

**JOINT STOCK COMPANY
KAZKOMMERTSBANK**

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

For the six months ended 30 June 2008

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 SIX MONTHS ENDED 30 JUNE 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 (the "Bank") 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 30 June 2008 and the results of its operations, cash flows and changes in equity for the six 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 six months ended 30 June 2008 was authorised for issue on 28 August 2008 by the Management Board of JSC Kazkommertsbank.

On behalf of the Management Board of the Bank:



Zhusupova
Chairman of the Board

28 August 2008
Almaty



Shoinbekova G.K.
Chief Accountant

28 August 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 30 June 2008, the condensed interim consolidated income statement for the three month and six month periods then ended and the condensed interim consolidated statements of changes in equity and cash flows for the six 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 23 and 24, 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 blue ink, appearing to read "A Weekes".

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

A handwritten signature in blue ink, appearing to read "N Bekenov".

Nurlan Bekenov
General Director
Deloitte, LLP

28 August 2008

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED)

	Notes	Three months ended 30 June 2008 (unaudited) (KZT million)	Three months ended 30 June 2007 (unaudited) (KZT million)	Six months ended 30 June 2008 (unaudited) (KZT million)	Six months ended 30 June 2007 (unaudited) (KZT million)
Interest income	5, 20	98,020	74,806	191,749	137,379
Interest expense	5, 20	(44,295)	(40,989)	(90,213)	(76,631)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		53,725	33,817	101,536	60,748
Provisions for impairment losses on interest bearing assets	6, 20	(22,680)	(20,066)	(37,900)	(29,305)
NET INTEREST INCOME		31,045	13,751	63,636	31,443
Net (loss)/gain on financial assets and liabilities at fair value though profit or loss	7	(8,007)	3,622	(385)	8,352
Net gain/(loss) on foreign exchange and precious metals operations	8	2,467	(1,507)	(14,096)	(4,381)
Fee and commission income		5,709	6,883	10,676	12,000
Fee and commission expense		(649)	(627)	(1,235)	(1,118)
Net realized gain/(loss) on investments available-for-sale		3	(54)	7	-
Dividends received		226	56	230	56
Other income	9	5,254	1,317	6,516	2,425
NET NON-INTEREST INCOME		5,003	9,690	1,713	17,334
OPERATING INCOME		36,048	23,441	65,349	48,777
OPERATING EXPENSES	10, 20	(9,109)	(6,975)	(17,474)	(13,051)
PROFIT BEFORE OTHER OPERATING PROVISIONS AND RESULTS OF ASSOCIATES		26,939	16,466	47,875	35,726
Provision for impairment losses on other assets (Recovery of provision)/provision for guarantees and other off-balance sheet contingencies	6, 20 6, 20	(582) (618)	(312) 833	(731) 2,215	(624) (721)
Share of results of associates	20	201	177	151	204
OPERATING PROFIT BEFORE INCOME TAX		25,940	17,164	49,510	34,585
Income tax expense	11	(8,327)	(2,764)	(15,385)	(7,678)
NET PROFIT		17,613	14,400	34,125	26,907
Attributable to:					
Ordinary shareholders of the parent		14,473	10,927	27,540	20,910
Preference shareholders of the parent		2,994	2,222	5,683	4,239
Minority interest		146	1,251	902	1,758
EARNINGS PER SHARE *					
Basic and diluted (KZT)	12	25.17	19.01	47.90	36.38

* As restated, see note 23

On behalf of the Management Board of the Bank:

Zhusupova
Chairman of the Board

28 August 2008
Almaty



Shoinbekova G.K.
Chief Accountant

28 August 2008
Almaty

The notes on pages 10-45 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008 (UNAUDITED)

	Notes	30 June 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
ASSETS:			
Cash and balances with national (central) banks	13	234,295	168,148
Precious metals		318	-
Financial assets at fair value through profit or loss	14	102,012	188,776
Loans and advances to banks	15	181,712	212,823
Loans to customers	16, 20	2,303,849	2,366,335
Investments available-for-sale		2,948	3,036
Investments held to maturity		554	375
Investments in associates	20	3,336	3,222
Goodwill		2,405	2,405
Property, equipment and intangible assets		36,182	34,259
Other assets		16,697	17,853
TOTAL ASSETS		2,884,308	2,997,232
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and advances from banks	17	495,687	723,431
Customer accounts	20	978,164	895,083
Financial liabilities at fair value through profit or loss	14	14,602	7,730
Debt securities issued		735,761	739,688
Other borrowed funds		149,751	148,934
Provisions	6	8,999	10,638
Deferred income tax liabilities	11	38,688	30,496
Dividends payable		307	2
Other liabilities		13,604	13,845
		2,435,563	2,569,847
Subordinated debt		108,994	108,166
Total liabilities		2,544,557	2,678,013
EQUITY:			
Equity attributable to equity holders of the parent:			
Share capital		6,998	6,998
Share premium reserve		152,854	152,855
Property and equipment revaluation reserve		5,987	6,020
Reserves		168,193	140,794
Total equity attributable to equity holders of the parent		334,032	306,667
Minority interest		5,719	12,552
Total equity		339,751	319,219
TOTAL LIABILITIES AND EQUITY		2,884,308	2,997,232

On behalf of the Management Board of the Bank:

Zhusupova N.A.
Chairman of the Board

28 August 2008
Almaty



Zhoibekova G.K.
Chief Accountant

28 August 2008
Almaty

The notes on pages 10-45 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 SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED)

	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 (KZT million)	Minority interest (KZT million)	Total equity (KZT million)
	(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 loss on revaluation of available-for-sale investments	-	-	-	(9)	-	-	-	-	(9)	-	(9)
Revaluation of property and equipment	-	-	-	-	-	-	5,243	-	5,243	-	5,243
Exchange differences on translation of foreign operations	-	-	-	-	(93)	-	-	(3,388)	(3,481)	(218)	(3,699)
<i>Net income recognized directly in equity</i>	-	-	-	(9)	(93)	-	5,243	(3,388)	1,753	(218)	1,535
Transfers (net of any related tax):											
Depreciation of property and equipment revaluation reserve	-	-	-	-	-	-	(1,591)	1,591	-	-	-
<i>Net profit</i>	-	-	-	-	-	-	-	25,149	25,149	1,758	26,907
Total recognized income and expense	-	-	-	-	-	-	(1,591)	26,740	25,149	1,758	26,907
Share capital increase of ordinary shares issue	1	-	61	-	-	-	-	-	62	-	62
Sale of treasury shares	2	(1)	171	-	-	-	-	-	172	-	172
30 June 2007 (unaudited)	<u>7,002</u>	<u>(5)</u>	<u>152,766</u>	<u>31</u>	<u>(17)</u>	<u>-</u>	<u>6,088</u>	<u>108,100</u>	<u>273,965</u>	<u>16,812</u>	<u>290,777</u>

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	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	-	-	-	(31)	-	-	-	-	(31)	-	(31)
Deferred income tax recognized on revaluation of property and equipment	-	-	-	-	-	-	14	(14)	-	-	-
Gain on cash flow hedges	-	-	-	-	-	6,335	-	-	6,335	-	6,335
Deferred income tax recognized on loss on cash hedges	-	-	-	-	-	1,796	-	-	1,796	-	1,796
Exchange differences on translation of foreign operations	-	-	-	-	74	-	-	(1,708)	(1,634)	(621)	(2,255)
<i>Net income recognized directly in equity</i>	-	-	-	(31)	74	8,131	14	(1,722)	6,466	(621)	5,845
Transfers (net of related tax):											
Depreciation of property and equipment revaluation reserve	-	-	-	-	-	-	(47)	47	-	-	-
Net gain transferred to earnings	-	-	-	-	-	(12,321)	-	-	(12,321)	-	(12,321)
Loss on sale of available-for-sale investments	-	-	-	(2)	-	-	-	-	(2)	-	(2)
<i>Net profit</i>	-	-	-	-	-	-	-	33,223	33,223	902	34,125
Total recognized income and expense	-	-	-	(2)	-	(12,321)	(47)	33,270	20,900	902	21,802
Purchase of treasury shares	-	(1)	(63)	-	-	-	-	-	(64)	-	(64)
Change in minority interest due to increase of ownership share	-	-	-	-	-	-	-	-	-	(7,114)	(7,114)
Sale of treasury shares	1	-	62	-	-	-	-	-	63	-	63
30 June 2008 (unaudited)	7,001	(3)	152,854	(103)	132	(4,190)	5,987	172,354	334,032	5,719	339,751

