these contracts will occur quarterly, for periods up to February 2017. These contracts are designated as hedge instruments to hedge the exchange rate risk arising from the future cash flows of the funds raised by the Group from international financial organizations in currencies other than tenge.

As at 31 March 2008, the aggregate amount of unrealized losses under interest rate swap contracts deferred in the hedging reserve relating to the exposures amounted to KZT 2,859 million (31 December 2007: Nil). The cash flows under these contracts will occur biannually, for periods up to January 2018. These contracts are designated as hedge instruments to hedge the interest rate risk arising from the future cash flows of the funds raised by the Group from international financial organizations in currencies other than tenge.

As at 31 March 2008, the fair value of the hedging instruments is KZT 15,296 million.

14. LOANS AND ADVANCES TO BANKS

	31 March 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Recorded as loans and receivables:		
Loans and advances to banks	213,249	173,759
Correspondent accounts with other banks	15,749	39,661
Loans under reverse repurchase agreements	78	679
	<u>229,076</u>	<u>214,099</u>
Less allowance for impairment losses	<u>(1,301)</u>	<u>(1,276)</u>
	<u><u>227,775</u></u>	<u><u>212,823</u></u>

Movements in allowances for impairment losses on loans and advances to banks for the three-month period ended 31 March 2008 and 31 March 2007 are disclosed in Note 6.

As at 31 March 2008, loans and advances to banks included accrued interest of KZT 847 million (31 December 2007: KZT 1,327 million).

As at 31 March 2008 and 31 December 2007, the Group had no loans and advances to the banks, which individually exceeded 10% of the Group's equity.

The fair value of collateral and carrying value of loans under reverse repurchase agreements as at 31 March 2008 and 31 December 2007 comprised:

	31 March 2008 (unaudited) (KZT million)		31 December 2007 (KZT million)	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Shares of Kazakhstani banks	64	48	-	-
Notes of the NBRK	32	30	-	-
Shares of Russian companies	-	-	756	668
Bonds of the Ministry of Finance of the Republic of Kazakhstan	-	-	12	11
	<u>96</u>	<u>78</u>	<u>768</u>	<u>679</u>

As at 31 March 2008, a guarantee deposit of KZT 2,414 million (31 December 2007: KZT 2,406 million) placed in JP Morgan Chase Bank London was included in loans and advances to banks as collateral for letters of credit.

15. LOANS TO CUSTOMERS

	31 March 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Recorded as loans and receivables:		
Originated loans	2,452,810	2,480,059
Net investments in finance lease	5,816	6,090
Loans under reverse repurchase agreements	15,659	20,549
	<u>2,474,285</u>	<u>2,506,698</u>
Less allowance for impairment losses	(156,110)	(140,363)
	<u><u>2,318,175</u></u>	<u><u>2,366,335</u></u>

As at 31 March 2008, accrued interest income included in loans to customers amounted to KZT 77,760 million (31 December 2007: KZT 66,827 million).

Movements in allowances for impairment losses on loans to customers for the three-month periods ended 31 March 2008 and 31 March 2007 are disclosed in Note 6.

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

	31 March 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Analysis by type of collateral:		
Loans collateralized by real estate	1,152,177	1,039,685
Loans collateralized by equipment	275,699	209,168
Loans collateralized by shares of the banks and other companies	210,672	226,603
Loans collateralized by guarantees of enterprises	201,554	176,004
Loans collateralized by accounts receivable	105,481	86,872
Loans with collateral under the registration process (property, land, shares, guarantees, etc.)	98,194	152,707
Loans collateralized by cash or Kazakhstani Government guarantees	91,882	80,232
Loans collateralized by inventories	55,516	41,014
Loans collateralized by mixed types of collateral	48,295	209,980
Loans collateralized by securities	3,140	3,675
Loans collateralized by guarantees of financial institutions	3,059	8,031
Unsecured loans	72,506	132,364
	<u><u>2,318,175</u></u>	<u><u>2,366,335</u></u>

Mixed collateral consists of multiple types of collateral including real estate, guarantees and inventories. Loans are classified as being collateralized by mixed collateral where it is impractical to split this collateral into the categories disclosed above.

	31 March 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Analysis by sector:		
Individuals	431,263	452,330
Trade	404,209	442,181
Commercial real estate construction	247,216	228,165
Housing construction	242,429	246,546
Real estate	159,351	165,825
Hotel business	134,352	133,635
Investments and finance	113,961	122,744
Transport and communication	110,737	106,576
Energy	66,955	66,179
Food industry	59,299	62,661
Agriculture	51,497	52,906
Machinery construction	41,786	43,935
Industrial and other construction	37,161	40,115
Production of construction materials	26,257	31,468
Mining and metallurgy	12,148	11,577
Culture and art	5,306	4,945
Medicine	4,635	4,239
Other	169,613	150,308
	<u>2,318,175</u>	<u>2,366,335</u>

Loans to individuals comprise the following products:

	31 March 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Mortgage loans	236,896	247,478
Consumer loans	126,776	133,108
Car loans	18,427	19,422
Other	49,164	52,322
	<u>431,263</u>	<u>452,330</u>

As at 31 March 2008 and 31 December 2007, the Group granted loans to the borrowers, shown below, respectively, which individually exceeded 10% of the Group's equity. Although loans to borrowers disclosed in 2007 may continue to be outstanding in 2008, only those borrowers which exceed 10% of equity are disclosed below.

