JSC HALYK BANK

Interim Financial Information (Unaudited)
For the three months ended 31 March 2008

and Report on Review of Interim Financial Information

JSC HALYK BANK

TABLE OF CONTENTS

JSC HALYK BANK

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

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

Management is responsible for the preparation of the interim financial information that present fairly the financial position of the Group at 31 March 2008, the results of its operations, cash flows and changes in equity for the three-month period then ended, in accordance with International Financial Reporting Standards ("IFRS").

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

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS have 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 interim financial information of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud, errors and other irregularities.

On behalf of the Management Board:

Grigory A. Marchenko	**Pavel A. Cheussov**
Chairman of the Board	**Chief Accountant**
20 May 2008	20 May 2008

Deloitte.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed interim consolidated balance sheet of JSC "Halyk Bank" and its subsidiaries (collectively, the "Group") as at 31 March 2008 and the related condensed interim consolidated income statement, the condensed interim consolidated statements of changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Deloitte LLP

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

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

20 May 2008
Almaty, Kazakhstan

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008 (UNAUDITED)
(Millions of Kazakhstani Tenge)

	Notes	31 March 2008 (unaudited)	31 December 2007
ASSETS			
Cash and cash equivalents	5	267,112	255,245
Obligatory reserves	6	90,510	87,268
Financial assets at fair value through profit or loss	7	16,365	48,073
Amounts due from credit institutions	8	5,178	3,398
Available-for-sale investment securities	9	124,476	107,839
Loans to customers	10	1,100,462	1,040,273
Property and equipment		25,637	22,766
Goodwill		3,265	3,265
Intangible assets		4,553	3,841
Insurance assets	11	7,885	3,886
Other assets	12	20,942	19,221
TOTAL ASSETS		1,666,385	1,595,075
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	13, 30	1,016,687	935,429
Amounts due to credit institutions	14	218,367	247,452
Financial liabilities at fair value through profit or loss	7	4,800	2,851
Debt securities issued	15	226,130	224,886
Provisions	16	3,067	1,885
Deferred tax liability	17	3,614	3,897
Insurance liabilities	11	11,895	7,389
Other liabilities	18	11,411	10,261
Total liabilities		1,495,971	1,434,050
EQUITY			
Share capital		65,546	65,531
Share premium reserve		1,950	1,952
Treasury shares		(66)	(66)
Retained earnings and other reserves		101,318	92,253
		168,748	159,670
Minority interest		1,666	1,355
Total equity		170,414	161,025
TOTAL LIABILITIES AND EQUITY		1,666,385	1,595,075

On behalf of the Management Board:

Grigory A. Marchenko	**Pavel A. Cheussov**
Chairman of the Board	**Chief Accountant**
20 May 2008	20 May 2008
Almaty, Kazakhstan	Almaty, Kazakhstan

The notes on pages 12 to 40 form an integral part of this interim financial information.

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT
FOR THREE MONTHS ENDED 31 MARCH 2008 (UNAUDITED)

(Millions of Kazakhstani Tenge, except for earnings per share which is in Tenge)

	Notes	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
Interest income	20	43,219	25,431
Interest expense	20	(24,115)	(10,869)
NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE		19,104	14,562
Impairment charge	16	(1,401)	(6)
NET INTEREST INCOME		17,703	14,556
Fee and commission income	21	6,169	5,402
Fee and commission expense	21	(324)	(243)
Fees and commissions, net		5,845	5,159
Net loss from financial assets and liabilities at fair value through profit or loss	22	(2,573)	(97)
Net realized (loss)/gain from available-for-sale investment securities		(57)	391
Net gain on foreign exchange operations	23	1,499	1,239
Insurance underwriting income	24	2,019	1,156
Share of loss of associates		(8)	(7)
Other income		498	776
OTHER NON-INTEREST INCOME		1,378	3,458
Operating expenses	25	(10,132)	(8,985)
(Provisions)/recoveries of provisions	16	(1,124)	772
Insurance claims incurred, net of reinsurance	11	(1,056)	(338)
NON-INTEREST EXPENSES		(12,312)	(8,551)
INCOME BEFORE INCOME TAX EXPENSE		12,614	14,622
Income tax expense	17	(2,814)	(3,775)
NET INCOME		9,800	10,847
Attributable to:			
Minority interest		98	30
Preferred shareholders		937	1,052
Common shareholders		8,765	9,765
		9,800	10,847
Basic earnings per share (in Kazakhstani Tenge)	26	8.94	10.03
Diluted earnings per share (in Kazakhstani Tenge)	26	7.87	5.90

On behalf of the Management Board:

Grigory A. Marchenko
Chairman of the Board

20 May 2008
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

20 May 2008
Almaty, Kazakhstan

The notes on pages 12 to 40 form an integral part of this interim financial information.