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:

Zhusupova N.K.
Chairman of the Board

28 August 2008
Almaty

Zhoibekova G.K.
Chief Accountant

28 August 2008
Almaty

The notes on pages 10-45 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Notes	Six months ended 30 June 2008 (unaudited) (KZT million)	Six months ended 30 June 2007* (unaudited) (KZT million)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating profit before income tax		49,510	34,585
Adjustments for:			
Provision for impairment losses on interest bearing assets	6	37,900	29,305
Provision for impairment losses on other assets	6	731	624
(Recovery of provision)/ Provision for guarantees and other off- balance sheet contingencies	6	(2,215)	721
Amortization of discount on investments held to maturity		(1)	(9)
Amortization of discount on debt securities issued		156	147
Depreciation and amortization	10	1,586	1,220
Change in interest accruals, net		(34,601)	(6,156)
Unrealized foreign exchange (gain)/loss		(10,480)	6,305
Share of results of associates		(151)	(204)
Net gain on sale of property, equipment and intangible assets		55	1
Net change in fair value of financial assets and liabilities at fair value though profit or loss		(1,832)	(10,629)
Cash inflow from operating activities before changes in operating assets and liabilities		40,658	55,910
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Minimum reserve deposit with National Bank of the Republic of Kazakhstan		(21,500)	45,279
Minimum reserve deposit with Central Bank of Russian Federation		(100)	(726)
Minimum reserve deposit with National Bank of the Kyrgyz Republic		(47)	(51)
Precious metals		(318)	807
Financial assets at fair value through profit or loss		88,921	59,702
Loans and advances to banks		(6,605)	27,371
Loans to customers		44,846	(742,472)
Other assets		1,531	1,349
Increase/(decrease) in operating liabilities:			
Loans and advances from banks		(223,648)	(48,353)
Customer accounts		89,137	287,054
Other borrowed funds		552	67,840
Other liabilities		241	106
Cash inflow/(outflow) from operating activities before taxation		13,668	(246,184)
Income tax paid		(5,488)	(1,818)
Net cash inflow/(outflow) from operating activities		8,180	(248,002)

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Notes	Six months ended 30 June 2008 (unaudited) (KZT million)	Six months ended 30 June 2007* (unaudited) (KZT million)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets		(3,528)	(10,883)
Proceeds on sale of property, equipment and intangible assets		408	-
Dividends received		230	-
Proceeds on sale of investments available-for-sale		3,382	56
Purchase of investments available-for-sale		(3,561)	(415)
Proceeds on maturity of investments held to maturity		12	1,151
Purchase of investments held to maturity		(85)	(1,185)
Purchase of shares in subsidiaries		(770)	-
Purchase of subsidiaries, less funds of acquired companies		(2,929)	-
		<u>(6,841)</u>	<u>(11,276)</u>
Net cash outflow from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from sale of ordinary shares		-	62
Purchase of treasury shares		(64)	-
Proceeds from sale of treasury shares		63	172
Proceeds from debt securities issued		40,189	279,626
Repayment of debt securities issued		(30,188)	(25,230)
Proceeds from subordinated debt		1	25,065
Repayment of subordinated debt		-	(21)
		<u>10,001</u>	<u>279,674</u>
Net cash inflow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS		11,340	20,396
CASH AND CASH EQUIVALENTS, beginning of period	13	144,346	59,403
<i>Effect of changes in foreign exchange rate on cash and cash equivalents</i>		<u>629</u>	<u>(589)</u>
CASH AND CASH EQUIVALENTS, end of period	13	<u>156,315</u>	<u>79,210</u>

* As restated, see note 24

Interest paid and received by the Group in cash during the six months ended 30 June 2008 amounted to KZT 106,298 million (2007: KZT 66,508 million) and KZT 173,233 million (2007: KZT 121,100 million).

On behalf of the Management Board of the Bank:


 Zhusupova N.A.
 Chairman of the Board
 28 August 2008
 Almaty


 Shoinbekova G.K.
 Chief Accountant
 28 August 2008
 Almaty

The notes on pages 10-45 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 SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED)

1. ORGANIZATION

JSC Kazkommertsbank (the “Bank”, or “Kazkommertsbank”) is a joint stock bank, which has operated 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 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 and originating loans and guarantees.

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

The Bank has 23 branches in the Republic of Kazakhstan.

Kazkommertsbank is the 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
		30 June 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	100%	65%	Insurance
LLP Commercial bank Moskommertsbank	Russia	100%	52.11%	Commercial bank
LLP Investment Company East Kommerts	Russia	50%	50%	Securities market transactions

On 22 April 2008, the Bank acquired 290,000 treasury shares of JSC “Kazkommerts-Life” for KZT 290 million. The Bank’s capital share did not change.

On 28 April 2008, the Bank acquired 53,486 treasury shares (35%) of JSC “Insurance Company Kazkommerts-Policy” from the European Bank of Reconstruction and Development for KZT 1,630 million. The Bank’s capital share in JSC “Insurance Company Kazkommerts-Policy” increased to 100 per cent upon acquisition.

An independent appraisal of the fair value of the assets acquired was not needed due to the fact that the fair value of most purchased assets and liabilities being available and easily definable. The fair value of the net assets purchased and the Bank’s interest in the definitive net fair value of JSC “Insurance Company Kazkommerts-Policy” net assets over the consideration paid, are as follows:

	Book value as at 28 April 2008 (KZT million) (unaudited)	Fair value as at 28 April 2008 (KZT million) (unaudited)
Assets		
Cash and balances with national (central) banks	12	12
Financial assets at fair value through profit or loss	1,495	1,495
Loans and advances to banks	3,487	3,487
Investments available-for-sale	1,362	1,362
Loans under reverse repurchase agreements	1,084	1,084
Property, equipment and intangible assets	171	171
Other assets	<u>2,387</u>	<u>2,387</u>
	<u>9,998</u>	<u>9,998</u>
Liabilities		
Other liabilities	<u>4,755</u>	<u>4,755</u>
	<u>4,755</u>	<u>4,755</u>
Net assets	5,243	5,243
Minority interest		-
Net assets acquired, being 35%		1,835
Purchase consideration		<u>(1,581)</u>
Excess of the Bank’s interest in fair value of net assets of JSC Insurance Company Kazkommerts-Policy over cash consideration paid		<u>254</u>
Net cash outflow on acquisition:		
JSC Insurance Company Kazkommerts-Policy purchase		49
intergroup balances elimination		
Purchase cash out-flows:		
Total paid in cash		(1,630)
Cash acquired, being 35%		<u>4</u>
Total		<u><u>(1,626)</u></u>

The purchase consideration for JSC “Insurance Company “Kazkommerts-Policy” was determined as at 31 December 2008, while the actual transaction took place on 28 April 2008. The negative goodwill arose due to the change in the net assets between the date of the pricing and the date the transaction took place.

The income and profit of JSC “Insurance Company “Kazkommerts-Policy” from the beginning of the period till the date of acquisition, were accounted for as being attributable to minority interest. Prior to the date of acquisition, the Group consolidated JSC “Insurance Company “Kazkommerts-Policy” as it had a controlling interest in the Company.

On 19 May 2008, JSC Kazkommertsbank acquired 480,071 treasury shares of JSC Grantum APF within the parameters of a privileged acquisition program. The amount of the transaction of KZT 480 million comprised 80.01 per cent of total shares placed. The Bank’s share in the capital of JSC Grantum APF did not change.

On 27 May 2008, the Bank acquired the remaining share in LLP Commercial bank Moscommertsbank capital – 47.89 per cent. The transaction amount of KZT 5,484 million brought the Bank’s share in the Commercial bank Moscommertsbank capital to 100% upon acquisition.