	31 March 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
LLP Ken-Sary	72,791	69,714
Alibi Holding	44,714	48,327
Visor Solution Holding	-	43,122
	<u>117,505</u>	<u>161,163</u>

As at 31 March 2008, a significant portion of loans to customers ((79.23%) (31 December 2007: 78.42%) of the total portfolio) is granted to companies operating in the Republic of Kazakhstan, which represents a significant geographical concentration.

The fair value of collateral and carrying value of loans under reverse repurchase agreements as at 31 March 2008 and 31 December 2007, comprised:

	31 March 2008 (unaudited) (KZT million)		31 December 2007 (KZT million)	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Shares of Russian companies	11,339	10,717	-	-
Bonds of Kazakhstani companies	2,387	2,748	2,534	2,871
Shares of Kazakhstani companies	530	653	15,998	15,081
Shares of Kazakhstani banks	483	698	419	676
Bonds of Kazakhstani banks	323	392	669	805
Shares of Russian banks	79	75	499	480
Bonds of Russian companies	380	376	-	-
Shares of Kazakhstani companies	-	-	614	636
	<u>15,521</u>	<u>15,659</u>	<u>20,733</u>	<u>20,549</u>

16. LOANS AND ADVANCES FROM BANKS

	31 March 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Recorded at amortized cost:		
Correspondent accounts of other banks	52,860	72,028
Correspondent accounts of organizations that serve certain types of banking operations	9	5
Loans from banks and financial institutions, including:		
Syndicated loan from a group of banks with maturity of September 2008 and interest rate of 5.815%	72,189	72,834
Syndicated loan from a group of banks with maturity of December 2008 and interest rate of 6.26%	24,910	33,147
Syndicated loan from a group of banks with maturity of December 2008 and interest rate of 5.43%	13,278	13,235
Syndicated loan from a group of banks with maturity of December 2009 and interest rate of 6.14%	36,920	36,255
Syndicated loan from a group of banks with maturity of February 2008 and interest rate of 5.51%	-	54,838
Loan with maturity of September 2009	10,804	4,143
Loan with maturity of December 2014	41,389	40,138
Loans with other banks and financial establishments	297,542	284,267
Deposits with banks	28,453	34,780
Loans under repurchase agreements	3,811	77,761
	<u>582,165</u>	<u>723,431</u>

As at 31 March 2008 loans and advances from banks included accrued interest expenses of KZT 5,139 million (31 December 2007: KZT 5,272 million).

As at 31 March 2008 loans with other banks and financial institutions for KZT 266,788 million or 90.00% of total loans with other banks and financial establishments (31 December 2007: KZT 247,667 million or 87.00% of total loans with other banks and financial establishments) consisted of 45 (31 December 2007: 45) banks and financial institutions of such countries as Russia, Great Britain, the Netherlands, Czech Republic, the USA, Switzerland, Kuwait, Luxemburg, Korea, Kazakhstan, Austria, Germany, Canada, Belgium, Spain, Hong Kong, UAE and China. Maturities of these loans range from 1 day to 101 months (31 December 2007: from 3 days to 101 months). Interest rates on loans with other banks and financial establishments varied from 2.30% to 12.04% (31 December 2007: from 2.33% to 10.16%).

As at 31 March 2008, included in loans and advances to banks are loans under repurchase agreements of KZT 3,811 million (31 December 2007: KZT 77,761 million) with maturities in April 2008 (31 December 2007: February 2008).

The fair value of collateral and carrying value of loans under repurchase agreements as at 31 March 2008 and 31 December 2007 are presented as follows:

	31 March 2008 (unaudited) (KZT million)		31 December 2007 (KZT million)	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Notes of the NBRK	1,786	1,700	843	802
Bonds of Kazakhstani companies	1,609	1,143	1,750	1,501
Bonds of the Ministry of Finance of the Republic of Kazakhstan	763	700	776	702
Bonds of Kazakhstani banks	361	268	-	-
Bonds of international financial establishments	-	-	75,749	72,501
Bonds of Russian companies	-	-	2,064	1,489
Bonds of local executive bodies of the Russian Federation	-	-	504	547
Bonds of Russian banks	-	-	249	219
	<u>4,519</u>	<u>3,811</u>	<u>81,935</u>	<u>77,761</u>

During the three months ended 31 March 2008 the Group simultaneously placed with and received short-term funds from banks in different currencies totaling KZT 192,418 million (31 December 2007: KZT 301,892 million).

17. 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 credit commitments, in the event of non-performance or in the event of impairment by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

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

As at 31 March 2008 the provision for losses on contingent liabilities amounted to KZT 4,463 million (31 December 2007: KZT 7,216 million).