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THREE MONTHS ENDED 31 MARCH 2008 (UNAUDITED)
(Millions of Kazakhstani Tenge)

	Notes	Common Shares	Share Capital Non-Convertible Preferred Shares	Convertible Preferred Shares	Share Premium Reserve	Treasury Shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property and equipment revaluation reserve*	Retained Earnings*	Total	Minority Interest	Total Equity
31 December 2007		49,824	2,474	13,233	1,952	(66)	78	(371)	278	92,268	159,670	1,355	161,025
Exchange differences on translation of foreign operations		-	-	-	-	-	(100)	-	-	(2)	(102)	-	(102)
(Loss)/gain on revaluation of available-for -sale investment securities, net of tax of nil tenge		-	-	-	-	-	-	(592)	-	-	(592)	97	(495)
Net income/(loss) recognized directly in equity		-	-	-	-	-	(100)	(592)	-	(2)	(694)	97	(597)
Transfers (net of any related tax):													
Loss transferred to income statement on sale of available-for-sale investment securities		-	-	-	-	-	-	57	-	-	57	-	57
Release of property and equipment revaluation reserve on disposal of previously revalued assets		-	-	-	-	-	-	-	(3)	3	-	-	-

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THREE MONTHS ENDED 31 MARCH 2008 (UNAUDITED)
(Millions of Kazakhstani Tenge)

Net income									9,702	9,702	98	9,800
Total recognized income and expense	-	-	-	-	-	(100)	(535)	(3)	9,703	9,065	195	9,260
Common shares issued	13	-	-	-	-	-	-	-	-	13	40	53
Convertible preferred shares issued	-	-	2	-	-	-	-	-	-	2	-	2
Treasury shares purchased	-	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Changes in minority interest share of net assets	-	-	-	-	-	-	-	-	-	-	76	76
31 March 2008 (unaudited)	49,837	2,474	13,235	1,950	(66)	(22)	(906)	275	101,971	168,748	1,666	170,414

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THREE MONTHS ENDED 31 MARCH 2008 (UNAUDITED)
(Millions of Kazakhstani Tenge)

	Notes	Common Shares	Share Capital Non-Convertible Preferred Shares	Convertible Preferred Shares	Share Premium Reserve	Treasury Shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property and equipment revaluation reserve*	Retained Earnings*	Total	Minority Interest	Total Equity
31 December 2006		44,977	2,474	13,233	2,183	(38)	-	258	285	56,193	119,565	1,062	120,627
Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	35	-	35	-	35
Loss on revaluation of available-for -sale investment securities, net of tax of nil tenge		-	-	-	-	-	-	(187)	-	-	(187)	(65)	(252)
Net (loss)/income recognized directly in equity		-	-	-	-	-	-	(187)	35	-	(152)	(65)	(217)
Transfers (net of any related tax):													
Loss transferred to income statement on sale of available-for-sale investment securities		-	-	-	-	-	-	391	-	-	391	-	391
Release of property and equipment revaluation reserve on disposal of previously revalued assets		-	-	-	-	-	-	-	(2)	2	-	-	-
Net income		-	-	-	-	-	-	-	-	10,817	10,817	30	10,847
Total recognized income and expense		-	-	-	-	-	-	204	33	10,819	11,056	(35)	11,021

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THREE MONTHS ENDED 31 MARCH 2008 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Share Capital Common Shares	Non-Convertible Preferred Shares	Convertible Preferred Shares	Share Premium Reserve	Treasury Shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment Securities*	Property and equipment revaluation Reserve*	Retained Earnings*	Total	Minority Interest	Total Equity
Common shares issued		4,371	-	-	-	-	-	-	-	-	4,371	-	4,371
Treasury shares purchased		-	-	(7)	(176)	(3)	-	-	-	-	(186)	-	(186)
31 March 2007 (unaudited)		49,348	2,474	13,226	2,007	(41)	-	462	318	67,012	134,806	1,027	135,833

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

On behalf of the Management Board:

Grigory A. Marchenko
Chairman of the Board

20 May 2008
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

20 May 2008
Almaty, Kazakhstan

The notes on pages 12 to 40 form an integral part of this interim financial information.