An independent appraisal of the fair value of the acquired assets was not needed due to the fact that the present value of most purchased assets and liabilities was available and easily definable. The fair value of net assets purchased and Bank’s interest in the definitive net fair value of LLP Commercial bank Moscommertsbank net assets over the consideration paid is as follows:

	Book value as at 27 May 2008 (KZT million) (unaudited)	Fair value as at 27 May 2008 (KZT million) (unaudited)
Assets		
Cash and balances with national (central) banks	8,731	8,731
Financial assets at fair value through profit or loss	7,071	7,071
Loans and advances to banks	14,947	14,947
Loans to customers	185,354	185,354
Loans under reverse repurchase agreements	13,371	13,371
Property, equipment and intangible assets	2,533	2,533
Other assets	1,687	1,687
	<u>233,694</u>	<u>233,694</u>
Liabilities		
Loans and advances from banks	71,433	71,433
Customer accounts	34,371	34,371
Debt securities issued	86,192	86,192
Subordinated debt	16	16
Loans under repurchase agreements	-	-
Derivative financial instruments	1,082	1,082
Other liabilities	1,037	1,037
	<u>194,131</u>	<u>194,131</u>
Net assets	39,563	39,563
Minority interest		-
Net assets acquired, being 47.89%		18,946
Purchase consideration		<u>(16,063)</u>
Excess of the Bank’s interest in fair value of net assets of LLP Moscommertsbank over cash consideration paid		<u>2,883</u>
Net cash outflow on acquisition:		
LLP Commercial bank Moscommertsbank purchase		
intergroup balances elimination		(10,579)
Purchase cash outflows:		
Total paid in cash		(5,484)
Cash acquired, being 47.89%		<u>4,181</u>
Total		<u><u>(1,303)</u></u>

The excess of the Bank’s interest in fair value of net assets was credited to “other income” in the consolidated income statement on the date of acquisition.

Negative goodwill has been recognised on the acquisition of 47.89% of the issued ordinary share capital of LLP Commercial Bank Moscommertsbank due to the investment in MKB being considered a financial rather than strategic investment by the previous shareholders. As such the Bank was solely responsible for the development of MKB, including the enhancement of internal business processes and building brand recognition. In addition, the previous shareholders did not intend to make any additional capital contributions in MKB in light of worsening market conditions. As a result, the Bank acquired the remaining 47.89% of issued ordinary share capital of MKB at a price exceeding the initial investment of the previous shareholders, however, below the current fair value.

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 this 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, 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 condensed interim consolidated financial information for the three and six months ended 30 June 2007 to conform to the presentation for the three and six months ended 30 June 2008. The current period 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 and precious metals operations. These reclassifications are not material in nature and have no impact on the financial results of the Group.

	Six months ended 30 June 2007 As previously reported (KZT million)	Six months ended 30 June 2007 As reclassified (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	6,591	8,352	1,761
Net gain on foreign exchange and precious metals operations	(2,620)	(4,381)	(1,761)
	Three months ended 30 June 2007 As previously reported (KZT million)	Three months ended 30 June 2007 As reclassified (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	1,580	3,622	2,042
Net gain on foreign exchange and precious metals operations	535	(1,507)	(2,042)

5. NET INTEREST INCOME

	Three months ended 30 June 2008 (unaudited) (KZT million)	Three months ended 30 June 2007 (unaudited) (KZT million)	Six months ended 30 June 2008 (unaudited) (KZT million)	Six months ended 30 June 2007 (unaudited) (KZT million)
Interest income comprises:				
Interest income on assets recorded at amortized cost:				
- interest income on impaired assets	56,283	30,882	111,784	49,007
- interest income on unimpaired assets	40,418	41,706	77,145	83,306
Interest income on assets at fair value through profit or loss	1,279	2,198	2,778	5,032
Interest income on investments available-for-sale	40	20	42	34
Total interest income	98,020	74,806	191,749	137,379
Interest income on assets recorded at amortized cost comprises:				
Interest on loans to customers	93,870	69,877	182,836	126,327
Interest on loans and advances to banks	2,563	2,527	5,454	5,463
Interest on investments held to maturity	30	8	51	18
Amortization of discount on loans	238	176	588	505
Total interest income on financial assets recorded at amortized cost	96,701	72,588	188,929	132,313
Interest income on assets at fair value through profit or loss:				
Interest income on financial assets held-for-trading	1,279	2,198	2,778	5,032
Total interest income on assets at fair value through profit or loss	1,279	2,198	2,778	5,032
Interest income on investments available for sale	40	20	42	34
Total interest income	98,020	74,806	191,749	137,379
Interest expense comprises:				
Interest on liabilities recorded at amortized cost	44,295	40,989	90,213	76,631
Interest on liabilities at fair value through profit or loss	-	-	-	-
Total interest expense	44,295	40,989	90,213	76,631
Interest expense on liabilities recorded at amortized cost comprise:				
Interest on debt securities issued	17,885	15,981	35,979	29,683
Interest on customer accounts	17,922	12,366	34,011	22,608
Interest on loans and advances from banks	6,468	10,168	15,300	20,363
Interest on securitization program	1,555	1,648	3,588	2,734
Preference share dividends	150	150	301	299
Other interest expense	315	676	1,034	944
Total interest expense on liabilities recorded at amortized cost	44,295	40,989	90,213	76,631
Net interest income before provision for impairment losses on interest bearing assets	53,725	33,817	101,536	60,748

In the above disclosure, interest income on loans, which are categorized based on the Bank's internal rating categories as watch, sub standard, doubtful and loss categories, as well as 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 March 2007 (unaudited)	551	82,138	82,689
Additional provision recognized	349	19,717	20,066
Write-off of assets	-	(299)	(299)
Recovery of assets previously written off	-	3	3
Exchange rate difference	(8)	(779)	(787)
30 June 2007 (unaudited)	<u>892</u>	<u>100,780</u>	<u>101,672</u>
31 March 2008 (unaudited)	1,301	156,110	157,411
(Recovery of provision)/additional provision recognized	(225)	22,905	22,680
Write-off of assets	-	(838)	(838)
Recovery of assets previously written off	-	1	1
Exchange rate difference	-	75	75
30 June 2008 (unaudited)	<u>1,076</u>	<u>178,253</u>	<u>179,329</u>
	Loans and advances to banks (KZT million)	Loans to customers (KZT million)	Total (KZT million)
31 December 2006	857	73,936	74,793
Additional provision recognized	65	29,240	29,305
Write-off of assets	-	(408)	(408)
Recovery of assets previously written off	-	8	8
Exchange rate difference	(30)	(1,996)	(2,026)
30 June 2007 (unaudited)	<u>892</u>	<u>100,780</u>	<u>101,672</u>
31 December 2007	1,276	140,363	141,639
(Recovery of provision)/additional provision recognized	(204)	38,104	37,900
Write-off of assets	-	(894)	(894)
Recovery of assets previously written off	-	1	1
Exchange rate difference	4	679	683
30 June 2008 (unaudited)	<u>1,076</u>	<u>178,253</u>	<u>179,329</u>

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

	Insurance provision (KZT million)	Other assets (KZT million)	Total (KZT million)
31 March 2007 (unaudited)	2,969	162	3,131
Additional provision recognized	305	7	312
Write-off of assets	-	(26)	(26)
Recovery of assets previously written off	-	17	17
Exchange rate difference	-	1	1
30 June 2007 (unaudited)	<u>3,274</u>	<u>161</u>	<u>3,435</u>
31 March 2008 (unaudited)	3,481	375	3,856
Additional provision recognized	431	151	582
Write-off of assets	-	(29)	(29)
Exchange rate difference	-	28	28
30 June 2008 (unaudited)	<u>3,912</u>	<u>525</u>	<u>4,437</u>
	Insurance provisions (KZT million)	Other assets (KZT million)	Total (KZT million)
31 December 2006	2,703	117	2,820
Additional provision recognized	571	53	624
Write-off of assets	-	(29)	(29)
Recovery of assets previously written off	-	18	18
Exchange difference	-	2	2
30 June 2007 (unaudited)	<u>3,274</u>	<u>161</u>	<u>3,435</u>
31 December 2007	3,422	323	3,745
Additional provision recognized	490	241	731
Write-off of assets	-	(30)	(30)
Exchange difference	-	(9)	(9)
30 June 2008 (unaudited)	<u>3,912</u>	<u>525</u>	<u>4,437</u>

Insurance provisions comprised:

	30 June 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Property	1,078	978
Freight	912	462
Vehicles	548	785
Life insurance	481	207
Accidents	243	487
Railway transport	227	-
Civil liability for owners of vehicles	208	241
Civil liability for damage	20	91
Other	195	171
Total insurance provisions	<u>3,9</u>	<u>3,4</u>