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 31 March 2008 and 31 December 2007, the nominal or contract amounts and risk-weighted amounts were:

	31 March 2008 (unaudited)		31 December 2007	
	Nominal amount (KZT million)	Risk weighted amount (KZT million)	Nominal amount (KZT million)	Risk weighted amount (KZT million)
Contingent liabilities and credit commitments				
Guarantees issued and similar commitments	99,112	99,112	94,582	94,582
Letters of credit and other transaction related to contingent obligations	68,432	12,033	90,510	15,253
Commitments on loans and unused credit lines	11,278	11,278	10,382	10,382
Commitments on loans sold to JSC Kazakhstan Mortgage Company with recourse	113	113	114	114
	<u>178,935</u>	<u>122,536</u>	<u>195,588</u>	<u>120,331</u>

Capital commitments

As at 31 March 2008, capital commitments amounted to KZT 2,459 million (31 December 2007: 2,789 million). Such capital commitments relate to the development of property, including the construction of a new office building.

18. SUBSEQUENT EVENTS

On 22 April 2008, the Bank made an additional contribution to the share capital of JSC Kazkommerts Life through the purchase of 290,000 ordinary shares amounting to KZT 290 million. The Bank's ownership share of JSC Insurance Company Kakommertstank Life remained unchanged.

On 28 April 2008, the Bank acquired the remaining 35% shares of JSC Kazkommerts-Policy equaling to 53,846 ordinary shares from the European Bank of Reconstruction and Development ("EBRD") at the nominal price of KZT 1,630 million. The Bank's ownership share of JSC Kazkommerts-Policy is 100% after the acquisition.

On 27 May 2008, the Bank acquired the remaining 47.89% ownership interest in the ordinary share capital of LLP CB Moscommertsbank for KZT 5,484 million. The Bank's ownership interest of LLP CB Moscommertsbank is 100% after the acquisition.

At the time of preparation of this condensed interim consolidated financial information, the Bank had not received the final information in relation to the above acquisitions. As such, the Bank will present the full disclosure of the acquisitions in the condensed interim consolidated financial information for the six-month period ended 30 June 2008.

On 19 May 2008, the Bank acquired 480,071 ordinary shares of JSC Grantum APF for KZT 480 million. The ownership interest in the ordinary share capital of JSC Grantum APF remains unchanged and constitutes 80.01% after the acquisition.

Effective 1 May 2008, the National Bank of the Republic of Kazakhstan introduced amendments to the regulations on Capital requirements #70 "On Minimum Amount of the Share Capital of the Second-tier Banks" dd 26 February 2000. As a result, on 30 April 2008, at the annual common shareholders meeting, the Bank decided to increase the amount of reserve capital by KZT 41,744 million to KZT 44,600 million.

19. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties are assessed in accordance with IAS 24 “Related party disclosures”.

In considering each possible related party relationship, special 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:

	31 March 2008 (unaudited) (KZT million)		31 December 2007 (KZT million)	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers	1,028	2,474,285	895	2,506,698
- entities with joint control or significant influence over the entity	110		117	
- key management personnel of the entity or its parent	918		778	
Allowance for impairment losses	102	156,110	33	140,363
- entities with joint control or significant influence over the entity	67		17	
- key management personnel of the entity or its parent	35		16	
Investments in associates	3,135	3,135	3,222	3,222
- to associates	3,135		3,222	
Customer accounts	4,870	887,695	5,495	895,083
- parent company	1,083		-	
- entities with joint control or significant influence over the entity	34		1,087	
- associates	13		22	
- key management personnel of the entity or its parent	3,714		4,385	
- other related parties	26		1	
Commitments on loans and unused credit lines	381	11,278	482	10,382
- key management personnel of the entity or its parent	381		482	
Guarantees issued and similar commitments	20	99,112	18	94,582
- key management personnel of the entity or its parent	20		18	

Included in the interim condensed consolidated income statement for the three months ended 31 March 2008 and 2007 are the following amounts, which arose due to transactions with related parties:

	Three months ended 31 March 2008 (unaudited) (KZT million)		Three months ended 31 March 2007 (unaudited) (KZT million)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	50	93,729	21	62,573
Interest expense	(110)	(45,918)	(68)	(35,642)
Operating expenses	(76)	(8,365)	(76)	(6,076)
- <i>Short-term employee benefits</i>	(76)	(4,293)	(76)	(3,273)
Provision on impairment losses on interest bearing assets, other transactions and guarantees and off balance sheet contingencies	(24)	(12,536)	352	(11,105)
Share of results of associates	(50)	(50)	27	27

Key management personnel compensation for the three months ended 31 March 2008 and 31 March 2007 is represented by short-term employee benefits.

20. SEGMENT REPORTING

Business segments

The Group is organized on the basis of three 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, documentary credits, foreign currency and derivative products.
- Investment banking – representing financial instruments trading, structured financing, and merger and acquisitions advice.
- Other – representing insurance operations and other activities.