Other insurance provisions include provisions for insurance of civil liability to passengers, liability of private notaries, 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 2008 (KZT million)	Guarantees and other off-balance sheet contingencies 2007 (KZT million)
31 March	4,463	5,548
Additional provision recognized/(recovery of provision)	618	(833)
Exchange difference	<u>6</u>	<u>(39)</u>
30 June (unaudited)	<u>5,087</u>	<u>4,676</u>
	Guarantees and other off-balance sheet contingencies 2008 (KZT million)	Guarantees and other off-balance sheet contingencies 2007 (KZT million)
1 January	7,216	4,055
(Recovery of provision)/additional provision recognized	(2,215)	721
Exchange difference	<u>86</u>	<u>(100)</u>
30 June (unaudited)	<u>5,087</u>	<u>4,676</u>
	30 June 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Insurance provisions	3,912	3,422
Reserves on guarantees and other off-balance sheet liabilities	<u>5,087</u>	<u>7,216</u>
	<u>8,999</u>	<u>10,638</u>

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

	Three months ended 30 June 2008 (unaudited) (KZT million)	Three months ended 30 June 2007 (unaudited) (KZT million)	Six months ended 30 June 2008 (unaudited) (KZT million)	Six months ended 30 June 2007 (unaudited) (KZT million)
Net (loss)/gain on financial assets and liabilities held-for-trading	(8,007)	3,622	(385)	8,352
Total net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(8,007)	3,622	(385)	8,352
Net gain on operations with financial assets and liabilities held-for-trading comprise:				
Realized (loss)/gain on trading operations	(351)	(17)	154	(638)
Unrealized gain on fair value adjustment	1,326	340	21	1,160
Hedge ineffectiveness	1,873	-	(2,080)	-
Net (loss)/gain on operations with derivative financial instruments	(10,855)	3,299	1,520	7,830
Total net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(8,007)	3,622	(385)	8,352

8. NET GAIN/(LOSS) ON FOREIGN EXCHANGE AND PRECIOUS METALS OPERATIONS

	Three months ended 30 June 2008 (unaudited) (KZT million)	Three months ended 30 June 2007 (unaudited) (KZT million)	Six months ended 30 June 2008 (unaudited) (KZT million)	Six months ended 30 June 2007 (unaudited) (KZT million)
Dealing, net	2,548	1,267	4,478	1,805
Translation differences, net	(81)	(2,774)	(18,574)	(6,186)
Total net gain/(loss) on foreign exchange operations	2,467	(1,507)	(14,096)	(4,381)

Translation differences for the six months ended 30 June 2008 amounted to KZT 18,574 million (30 June 2007: KZT 6,186 million). This comprised losses on the revaluation of liabilities and assets denominated in non-functional currencies such as the Japanese Yen, Euro, Pound and Singaporean dollar.

9. OTHER INCOME

	Three months ended 30 June 2008 (unaudited) (KZT million)	Three months ended 30 June 2007 (unaudited) (KZT million)	Six months ended 30 June 2008 (unaudited) (KZT million)	Six months ended 30 June 2007 (unaudited) (KZT million)
Income from purchase of subsidiaries	3,137	-	3,137	-
Insurance premium	1,426	1,180	2,409	2,128
Fines and penalties received	50	52	239	97
Net gain on disposal of fixed assets	15	6	21	10
Other	626	79	710	190
	<u>5,254</u>	<u>1,317</u>	<u>6,516</u>	<u>2,425</u>

10. OPERATING EXPENSES

	Three months ended 30 June 2008 (unaudited) (KZT million)	Three months ended 30 June 2007 (unaudited) (KZT million)	Six months ended 30 June 2008 (unaudited) (KZT million)	Six months ended 30 June 2007 (unaudited) (KZT million)
Staff costs	4,676	3,703	8,969	6,976
Operating lease payments	967	607	1,888	928
Depreciation and amortization	825	652	1,586	1,220
Property and equipment maintenance	631	265	922	464
Advertising costs	438	268	696	501
Payments to the Individuals' Deposit Insurance Fund	327	443	970	774
Taxes, other than income tax	207	86	322	156
Communications	180	161	395	302
Value added tax	141	129	279	329
Business trips expenses	125	159	190	252
Bank card services	113	59	229	123
Security services	110	82	215	149
Charity and sponsorship expenses	62	7	93	39
Training	58	116	85	179
Vehicle maintenance	56	69	145	130
Printing and stationery	46	55	83	89
Courier expenses	32	19	53	34
Representative expenses	15	11	26	27
Other expenses	100	84	328	379
	<u>9,109</u>	<u>6,975</u>	<u>17,474</u>	<u>13,051</u>

11. 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 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.

Tax effect of temporary differences as at 30 June 2008 and 31 December 2007:

	30 June 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Deferred income tax assets:		
Unrealised loss on revaluation of financial instruments treated as cash flow hedges	3,254	-
Loss on revaluation of securities	2,106	1,462
Bonuses accrued	603	706
Other assets	185	136
	<hr/>	<hr/>
Total deferred income tax assets	6,148	2,304
Deferred income tax liabilities:		
Allowance for losses on loans and advances to banks and customers	31,077	20,147
Unrealised gain on trading securities and derivatives	4,916	7,714
Unrealised loss on revaluation of financial instruments treated as cash flow hedges	4,772	-
Property and equipment, accrued depreciation	2,798	2,795
Investments in associates	900	946
Provision on guarantees and letters of credit	351	1,198
Other liabilities	22	-
	<hr/>	<hr/>
Total deferred income tax liabilities	44,836	32,800
	<hr/>	<hr/>
Net deferred income tax liabilities	38,688	30,496

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

	Three months ended 30 June 2008 (unaudited) (KZT million)	Three months ended 30 June 2007 (unaudited) (KZT million)	Six months ended 30 June 2008 (unaudited) (KZT million)	Six months ended 30 June 2007 (unaudited) (KZT million)
Profit before income tax	25,940	17,164	49,510	34,585
Tax at the statutory tax rate (30%)	7,782	5,149	14,853	10,376
Tax effect of permanent differences:				
Tax exempt interest income on mortgage loans and financial leasing	(56)	(1,587)	(108)	(1,885)
Tax exempt interest income and other related income on state and quoted securities listed with "A" and "B" ratings	8	(239)	(15)	(203)
Other tax exempt income	(9)	(526)	(27)	(544)
Income from revaluation of investments	49	(200)	(91)	(370)
Non deductible interest expense	104	35	179	74
Dividend on preferred shares	145	1	190	90
Provisions on accounts receivables, loans to related parties and financial leasing	372	210	532	346
Other non deductible expenditures	27	128	260	171
Tax effect on income of subsidiaries taxed at different rates	(95)	(207)	(388)	(377)
Income tax expense net of permanent differences	8,327	2,764	15,385	7,678
Current income tax expense	2,596	596	5,383	2,766
Deferred income tax expense	5,731	2,168	10,002	4,912
Income tax expense	8,327	2,764	15,385	7,678
			Six months ended 30 June 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			(14)	1,536
Deferred income tax expense			10,002	12,109
Change in hedging reserve			(1,796)	-
Net deferred income tax liabilities			38,688	30,496

12. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net income for the six 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 23, 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 30 June 2008 (unaudited) (KZT million)	Three months ended 30 June 2007 (unaudited) (KZT million)	Six months ended 30 June 2008 (unaudited) (KZT million)	Six months ended 30 June 2007 (unaudited) (KZT million)
Basic and diluted earnings per share				
Net profit for the period attributable to equity holders of the parent	17,467	13,149	33,223	25,149
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	<u>(2,994)</u>	<u>(2,222)</u>	<u>(5,683)</u>	<u>(4,239)</u>
Net profit for the period attributable to ordinary shareholders	14,473	10,927	27,540	20,910
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>574,928,714</u>	<u>574,822,716</u>	<u>574,924,082</u>	<u>574,801,008</u>
Earnings per share – basic and diluted (tenge)	<u><u>25.17</u></u>	<u><u>19.01</u></u>	<u><u>47.90</u></u>	<u><u>36.38</u></u>

*As restated, see note 23

13. CASH AND BALANCES WITH NATIONAL (CENTRAL) BANKS

	30 June 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Cash on hand	33,901	41,082
Balances with the national (central) banks	<u>200,394</u>	<u>127,066</u>
	<u><u>234,295</u></u>	<u><u>168,148</u></u>

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

	30 June 2008 (unaudited) (KZT million)	30 June 2007 (unaudited) (KZT million)	31 December 2007 (KZT million)
Cash and balances with national (central) banks	234,295	162,572	168,148
Loans and advances to banks in Organisation for Economic Co-operations and Development (“OECD”) countries (Note 22)	106,511	63,660	139,042
Less minimum reserve deposit with the NBRK	(181,717)	(144,351)	(160,217)
Less minimum reserve deposit with the CBR	(2,530)	(2,438)	(2,430)
Less minimum reserve deposit with the NBKR	<u>(244)</u>	<u>(233)</u>	<u>(197)</u>
	<u><u>156,315</u></u>	<u><u>79,210</u></u>	<u><u>144,346</u></u>

The balances with the Central Bank of Russian Federation (“CBR”) as at 30 June 2008 include KZT 3,855 million (31 December 2007: KZT 5,246 million, 30 June 2007: KZT 5,568 million), of which KZT 2,530 million (31 December 2007: KZT 2,430 million, 30 June 2007: KZT 2,438 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 30 June 2008 include KZT 195,731 million, of which KZT 150,710 million (31 December 2007: KZT 121,476 million, 30 June 2007: KZT 129,415 million) and cash on hand of KZT 31,007 million (31 December 2007: KZT 38,741 million, 30 June 2007: KZT 14,936 million), totaling KZT 181,717 million (31 December 2007: KZT 160,217 million, 30 June 2007: KZT 144,351 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 30 June 2008 include KZT 649 million (31 December 2007: KZT 344 million, 30 June 2007: KZT 589 million), of which KZT 244 million (31 December 2007: KZT 197 million, 30 June 2007: KZT 233 million) represents the minimum reserve deposits required by the NBKR at all times.

The balance with the National Bank of Tajikistan as at 30 June 2008 include KZT 159 million (31 December 2007: KZT nil).

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

Financial assets at fair value through profit or loss comprise:

	30 June 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Debt securities	54,759	130,271
Equity investments	12,241	15,647
Derivative financial instruments	35,012	42,858
	<u>102,012</u>	<u>188,776</u>

Financial liabilities at fair value through profit or loss comprise:

	30 June 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Derivative financial instruments	14,602	7,730
	<u>14,602</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.

	30 June 2008 (unaudited)		31 December 2007	
	Nominal interest rate	Amount	Nominal interest rate	Amount
	%	(KZT million)	%	(KZT million)
Debt securities:				
Bonds of international financial organizations	8.00-19.20%	21,003	4.90-12.40%	22,684
Short-term NBRK notes	5.735%	14,952	4.50%	1,845
Bonds of Kazakhstani banks	6.00-12.00%	4,080	6.00-12.00%	4,151
Bonds of International financial institutions	4.5175-18.315%	4,000	1.56-20.09%	87,336
Bonds of Russian companies	7.27-14.00%	3,936	7.28-13.80%	4,030
Eurobonds of Kazakhstani banks	8.00-8.125%	2,725	7.75-8.13%	2,900
Bonds of Russian banks	7.34-9.90%	2,466	7.34-8.25%	703
State treasury bonds of the Ministry of Finance of Republic of	4.05-6.68%	961	3.78-6.68%	926
Bonds of local executive bodies of the Russian Federation	7.25-8.70%	464	7.75-9.20%	607
Bonds of federal loan of the Ministry of Finance of the Russian Federation	9.00%	172	9.00-10.00%	343
Bonds of Russian investment funds	-	-	-	4,273
Eurobonds of OECD countries	-	-	4.75%	253
Bonds of Atyrau local executive bodies	-	-	8.50%	220
		<u>54,759</u>		<u>130,271</u>

	30 June 2008 (unaudited)		31 December 2007	
	Ownership share	(Amount)	Ownership share	(Amount)
	%	(KZT million)	%	(KZT million)
Equity investments:				
GDR of Kazakhstani companies	0.264%	3,978	0.247%	3,771
Shares of Russian companies	0.001-1.269%	3,122	0.00001-19.559%	7,565
ADR of Kazakhstani companies	0.646%	2,582	0.654%	2,496
Shares of Kazakhstani companies	0.002-0.161%	1,066	0.007-0.282%	701
GDR of Russian banks	0.10%	663	0.07%	652
Shares of Kazakhstani banks	0.012-0.071%	549	0.0007-0.043%	363
GDR of Kazakhstani banks	0.058-0.01%	184	0.01%	80
Shares of Russian banks	0.00001%	49	0.00001%	19
Shares of foreign companies	0.0003%	48		-
		<u>12,241</u>		<u>15,647</u>

As at 30 June 2008, financial assets at fair value through profit or loss included accrued interest income on debt securities of KZT 841 million (31 December 2007: KZT 1,506 million).

As at 30 June 2008, financial assets at fair value through profit or loss included State treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, bonds of Kazakhstani companies pledged under repurchase agreements with other banks and customers with fair value of KZT 2,095 million (31 December 2007: KZT 82,147 million). As at 30 June 2008, all of the repurchase agreements are to be settled by July 2008 (31 December 2007: February 2008).

	Nominal value	30 June 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	464,487	32,634	(6,599)	381,001	25,724	(2,145)
Interest rate swap	137,748	846	(6,490)	82,740	14,987	(5,133)
Forward contracts	88,297	1,473	(1,451)	64,652	2,105	(381)
Spot	4,583	-	(16)	74,996	19	(25)
<i>Securities purchase/sale contracts</i>						
Total return swap	595	59	(46)	592	23	(46)
		<u>35,012</u>	<u>(14,602)</u>		<u>42,858</u>	<u>(7,730)</u>

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

	Nominal value	30 June 2008 (unaudited) Net fair value (KZT million)		Nominal value	31 December 2007 Net fair value (KZT million)	
		Assets	Liabilities		Assets	Liabilities
		<i>Cash flow hedging</i>				
Foreign exchange swap	227,789	31,618	(4,851)	-	-	-
Interest rate swaps	74,601	370	(1,967)	-	-	-
		<u>31,988</u>	<u>(6,818)</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.

For the six months ended 30 June 2008, hedge ineffectiveness recognized in net loss on financial assets and liabilities at fair value through profit or loss comprised cash flow hedging ineffectiveness of KZT 2,080 million (2007: Nil).

As at 30 June 2008, the aggregate amount of unrealized losses under foreign exchange swap contracts deferred in the hedging reserve relating to the exposures amounted to KZT 4,880 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 30 June 2008, the aggregate amount of unrealized losses under interest rate swap contracts deferred in the hedging reserve relating to the exposures amounted to KZT 1,106 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 30 June 2008, the fair value of the hedging instruments is KZT 25,170 million.

15. LOANS AND ADVANCES TO BANKS

	30 June 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Recorded as loans and receivables:		
Loans and advances to banks	161,351	173,759
Correspondent accounts with other banks	18,585	39,661
Loans under reverse repurchase agreements	<u>2,852</u>	<u>679</u>
	182,788	214,099
Less allowance for impairment losses	<u>(1,076)</u>	<u>(1,276)</u>
	<u><u>181,712</u></u>	<u><u>212,823</u></u>

Movements in allowances for impairment losses on loans and advances to banks for the six months period ended 30 June 2008 and 2007 are disclosed in Note 6.

As at 30 June 2008 loans and advances to banks included accrued interest of KZT 799 million (31 December 2007: KZT 1,327 million).

As at 30 June 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 pledged assets and carrying value of loans under reverse repurchase agreements as at 30 June 2008 and 31 December 2007 comprised:

	30 June 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
Bonds of Kazakhstani banks	2,095	2,001	-	-
Bonds of Ministry of Finance of the Republic of Kazakhstan	533	475	12	11
Notes of the NBRK	341	325	-	-
Shares of Kazakhstani banks	80	51	-	-
Shares of Russian companies	<u>-</u>	<u>-</u>	<u>756</u>	<u>668</u>
	<u><u>3,049</u></u>	<u><u>2,852</u></u>	<u><u>768</u></u>	<u><u>679</u></u>

As at 30 June 2008, the guarantee deposit of KZT 2,415 million (31 December 2007: KZT 2,406 million) placed with JP Morgan Chase Bank London was included in loans and advances to banks as collateral for letter of credit.