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. 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	Other	Unallocated	Eliminations	As at and for the three months ended 31 March 2008 (unaudited)
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(KZT million)
External interest income	17,127	71,930	4,525	197	(50)	-	93,729
Internal interest income	8,900	9,934	39,498	-	-	(58,332)	-
External interest expenses	(7,396)	(9,853)	(28,891)	-	222	-	(45,918)
Internal interest expenses	(10,794)	(36,410)	(11,128)	-	-	58,332	-
Net interest income before provision for impairment losses on interest bearing assets	7,837	35,601	4,004	197	172	-	47,811
Provisions for impairment losses on interest bearing assets	(6,621)	(15,335)	6,736	-	-	-	(15,220)
NET INTEREST INCOME	1,216	20,266	10,740	197	172	-	32,591
Net gain on financial assets and liabilities at fair value though profit or loss	-	-	7,642	(20)	-	-	7,622
Net loss on foreign exchange and precious metals operations	265	420	(17,237)	(3)	(8)	-	(16,563)
Fee and commission income	2,039	2,094	834	-	-	-	4,967
Fee and commission expense	(198)	(7)	(205)	(134)	(42)	-	(586)
Net realized gain on investments available-for-sale	-	-	4	-	-	-	4
Dividends received	-	-	-	4	-	-	4
Other income	137	14	31	1,068	12	-	1,262
NET NON-INTEREST INCOME	2,243	2,521	(8,931)	915	(38)	-	(3,290)
OPERATING INCOME	3,459	22,787	1,809	1,112	134	-	29,301
OPERATING EXPENSES	(5,187)	(1,633)	(1,007)	(365)	(173)	-	(8,365)
PROFIT BEFORE OTHER OPERATING PROVISIONS AND RESULTS OF ASSOCIATES	(1,728)	21,154	802	747	(39)	-	20,936
Provision for insurance and impairment losses on other transactions	-	2,731	(2,827)	(53)	-	-	(149)
Provision for guarantees and other off-balance sheet contingencies	-	-	2,833	-	-	-	2,833
Share of results of associates	-	-	(50)	-	-	-	(50)
OPERATING PROFIT BEFORE INCOME TAX	(1,728)	23,885	758	694	(39)	-	23,570
Income tax expense	-	-	-	-	(7,058)	-	(7,058)
NET PROFIT	(1,728)	23,885	758	694	(7,097)	-	16,512
Segment assets	431,263	1,886,911	562,067	10,578	948,223	(972,592)	2,866,450
Segment liabilities	298,527	589,168	1,625,563	4,360	906,326	(913,412)	2,510,532

	Retail banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	For the three months ended 31 March 2007
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
External interest income	9,816	46,934	5,626	110	87	-	62,573
Internal interest income	5,426	8,459	39,695	-	-	(53,580)	-
External interest expenses	(4,095)	(6,741)	(24,883)	1	76	-	(35,642)
Internal interest expenses	(6,482)	(25,593)	(21,505)	-	-	53,580	-
Net interest income before provision for impairment losses on interest bearing assets	4,665	23,059	(1,067)	111	163	-	26,931
Provisions for impairment losses on interest bearing assets	(2,433)	(7,065)	259	-	-	-	(9,239)
NET INTEREST INCOME	2,232	15,994	(808)	111	163	-	17,692
Net gain on financial assets and liabilities at fair value though profit or loss	-	-	4,734	(4)	-	-	4,730
Net gain on foreign exchange and precious metals operations	188	(48)	(3,025)	14	(3)	-	(2,874)
Fee and commission income	1,716	2,599	802	-	-	-	5,117
Fee and commission expense	(67)	(54)	(160)	(200)	(10)	-	(491)
Net gain on investments available-for-sale	-	-	54	-	-	-	54
Dividends received	-	-	-	-	-	-	-
Other income	5	63	-	1,031	9	-	1,108
NET NON-INTEREST INCOME	1,842	2,560	2,405	841	(4)	-	7,644
OPERATING INCOME	4,074	18,554	1,597	952	159	-	25,336
OPERATING EXPENSES	(3,091)	(2,499)	(274)	(200)	(12)	-	(6,076)
PROFIT BEFORE OTHER OPERATING PROVISIONS AND RESULTS OF ASSOCIATES	983	16,055	1,323	752	147	-	19,260
Provision for insurance and impairment losses on other transactions	-	(14)	-	(298)	-	-	(312)
Provision for guarantees and other off-balance sheet contingencies	-	(1,420)	(134)	-	-	-	(1,554)
Share of results of associates	-	-	27	-	-	-	27
OPERATING PROFIT BEFORE INCOME TAX	983	14,621	1,216	454	147	-	17,421
Income tax expense	-	-	-	-	(4,914)	-	(4,914)
NET PROFIT	983	14,621	1,216	454	(4,767)	-	12,507

SEGMENT ASSETS AND LIABILITIES ARE PRESENTED AS AT 31 DECEMBER 2007:

Segment assets	<u>452,330</u>	<u>1,914,005</u>	<u>625,716</u>	<u>9,717</u>	<u>999,782</u>	<u>(1,004,318)</u>	<u>2,997,232</u>
Segment liabilities	<u>309,679</u>	<u>585,404</u>	<u>1,758,867</u>	<u>4,120</u>	<u>961,153</u>	<u>(971,706)</u>	<u>2,647,517</u>

21. RISK MANAGEMENT POLICIES

Management of risks is fundamental to the Group's business. The risk management functions include:

- Risks identification: The risks, which the Group is exposed to in its daily activities, are identified by the risk management system.
- Measuring risks: The Group measures the risks using various methodologies, which include risk based profitability analysis, calculation of possible loss amounts, and utilization of specialized models. Measurement models and associated assumptions are periodically reviewed to ensure that the tools represent the risks adequately and reasonably.
- Risk monitoring: Group's policies and procedures determine the processes on mitigating and decreasing the risks and set the limits on various types of operations. Such limits are reviewed on a periodic basis specified by internal documents of the Group.
- Risk reporting: Risk reporting is performed on a line of business and on a consolidated basis. This information is periodically presented to the management.