16. LOANS TO CUSTOMERS

	30 June 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Accounted as loans given and accounts receivable:		
Originated loans	2,463,219	2,480,059
Net investments in finance lease	5,573	6,090
Loans under reverse repurchase agreements	<u>13,310</u>	<u>20,549</u>
	2,482,102	2,506,698
Less allowance for impairment losses	<u>(178,253)</u>	<u>(140,363)</u>
	<u><u>2,303,849</u></u>	<u><u>2,366,335</u></u>

As at 30 June 2008, accrued interest income included in loans to customers amounted to KZT 86,811 million (31 December 2007: KZT 66,827 million).

Movements in allowances for impairment losses for the six months ended 30 June 2008 and 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:

	30 June 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Analysis by type of collateral:		
Loans collateralized by real estate	930,566	1,039,685
Loans collateralized by mixed types of collateral	314,970	209,980
Loans collateralized by equipment	267,353	209,168
Loans collateralized by shares of the banks and other companies	225,596	226,603
Loans collateralized by guarantees of enterprises	188,690	176,004
Loans collateralized by cash or Kazakhstani Government guarantees	92,472	80,232
Loans collateralized by accounts receivable	78,073	86,872
Loans with collateral under the registration process (land, building, shares, guarantee, etc.)	65,753	152,707
Loans collateralized by inventories	53,184	41,014
Loans collateralized by securities	3,741	3,675
Loans collateralized by guarantees of financial institutions	2,909	8,031
Unsecured loans	<u>80,542</u>	<u>132,364</u>
	<u><u>2,303,849</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.

	30 June 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Analysis by sector:		
Individuals	415,566	452,330
Trade	405,559	442,181
Commercial real estate construction	262,410	228,165
Housing construction	238,244	246,546
Real estate	161,584	165,825
Hotel business	138,473	133,635
Investments and finance	110,373	122,744
Transport and communication	103,926	106,576
Energy	67,836	66,179
Food industry	59,989	62,661
Agriculture	43,792	52,906
Machinery construction	40,232	43,935
Industrial and other construction	36,886	40,115
Production of construction materials	24,370	31,468
Mining and metallurgy	12,561	11,577
Medicine	5,395	4,239
Culture and art	2,369	4,945
Other	174,284	150,308
	<u>2,303,849</u>	<u>2,366,335</u>

Loans to individuals represent following products:

	30 June 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Mortgage loans	227,080	247,478
Consumer loans	124,004	133,108
Business loans	43,216	42,817
Car loans	17,129	19,422
Other	4,137	9,505
	<u>415,566</u>	<u>452,330</u>

As at 30 June 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.

	30 June 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Korporatsiya "GAS" LLP	76,595	-
Visor Solution Holding	49,231	43,122
Holding Build Investments JSC	46,250	-
Alibi Holding	44,708	48,327
Corcutt Real Estate S.A.	44,441	-
Ken-Sary LLP	-	69,714
	<u>261,225</u>	<u>161,163</u>

As at 30 June 2008, a significant portion of loans to customers ((79.30%) (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 assets and carrying value of loans under reverse repurchase agreements as at 30 June 2008 and 31 December 2007, comprised:

	30 June 2008		31 December 2007	
	(unaudited) (KZT million)		(KZT million)	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Shares of Russian companies	8,359	8,567	15,998	15,081
Bonds of Kazakhstani companies	2,605	3,010	2,534	2,871
Shares of Kazakhstani banks	312	504	419	676
Bonds of Kazakhstani banks	294	376	669	805
Shares of Kazakhstani companies	113	358	614	636
Bonds of Russian companies	223	214	-	-
Bonds of Ministry of finance of the Republic of Kazakhstan	130	141	-	-
Shares of Russian banks	147	140	499	480
	<u>12,183</u>	<u>13,310</u>	<u>20,733</u>	<u>20,549</u>

17. LOANS AND ADVANCES FROM BANKS

	30 June 2008	31 December 2007
	(unaudited) (KZT million)	(KZT million)
Recorded at amortized cost:		
Correspondent accounts of other banks	8,755	72,028
Correspondent accounts of organizations that serve certain types of banking operations	34	5
Loans from banks and financial institutions, including:		
Syndicated loan from a group of banks maturing in September, 2008 and interest rate of 5.815%	72,355	72,834
Syndicated loan from a group of banks maturing in December, 2008 and interest rate of 6.26%	16,621	33,147
Syndicated loan from a group of banks maturing in December, 2008 and interest rate of 5.43%	13,284	13,235
Syndicated loan from a group of banks maturing in December, 2009 and interest rate of 6.14%	36,291	36,255
Syndicated loan from a group of banks maturing in February, 2008 and interest rate of 5.51%	-	54,838
Loan maturing in September, 2009	6,741	4,143
Loan maturing in December, 2014	36,297	40,138
Loans with other banks and financial establishments	283,394	284,267
Term deposits of banks	20,628	34,780
Loans under repurchase agreements	1,287	77,761
	<u>495,687</u>	<u>723,431</u>

As at 30 June 2008, loans and advances from banks included accrued interest expense in the amount of KZT 3,585 million (31 December 2007: KZT 5,272 million).

As at 30 June 2008, loans with other banks and financial establishments for KZT 255,517 million (90% of total loans with other banks and financial establishments) (31 December 2007: KZT 247,667 million (87% of total loans with other banks and financial establishments)) consisted of 45 (31 December 2007: 45) banks and financial institutions of such countries as Great Britain, the Netherlands, the Czech Republic, Switzerland, Kuwait, Luxemburg, Korea, Kazakhstan, Germany, Canada, Belgium, Spain, Hong Kong, UAE and China. Maturities of these loans range from 1 day to 101 months (31 December 2007: 3 days to 101 months). Interest rates on loans with other banks and financial establishments varied from 2% to 9.5% (31 December 2007: from 2.33% to 10.16%).

As at 30 June 2008, included in loans and advances from banks are loans under repurchase agreements amounting to KZT 1,287 million (31 December 2007: KZT 77,761 million) with maturity in July 2008 (31 December 2007: in February 2008).

Fair value of collateral 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) (KZT million)		31 December 2007 (KZT million)	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Bonds of Kazakhstani companies	1,581	1,287	1,750	1,501
Bonds of international financial organizations	-	-	75,749	72,501
Bonds of Russian companies	-	-	2,064	1,489
Notes of the NBRK	-	-	843	802
Bonds of Ministry of Finance of the Republic of Kazakhstan	-	-	776	702
Bonds of local executive bodies of the Russian Federation	-	-	504	547
Bonds of Russian banks	-	-	249	219
	<u>1,581</u>	<u>1,287</u>	<u>81,935</u>	<u>77,761</u>

18. 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 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 30 June 2008 the provision for losses on contingent liabilities amounted to KZT 5,087 million (31 December 2007: KZT 7,216 million).

The risk-weighted amount is obtained by applying credit conversion factors 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 (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	111,001	111,001	94,582	94,582
Letters of credit and other transaction related to contingent obligations	61,157	10,508	90,510	15,253
Commitments on loans and unused credit lines	12,390	12,390	10,382	10,382
Commitments on loans sold to JSC Kazakhstan Mortgage Company with recourse	76	76	114	114
	<u>184,624</u>	<u>133,975</u>	<u>195,588</u>	<u>120,331</u>

Capital commitments

As at 30 June 2008, capital commitments amounted to KZT 3,273 million (31 December 2007: KZT 2,789 million). Such capital commitments relate to the development of property, including the construction of a new office building.

19. SUBSEQUENT EVENTS

On 29 July 2008, in accordance with NBRK Instruction # 54 dated 23 June 2008, the minimum reserve requirements for borrowings were reduced; internal borrowings to 5% and other borrowings to 7%.

As at 18 July 2008, the Bank received Instruction # 113 from the Board of the Agency for the Regulation and Supervision of Financial Markets and Financial Institutions. The instruction permitted JSC Alnair Capital Holding, who have acquired an additional 17.12% of the ordinary share capital and now holds 25.15% of the ordinary share capital of the Bank, to be named as a holding company of the Bank.