The main risks inherent to the Group's operations are those related to:

- Credit risk;
- Operational risk;
- Liquidity risk;
- Market risk.

The Group has opted to present geographical concentration, liquidity risk and currency risk as at 31 March 2008. The Group believes this information to be useful to users of this condensed interim consolidated financial information. The remaining risk management policies, which include credit risk, interest rate risk and operational risk are not significantly different from the Group's risk management policies disclosed in the audited consolidated financial statements for the year ended 31 December 2007.

From 1 January 2008, the Group implemented a hedge accounting policy as part of its risk management strategy. Prior to this date, the Group opted not to designate its economic hedges as hedging relationships. The Group has designated cross currency swaps and interest swaps as hedging instruments against various currency and interest rate exposures, the details of which are disclosed in Note 13.

Geographical concentration

The relevant Credit Committees exercise control over the country risk and risk in the legislation and regulatory arena and assesses its influence on the Group's activity. The Group sets country limits for all countries with ratings below A- according to the Standard and Poor's classification.

The Management of the Group considers the main segment to be the Republic of Kazakhstan.

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

	Kazakhstan	CIS	OECD countries	Non-OECD countries	31 March 2008 Total (unaudited) (KZT million)
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	
ASSETS:					
Cash and balances with national (central) banks	145,538	9,842	14,617	423	170,420
Precious metals	-	-	758	-	758
Financial assets at fair value through profit or loss	61,573	7,395	18,747	169	87,884
Loans and advances to banks	38,200	43,391	146,184	-	227,775
Loans to customers	1,836,650	292,138	32,183	157,204	2,318,175
Investments available-for-sale	3,223	-	-	-	3,223
Investments held to maturity	319	33	-	-	352
Investments in associates	3,135	-	-	-	3,135
Goodwill	2,405	-	-	-	2,405
Property, equipment and intangible assets	32,748	2,540	-	-	35,288
Other assets	11,291	3,706	1,853	185	17,035
TOTAL ASSETS	2,135,082	359,045	214,342	157,981	2,866,450
LIABILITIES:					
Loans and advances from banks	111,585	37,010	422,916	10,654	582,165
Customer accounts	758,848	28,905	96,626	3,316	887,695
Financial liabilities at fair value through profit or loss	10,356	19	3,269	167	13,811
Debt securities issued	-	66,854	678,651	745	746,250
Other borrowed funds	11,863	2	137,551	-	149,416
Provisions	7,850	94	-	-	7,944
Deferred income tax liability	30,109	29	-	-	30,138
Dividends payable	151	1	-	-	152
Other liabilities	10,234	1,758	1,843	59	13,894
Subordinated debt	29,549	-	79,656	-	109,205
TOTAL LIABILITIES	970,545	134,672	1,420,512	14,941	2,540,670
NET POSITION	1,164,537	224,373	(1,206,170)	143,040	
	Kazakhstan	CIS	OECD countries	Non-OECD countries	31 December 2007 Total (KZT million)
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	
ASSETS:					
Cash and balances with national (central) banks	144,174	7,868	16,106	-	168,148
Financial assets at fair value through profit or loss	66,429	11,261	110,923	163	188,776
Loans and advances to banks	28,401	45,380	139,042	-	212,823
Loans to customers	1,855,687	303,936	46,011	160,701	2,366,335
Investments available-for-sale	3,036	-	-	-	3,036
Investments held to maturity	317	58	-	-	375
Investments in associates	3,222	-	-	-	3,222
Goodwill	2,405	-	-	-	2,405
Property, equipment and intangible assets	31,974	2,285	-	-	34,259
Other assets	10,211	3,239	4,312	91	17,853
TOTAL ASSETS	2,145,856	374,027	316,394	160,955	2,997,232
LIABILITIES:					
Loans and advances from banks	118,412	46,844	551,534	6,641	723,431
Customer accounts	770,799	32,548	82,248	9,488	895,083
Financial liabilities at fair value through profit or loss	3,078	37	4,445	170	7,730
Debt securities issued	-	70,142	667,372	2,174	739,688
Other borrowed funds	12,928	2	136,004	-	148,934
Provisions	10,550	88	-	-	10,638
Deferred income tax liability	30,486	10	-	-	30,496
Dividends payable	-	2	-	-	2
Other liabilities	9,309	1,679	2,851	6	13,845
Subordinated debt	29,125	-	79,041	-	108,166
TOTAL LIABILITIES	984,687	151,352	1,523,495	18,479	2,678,013
NET POSITION	1,161,169	222,675	(1,207,101)	142,476	

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments of the Group associated with financial instruments as they actually fall due as a result of decrease possibilities of the Group to raise appropriate funds.

The ALMC controls these types of risks by means of maturity analysis prepared by the Department of Financial Control, determining the Group's strategy for the next financial period. Current liquidity is managed by the Treasury Department through the deals in the money markets, placement of available funds in liquid securities within limits set by the ALMC.

With the purpose of managing the liquidity risk, the Group performs daily monitoring of future expected cash flows on clients' and banking operations, which is a part of assets and liabilities management process.

The Group maintains the compliance of liquidity requirements, such as current and short-term liquidity ratios and foreign exchange liquidity limits, set by the regulatory bodies. In the management's opinion limits described above are strict, and that measure guarantees maintaining appropriate liquidity level.

The following table shows how management monitors the liquidity and interest risks. The table is based on the time period to maturity or contractual repricing of the financial instruments.

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 March 2008 Total
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
ASSETS:							
Financial assets at fair value through profit or loss	44,554	4,059	1,371	22,183	-	-	72,167
Loans and advances to banks	168,258	28,855	21,387	7,204	1,225	-	226,929
Loans to customers	95,989	121,976	337,481	932,446	752,525	-	2,240,417
Investments available-for-sale	89	2	395	1,430	1,113	-	3,029
Investments held to maturity	-	33	-	104	208	-	345
Total interest bearing assets	308,890	154,925	360,634	963,367	755,071	-	2,542,887
Cash and balances with national (central) banks	170,420	-	-	-	-	-	170,420
Precious metals	758	-	-	-	-	-	758
Equity instruments	-	-	-	-	-	14,975	14,975
Investments in associates	-	-	-	-	-	3,135	3,135
Goodwill	-	-	-	-	-	2,405	2,405
Property, equipment and intangible assets	-	-	-	-	-	35,288	35,288
Accrued interest income on interest-bearing assets	40,740	22,598	11,747	3,835	627	-	79,547
Other assets	3,079	6,648	5,926	1,382	-	-	17,035
TOTAL ASSETS	523,887	184,171	378,307	968,584	755,698	55,803	2,866,450
LIABILITIES:							
Loans and advances from banks	122,672	68,255	208,145	154,554	23,399	-	577,025
Customer accounts	329,301	178,135	150,637	212,476	2,373	-	872,922
Debt securities issued	2,901	37,439	9,885	281,724	401,047	-	732,996
Other borrowed funds	-	-	8,210	36,549	104,116	-	148,875
Subordinated debt	-	-	-	3,308	103,670	-	106,978
Total interest bearing liabilities	454,874	283,829	376,877	688,611	634,605	-	2,438,796
Financial liabilities at fair value through profit or loss	74	5,833	101	-	7,803	-	13,811
Provisions	1,146	502	1,715	1,100	-	3,481	7,944
Deferred income tax liability	2,783	1,533	3,845	13,216	8,761	-	30,138
Dividends payable	-	-	152	-	-	-	152
Accrued interest expense on interest-bearing liabilities	8,111	6,573	3,428	15,289	2,534	-	35,935
Other liabilities	3,477	2,946	7,041	430	-	-	13,894
TOTAL LIABILITIES	470,465	301,216	393,159	718,646	653,703	3,481	2,540,670
Liquidity gap	53,422	(117,045)	(14,852)	249,938	101,995	-	-
Interest sensitivity gap	(145,984)	(128,904)	(16,243)	274,756	120,466	-	-
Cumulative interest sensitivity gap	(145,984)	(274,888)	(291,131)	(16,375)	104,091	-	-
Cumulative interest sensitivity gap as a percentage of total assets	(5.09%)	(9.59%)	(10.16%)	(0.57%)	3.63%	-	-
Contingent liabilities and credit commitments	843	48,992	82,489	36,298	-	5,850	174,472