On 8 August 2008, the Bank acquired an additional 50,000 ordinary shares of JSC OCOPAIM Grantum Asset Management for KZT 500 million utilizing its prevailing purchase right. After the purchase the share capital of the Company increased to KZT 650 million. The Bank continues to hold 100% of the ordinary share capital of JSC OCOPAIM Grantum Asset Management.

20. 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:

	30 June 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	1,243	2,482,102	895	2,506,698
- entities with joint control or significant influence over the entity	89		117	
- key management personnel of the entity or its parent	1,154		778	
Allowance for impairment losses	70	178,253	33	140,363
- entities with joint control or significant influence over the entity	10		17	
- key management personnel of the entity or its parent	60		16	
Investments in associates	3,336	3,336	3,222	3,222
- to associates	3,336		3,222	
Customer accounts	4,739	978,164	5,495	895,083
- parent company	1,094		-	
- entities with joint control or significant influence over the entity	44		1,087	
- associates	80		22	
- key management personnel of the entity or its parent	3,490		4,385	
- other related parties	31		1	
Commitments on loans and unused credit lines	375	12,390	482	10,382
- key management personnel of the entity or its parent	375		482	
Guarantees issued and similar liabilities	18	111,001	18	94,582
- key management personnel of the entity or its parent	18		18	

Included in the interim condensed consolidated income statement for the six months 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) (KZT million)		Six months ended 30 June 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	328	191,749	37	137,379
Interest expense	(231)	(90,213)	(146)	(76,631)
Operating expenses	(584)	(17,474)	(476)	(13,051)
- Short-term employee benefits	(584)	(8,969)	(476)	(6,976)
Provisions for impairment losses on interest bearing assets, other operations, guarantees and other off-balance sheet contingencies	(3)	(36,416)	1	(30,650)
Share in associates:	151	151	204	204

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

21. SEGMENT REPORTING

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 current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency products, guarantees and letters of credit 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 conducted 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 segment. 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 six months ended 30 June 2008 (unaudited)
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
External interest income	32,031	150,731	8,582	405	-	-	191,749
Internal interest income	17,948	22,412	76,525	-	30,652	(147,537)	-
External interest expenses	(14,926)	(18,252)	(57,035)	-	-	-	(90,213)
Internal interest expenses	(21,232)	(73,687)	(22,269)	-	(30,349)	147,537	-
Net interest income before provision for impairment losses on interest bearing assets	13,821	81,204	5,803	405	303	-	101,536
Provisions for impairment losses on interest bearing assets	(11,974)	(26,284)	358	-	-	-	(37,900)
NET INTEREST INCOME	1,847	54,920	6,161	405	303	-	63,636
Net loss on financial assets and liabilities at fair value though profit or loss	-	-	(376)	(9)	-	-	(385)
Net (loss)/gain on foreign exchange and precious metals operations	246	64	(14,396)	(2)	(8)	-	(14,096)
Fee and commission income	3,288	5,751	1,637	-	-	-	10,676
Fee and commission expense	(465)	(334)	(36)	(333)	(67)	-	(1,235)
Net realized gain on investments available-for- sale	-	-	9	(2)	-	-	7
Dividends received	-	-	225	5	-	-	230
Other income	1,333	2,082	532	2,556	13	-	6,516
NET NON-INTEREST INCOME	4,402	7,563	(12,405)	2,215	(62)	-	1,713
OPERATING INCOME	6,249	62,483	(6,244)	2,620	241	-	65,349
OPERATING EXPENSES	(8,451)	(6,022)	(2,013)	(960)	(28)	-	(17,474)
PROFIT BEFORE OTHER OPERATING PROVISIONS AND RESULTS OF ASSOCIATES	(2,202)	56,461	(8,257)	1,660	213	-	47,875
Provisions for insurance and impairment losses on other transactions	-	(187)	-	(544)	-	-	(731)
Provisions for guarantees and other off-balance sheet contingencies	-	2,114	101	-	-	-	2,215
Share of results of associates	-	-	151	-	-	-	151
OPERATING PROFIT BEFORE INCOME TAX	(2,202)	58,388	(8,005)	1,116	213	-	49,510
Income tax expense	-	-	-	-	(15,385)	-	(15,385)
NET (LOSS)/ PROFIT	(2,202)	58,388	(8,005)	1,116	(15,172)	-	34,125
Segment assets	415,566	1,888,283	587,699	13,660	933,505	(954,405)	2,884,308
Segment liabilities	288,703	689,461	1,536,800	5,550	893,673	(908,318)	2,505,869

	Retail Banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	As at and for the six months ended 30 June 2007 (unaudited) (KZT million)
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
External interest income	23,483	103,706	9,776	248	166	-	137,379
Internal interest income	12,560	14,979	61,765	-	30,858	(120,162)	-
External interest expenses	(9,717)	(12,901)	(54,185)	2	170	-	(76,631)
Internal interest expenses	(14,818)	(58,294)	(16,192)	-	(30,858)	120,162	-
Net interest income before provision for impairment losses on interest bearing assets	11,508	47,490	1,164	250	336	-	60,748
Provisions for impairment losses on interest bearing assets	(4,450)	(24,846)	(9)	-	-	-	(29,305)
NET INTEREST INCOME	7,058	22,644	1,155	250	336	-	31,443
Net gain on financial assets and liabilities at fair value though profit or loss	-	-	8,341	11	-	-	8,352
Net gain on foreign exchange and precious metals operations	677	107	(5,176)	13	(2)	-	(4,381)
Fee and commission income	4,407	6,226	1,664	-	-	(297)	12,000
Fee and commission expense	(279)	(371)	(319)	(422)	(24)	297	(1,118)
Net realized gain on investments available- for-sale	-	-	-	-	-	-	-
Dividends received	-	-	56	-	-	-	56
Other income	122	131	11	2,256	19	(114)	2,425
NET NON-INTEREST INCOME	4,927	6,093	4,577	1,858	(7)	(114)	17,334
OPERATING INCOME	11,985	28,737	5,732	2,108	329	(114)	48,777
OPERATING EXPENSE	(7,251)	(4,589)	(758)	(527)	(40)	114	(13,051)
PROFIT BEFORE OTHER OPERATING PROVISIONS AND RESULTS OF ASSOCIATES	4,734	24,148	4,974	1,581	289	-	35,726
Provision for insurance and impairment losses on other transactions	-	(21)	-	(603)	-	-	(624)
Provision for guarantees and other off-balance sheet contingencies	-	(619)	(102)	-	-	-	(721)
Share of results of associates	-	-	204	-	-	-	204
OPERATING PROFIT BEFORE INCOME TAX	4,734	23,508	5,076	978	289	-	34,585
Income tax expense	-	-	-	-	(7,678)	-	(7,678)
NET PROFIT	4,734	23,508	5,076	978	(7,389)	-	26,907
SEGMENT ASSETS AND LIABILITIES AS AT 31 DECEMBER 2007							
Segment assets	452,330	1,914,005	625,716	9,717	999,782	(1,004,318)	2,997,232
Segment liabilities	309,679	585,404	1,758,867	4,120	961,153	(971,706)	2,647,517

22. 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 30 June 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 14.