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2007 Total
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
ASSETS:							
Financial assets at fair value through profit or loss	10,459	129,347	31,817	-	-	-	171,623
Loans and advances to banks	158,420	26,415	6,918	18,572	1,171	-	211,496
Loans to customers	121,342	160,508	449,367	858,742	709,549	-	2,299,508
Investments available-for-sale	-	3	179	1,535	1,147	-	2,864
Investments held to maturity	-	24	34	104	208	-	370
Total interest bearing assets	290,221	316,297	488,315	878,953	712,075	-	2,685,861
Cash and balances with national (central) banks	168,148	-	-	-	-	-	168,148
Equity instruments	-	-	-	-	-	15,647	15,647
Investments in associates	-	-	-	-	-	3,222	3,222
Goodwill	-	-	-	-	-	2,405	2,405
Property, equipment and intangible assets	-	-	-	-	-	34,259	34,259
Accrued interest income on interest-bearing assets	34,229	19,371	10,687	5,219	331	-	69,837
Other assets	3,012	8,143	5,125	1,573	-	-	17,853
TOTAL ASSETS	495,610	343,811	504,127	885,745	712,406	55,533	2,997,232
LIABILITIES:							
Loans and advances from banks	141,216	160,676	230,012	166,715	19,540	-	718,159
Customer accounts	320,227	127,509	203,474	225,057	2,300	-	878,567
Debt securities issued	1,964	11,060	35,288	280,996	389,255	-	718,563
Other borrowed funds	-	585	-	43,231	104,498	-	148,314
Subordinated debt	-	-	-	3,293	103,080	-	106,373
Total interest bearing liabilities	463,407	299,830	468,774	719,292	618,673	-	2,569,976
Financial liabilities at fair value through profit or loss	331	7,399	-	-	-	-	7,730
Provisions	950	3,022	1,770	1,471	3	3,422	10,638
Deferred income tax liability	2,339	1,362	8,651	10,251	7,893	-	30,496
Dividends payable	-	2	-	-	-	-	2
Accrued interest expense on interest-bearing liabilities	7,111	20,614	14,321	1,445	1,835	-	45,326
Other liabilities	10,415	1,601	1,717	112	-	-	13,845
TOTAL LIABILITIES	484,553	333,830	495,233	732,571	628,404	3,422	2,678,013
Liquidity gap	11,057	9,981	8,894	153,174	84,002	-	-
Interest sensitivity gap	(173,186)	16,467	19,541	159,661	93,402	-	-
Cumulative interest sensitivity gap	(173,186)	(156,719)	(137,178)	22,483	115,885	-	-
Cumulative interest sensitivity gap as a percentage of total assets	(5.78%)	(5.23%)	(4.58%)	0.75%	3.87%	-	-
Contingent liabilities and credit commitments	208	66,057	69,709	45,883	-	6,515	188,372

The tables include the maturity dates for financial assets and financial liabilities, as they fall due. Based on prior experience, the Group considers it highly unlikely that all customer accounts seek repayment on maturity. Historically the majority of such deposits are rolled over. The Group is aware of the importance of maintaining the stability of these deposits. In order to achieve this it is essential that the Group ensures depositor confidence in the Group's liquidity, by continuing to position itself as the depositor of choice in local markets and a leading financial institution in both the Republic of Kazakhstan and abroad. The Group does not use undiscounted contractual maturity information when managing its operations.

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 ALMC controls currency risk by management of the open currency position on the estimated basis of KZT devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rates fluctuations toward its national currency. The Treasury Department performs daily monitoring of the Group's open currency position with the aim to match the requirements of regulatory bodies.

As at 31 March 2008 the Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD	EUR	RUR	Other CCY	31 March 2008 Total
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
ASSETS:						
Cash and balances with national (central) banks	40,619	58,172	3,488	6,826	61,315	170,420
Precious metals					758	758
Financial assets at fair value through profit or loss	55,292	16,490	1,477	13,567	1,058	87,884
Loans and advances to banks	12,606	147,329	57,237	4,697	5,906	227,775
Loans to customers	897,110	1,319,837	24,282	75,899	1,047	2,318,175
Investments available-for-sale	3,223	-	-	-	-	3,223
Investments held to maturity	319	-	-	-	33	352
Investments in associates	3,135	-	-	-	-	3,135
Goodwill	2,405	-	-	-	-	2,405
Property, equipment and intangible assets	32,749	-	-	2,410	129	35,288
Other assets	10,802	2,394	435	3,370	34	17,035
TOTAL ASSETS	1,058,260	1,544,222	86,919	106,769	70,280	2,866,450
LIABILITIES:						
Loans and advances from banks	22,830	453,240	24,267	3,118	78,710	582,165
Customer accounts	464,257	362,312	34,008	25,830	1,288	887,695
Financial liabilities at fair value through profit or loss	9,903	3,889	-	9	10	13,811
Debt securities issued	-	370,603	199,344	52,391	123,912	746,250
Other borrowed funds	18,326	131,090	-	-	-	149,416
Provisions	5,095	1,884	862	91	12	7,944
Deferred income tax liabilities	30,109	-	-	18	11	30,138
Dividends payable	151	-	-	-	1	152
Other liabilities	9,654	2,149	189	1,727	175	13,894
Subordinated debt	29,024	80,181	-	-	-	109,205
TOTAL LIABILITIES	589,349	1,405,348	258,670	83,184	204,119	2,540,670
OPEN BALANCE SHEET POSITION	468,911	138,874	(171,751)	23,585	(133,839)	

Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above. The following table presents further analysis of currency risk on derivative financial instruments and spot contracts as at 31 March 2008:

	KZT	USD	EUR	RUR	Other CCY	31 March 2008 Total
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
Accounts payable on spot and derivative contracts	(166,750)	(280,026)	(2,815)	(3,488)	(1,819)	(454,898)
Accounts receivable on spot and derivative contracts	35,019	128,732	175,002	8,889	143,094	490,736
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(131,731)	(151,294)	172,187	5,401	141,275	

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

	KZT	USD	EUR	RUR	Other CCY	31 December 2007 Total
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
ASSETS:						
Cash and balances with national (central) banks	57,840	46,588	3,465	6,171	54,084	168,148
Financial assets at fair value through profit or loss	59,371	97,047	8,445	17,896	6,017	188,776
Loans and advances to banks	12,968	125,370	56,086	11,527	6,872	212,823
Loans to customers	891,041	1,369,863	24,955	79,548	928	2,366,335
Investments available-for-sale	3,036	-	-	-	-	3,036
Investments held to maturity	317	-	-	-	58	375
Investments in associates	3,222	-	-	-	-	3,222
Goodwill	2,405	-	-	-	-	2,405
Property, equipment and intangible assets	31,974	-	-	2,146	139	34,259
Other assets	9,568	3,791	1,555	2,318	621	17,853
TOTAL ASSETS	1,071,742	1,642,659	94,506	119,606	68,719	2,997,232
LIABILITIES:						
Loans and advances from banks	31,993	576,394	22,682	14,721	77,641	723,431
Customer accounts	542,353	290,241	33,372	27,808	1,309	895,083
Financial liabilities at fair value through profit or loss	2,831	4,861	-	25	13	7,730
Debt securities issued	-	363,358	194,526	57,120	124,684	739,688
Other borrowed funds	18,929	130,005	-	-	-	148,934
Provisions	7,235	2,528	804	60	11	10,638
Deferred income tax liabilities	30,486	-	-	-	10	30,496
Dividends payable	-	-	-	-	2	2
Other liabilities	8,934	1,389	1,149	1,670	703	13,845
Subordinated debt	28,929	79,237	-	-	-	108,166
TOTAL LIABILITIES	671,690	1,448,013	252,533	101,404	204,373	2,678,013
OPEN BALANCE SHEET POSITION	400,052	194,646	(158,027)	18,202	(135,654)	

Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above. The following table presents further analysis of currency risk on derivative financial instruments and spot contracts as at 31 December 2007:

	KZT	USD	EUR	RUR	Other CCY	31 December 2007 Total
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
Accounts payable on spot and derivative contracts	(200,473)	(312,485)	(1,240)	(6,992)	(605)	(521,795)
Accounts receivable on spot and derivative contracts	70,626	159,739	160,870	14,846	140,394	546,475
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	<u>(129,847)</u>	<u>(152,746)</u>	<u>159,630</u>	<u>7,854</u>	<u>139,789</u>	

22. RESTATEMENT OF EARNINGS PER SHARE

Basic and diluted earnings per share for the three months ended 31 March 2007 have been restated due to errors identified after the issuance of the consolidated financial statements. According to Kazakhstan legislation on Joint Stock Companies, dividend payments per ordinary shares cannot exceed the dividends per share on preference shares for the same period. The updated calculation of earnings per share reflects the additional dividends that would be paid to preference shareholders on full distribution of profits.

	31 March 2007 (unaudited) (As previously reported)	31 March 2007 (unaudited) (Restated)
Basic and diluted earnings per share		
Net profit for the three-month period attributable to equity holders of the parent	12,000	12,000
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	-	(2,017)
Net profit for the three-month period attributable to ordinary shareholders of the parent per consolidated income statement	12,000	9,983
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	574,830,364	574,830,364
Earnings per share – basic and diluted (tenge)	<u>20.87</u>	<u>17.37</u>

23. RESTATEMENT OF CASH FLOWS

In accordance with the Banking legislation of the countries in which the Group operates, certain cash balances are allocated as minimum reserve deposits. Although the Group has access to these balances and their use is not restricted, the Group amended its accounting policy to exclude these balances from cash and cash equivalents as at 31 December 2007. The Group believes this presentation better reflects the intended purpose of the legislation. The Group has restated the condensed interim consolidated statement of cash flows for the three-month period ended 31 March 2007 to comply with this change in accounting policy.

In addition, the Group noted an error in the calculation of the change in net interest accruals and in unrealized foreign exchange loss in the cash flow statement. As such, the Group is also restating the condensed interim consolidated statement of cash flows for the three-month period ended 31 March 2007 to correct this error.

The table below shows the effects of both restatements described above:

	31 March 2007 (unaudited) Previously reported (KZT million)	31 March 2007 (unaudited) Restated (KZT million)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Adjustments for:		
Change in interest accruals, net	15,317	(2,776)
Unrealized foreign exchange loss	2,322	4,292
Cash inflow from operating activities before changes in operating assets and liabilities	40,424	24,301
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Minimum reserve deposit with National Bank of the Republic of Kazakhstan	(2,803)	51,294
Minimum reserve deposit with National Bank of the Kyrgyz Republic	-	16
Financial assets at fair value through profit or loss	69,067	62,247
Loans and advances to banks	70,692	62,614
Loans to customers	(146,017)	(185,989)
Other assets	3,211	2,270
Increase/(decrease) in operating liabilities:		
Loans and advances from banks	(184,422)	(173,148)
Customer accounts	11,703	64,999
Other liabilities	(1,274)	413
Cash outflow from operating activities before taxation	(132,258)	(83,822)
Net cash outflow from operating activities	(134,428)	(85,992)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt securities issued	214,944	221,427
Net cash inflow from financing activities	213,653	220,136
NET INCREASE IN CASH AND CASH EQUIVALENTS	75,591	130,510
CASH AND CASH EQUIVALENTS, beginning of period	114,215	59,403
<i>Effect of changes in foreign exchange rate on cash and cash equivalents</i>	409	(309)
CASH AND CASH EQUIVALENTS, end of period	190,215	189,604