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	30 June 2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	Total
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(unaudited)
					(KZT million)
ASSETS:					
Cash and balances with national (central) banks	215,839	7,500	10,695	261	234,295
Precious metals	-	-	318	-	318
Financial assets at fair value through profit or loss	40,352	4,394	57,105	161	102,012
Loans and advances to banks	17,828	57,373	106,511	-	181,712
Loans to customers	1,825,517	284,348	36,755	157,229	2,303,849
Investments available-for-sale	2,948	-	-	-	2,948
Investments held to maturity	536	18	-	-	554
Investments in associates	3,336	-	-	-	3,336
Goodwill	2,405	-	-	-	2,405
Property, equipment and intangible assets	33,773	2,409	-	-	36,182
Other assets	11,101	4,113	1,168	315	16,697
TOTAL ASSETS	2,153,635	360,155	212,552	157,966	2,884,308
LIABILITIES:					
Loans and advances from banks	45,584	42,737	396,545	10,821	495,687
Customer accounts	874,409	29,016	71,436	3,303	978,164
Financial liabilities at fair value through profit or loss	668	3,811	10,123	-	14,602
Debt securities issued	-	61,634	673,536	591	735,761
Other borrowed funds	11,863	2	137,886	-	149,751
Provisions	8,912	87	-	-	8,999
Deferred income tax liability	38,644	44	-	-	38,688
Dividends payable	302	5	-	-	307
Other liabilities	11,940	1,550	114	-	13,604
Subordinated debt	29,636	-	79,358	-	108,994
TOTAL LIABILITIES	1,021,958	138,886	1,368,998	14,715	2,544,557
NET POSITION	1,131,677	221,269	(1,156,446)	143,251	

	Kazakhstan	CIS	OECD countries	Non-OECD countries	31 December 2007
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	Total
					(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	30 June 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	53,938	6,711	1,622	26,659	-	-	88,930
Loans and advances to banks	110,817	32,838	25,915	11,343	-	-	180,913
Loans to customers	124,115	117,468	394,251	931,574	649,630	-	2,217,038
Investments available-for-sale	179	-	409	1,892	270	-	2,750
Investments held to maturity	-	-	147	104	293	-	544
Total interest bearing assets	289,049	157,017	422,344	971,572	650,193	-	2,490,175
Cash and balances with national (central) banks	234,295	-	-	-	-	-	234,295
Precious metals	318	-	-	-	-	-	318
Equity instruments	-	-	-	-	-	12,241	12,241
Investments in associates	-	-	-	-	-	3,336	3,336
Goodwill	-	-	-	-	-	2,405	2,405
Property, equipment and intangible assets	-	-	-	-	-	36,182	36,182
Accrued interest income on interest-bearing assets	36,682	23,882	22,558	4,748	789	-	88,659
Other assets	6,517	2,516	6,308	1,356	-	-	16,697
TOTAL ASSETS	566,861	183,415	451,210	977,676	650,982	54,164	2,884,308
LIABILITIES:							
Loans and advances from banks	79,790	119,531	118,311	154,248	20,222	-	492,102
Customer accounts	298,994	127,082	308,689	230,409	2,588	-	967,762
Debt securities issued	205	309	41,820	425,083	255,749	-	723,166
Other borrowed funds	-	-	8,211	60,543	80,177	-	148,931
Subordinated debt	-	-	-	3,313	103,843	-	107,156
Total interest bearing liabilities	378,989	246,922	477,031	873,596	462,579	-	2,439,117
Financial liabilities at fair value through profit or loss	53	1,936	510	11,996	107	-	14,602
Provisions	1,135	494	2,128	1,329	1	3,912	8,999
Deferred income tax liability	2,623	1,445	9,561	16,691	8,368	-	38,688
Dividends payable	-	-	307	-	-	-	307
Accrued interest expense on interest-bearing liabilities	6,582	3,433	4,606	14,619	-	-	29,240
Other liabilities	6,905	1,488	5,009	202	-	-	13,604
TOTAL LIABILITIES	396,287	255,718	499,152	918,433	471,055	3,912	2,544,557
Liquidity gap	170,574	(72,303)	(47,942)	59,243	179,927		
Interest sensitivity gap	(89,940)	(89,905)	(54,687)	97,976	187,614		
Cumulative interest sensitivity gap	(89,940)	(179,845)	(234,532)	(136,556)	51,058		
Cumulative interest sensitivity gap as a percentage of total assets	(3.12%)	(6.24%)	(8.13%)	(4.73%)	1.77%		
Contingent liabilities and credit commitments	19,026	7,058	44,802	88,906	7,950	7,088	174,830

	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 30 June 2008 the Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD	EUR	RUR	Other CCY	30 June 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	113,624	50,289	3,774	5,012	61,596	234,295
Precious metals					318	318
Financial assets at fair value through profit or loss	70,890	14,210	3,920	10,200	2,792	102,012
Loans and advances to banks	15,386	97,539	54,361	8,927	5,499	181,712
Loans to customers	901,950	1,297,680	20,126	82,808	1,285	2,303,849
Investments available-for-sale	2,948	-	-	-	-	2,948
Investments held to maturity	536	-	-	-	18	554
Investments in associates	3,336	-	-	-	-	3,336
Goodwill	2,405	-	-	-	-	2,405
Property, equipment and intangible assets	33,773	-	-	2,260	149	36,182
Other assets	10,367	2,032	400	3,617	281	16,697
TOTAL ASSETS	1,155,215	1,461,750	82,581	112,824	71,938	2,884,308
LIABILITIES:						
Loans and advances from banks	28,401	408,937	18,644	8,297	31,408	495,687
Customer accounts	526,088	381,955	40,086	26,872	3,163	978,164
Financial liabilities at fair value through profit or loss	8,999	5,533		68	2	14,602
Debt securities issued	-	364,716	203,531	43,209	124,305	735,761
Other borrowed funds	18,449	131,302	-	-	-	149,751
Provisions	5,142	2,809	893	150	5	8,999
Deferred income tax liabilities	38,643	-	-	38	7	38,688
Dividends payable	302	-	-	-	5	307
Other liabilities	10,573	1,209	13	1,523	286	13,604
Subordinated debt	29,457	79,537	-	-	-	108,994
TOTAL LIABILITIES	666,054	1,375,998	263,167	80,157	159,181	2,544,557
OPEN BALANCE SHEET POSITION	489,161	85,752	(180,586)	32,667	(87,243)	

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 30 June 2008:

	KZT	USD	EUR	RUR	Other CCY	30 June 2008 Total
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
Accounts payable on forward contracts	(174,456)	(323,417)	(829)	(9,792)	(49,838)	(558,332)
Accounts receivable on forward contracts	38,948	231,406	178,861	6,094	140,067	595,376
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(135,508)	(92,011)	178,032	(3,698)	90,229	

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	(129,847)	(152,746)	159,630	7,854	139,789	

23. RESTATEMENT OF EARNINGS PER SHARE

Basic and diluted earnings per share for the three months and six months ended 30 June 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.

	Six months ended 30 June 2007 (unaudited) (As previously reported)	Six months ended 30 June 2007 (unaudited) (Restated)
Basic and diluted earnings per share		
Net profit for the six month period attributable to equity holders of the parent	25,149	25,149
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	-	(4,239)
Net profit for the six month period attributable to ordinary shareholders of the parent per consolidated income statement	25,149	20,910
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	428,988,300	574,801,008
Earnings per share – basic and diluted (tenge)	58.62	36.38
	Three months ended 30 June 2007 (unaudited) (As previously reported)	Three months ended 30 June 2007 (unaudited) (Restated)
Basic and diluted earnings per share		
Net profit for the three month period attributable to equity holders of the parent	13,149	13,149
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	-	(2,222)
Net profit for the three month period attributable to ordinary shareholders of the parent per consolidated income statement	13,149	10,927
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	429,010,008	574,822,716
Earnings per share – basic and diluted (tenge)	30.65	19.01

24. RESTATEMENT OF CASH FLOWS

The Group noted an error in the calculation of the change in minimum reserve deposits, net interest accruals and unrealized foreign exchange loss in the cash flow statement. As such, the Group is restating the condensed interim consolidated statement of cash flows for the six months period ended 30 June 2007 to correct these errors.

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

	Six months ended 30 June 2007 (unaudited) As previously reported (KZT million)	Six months ended 30 June 2007 (unaudited) Restated (KZT million)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Adjustments for:		
Change in interest accruals, net	(6,017)	(6,156)
Unrealized foreign exchange loss	(1,458)	6,305
Fair value change of financial assets at fair value through profit or loss, net	(12,385)	(10,629)
Cash inflow from operating activities before changes in operating assets and liabilities	46,529	55,910
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets and liabilities:		
Minimum reserve deposit with National Bank of the Republic of Kazakhstan	(17,861)	45,279
Minimum reserve deposit with National Bank of the Kyrgyz Republic	-	(51)
Financial assets at fair value through profit or loss	61,458	59,702
Loans and advances from banks	(48,492)	(48,353)
Other liabilities	7,869	106
Cash outflow from operating activities before taxation	(309,274)	(246,184)
Net cash outflow from operating activities	(311,092)	(248,002)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(42,694)	20,396
CASH AND CASH EQUIVALENTS, beginning of period	114,215	59,403
CASH AND CASH EQUIVALENTS, end of period	70,932	79,210