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

(Millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income tax expense		12,614	14,622
Adjustments for:			
Impairment charge	16	1,401	6
Provisions/(recoveries of provisions)	16	1,124	(772)
Depreciation and amortization expenses	25	1,001	740
Loss/(gain) from disposal of property and equipment and other assets		1	(23)
Claims incurred	11	1,056	338
Change in unearned insurance premiums reserve, net	11	(1,974)	(327)
Net loss from financial assets and liabilities at fair value through profit and loss		101	33
Other		64	7
Unrealized foreign exchange loss		(91)	(363)
Cash flows from operating activities before changes in net operating assets		15,297	14,261
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets:			
Obligatory reserves		(3,443)	1,542
Financial assets at fair value through profit or loss		31,585	(2,024)
Amounts due from credit institutions		(2,064)	(260)
Loans to customers		(62,915)	(46,804)
Insurance assets		(5,818)	(338)
Other assets		(1,329)	(6,254)
Increase/(decrease) in operating liabilities:			
Financial liabilities at fair value through profit or loss		1,956	(488)
Amounts due to customers		82,662	(26,668)
Amounts due to credit institutions		(28,510)	(12,711)
Insurance liabilities		7,243	327
Provisions		58	
Other liabilities		3,401	7,451
Net cash inflow/(outflow) from operating activities before income taxes		38,123	(71,966)
Income tax paid		(4,206)	(5,988)
Net cash inflow/(outflow) from operating activities		33,917	(77,954)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase and prepayment for property and equipment and intangible assets		(3,974)	(1,909)
Proceeds on sale of property and equipment		1,103	23
Proceeds on sale of available-for-sale investment securities		38,586	112,328
Purchase of available-for-sale investment securities		(55,229)	(111,187)
Purchase of intangible assets		(1,714)	-
Net cash flows used in investing activities		(21,228)	(745)

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

(Millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds on common shares issued		3	4,371
Proceeds on convertible preferred shares issued		2	-
Purchase of treasury shares		(2)	(186)
Proceeds on debt securities issued		-	9,825
Net cash flows from financing activities		3	14,010
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		(825)	35
Net change in cash and cash equivalents		11,867	(64,654)
CASH AND CASH EQUIVALENTS, beginning of the period		255,245	127,799
CASH AND CASH EQUIVALENTS, end of the period	5	267,112	63,145
SUPPLEMENTARY INFORMATION:			
Interest received		35,119	21,152
Interest paid		17,794	9,217

On behalf of the Management Board:

Grigory A. Marchenko
Chairman of the Board

20 May 2008
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

20 May 2008
Almaty, Kazakhstan

The notes on pages 12 to 40 form an integral part of this interim financial information.

1. PRINCIPAL ACTIVITIES

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

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

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

As at 31 March 2008 the Group was controlled by Almex via its 62.09% share of all Bank's outstanding shares (as at 31 December 2007 – 62.09%). The Group is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva.

As at 31 March 2008 the Bank operated through its head office in Almaty and its 22 regional branches, 125 sub-regional offices and 482 cash settlement units (as at 31 December 2007 - 22, 127 and 473, respectively) located throughout Kazakhstan. The address of the Bank's registered office is: 97 Rozybakiyev Street, Almaty, 050046, Kazakhstan.

The interim financial information was authorized for issue by the Management Board of the Bank on 20 May 2008.

2. BASIS OF PRESENTATION

Accounting basis

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

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

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

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

Consolidated Subsidiaries

This interim financial information includes the following subsidiaries:

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

During 2007, the Group established two subsidiaries in Mongolia: LLP Halyk Dornod and LLP Halyk Astana Dornod. Share capital of LLP Halyk Dornod and LLP Halyk Astana Dornod is equal to KZT 1.2 million and KZT 102.7 million, respectively. As at 31 March 2008 registered activities of LLP Halyk Dornod include only external and internal trading. LLP Halyk Dornod was registered in accordance with Mongolian law with the purpose of obtaining a licence for provision of banking services. LLP Halyk Astana Dornod was registered in accordance with Mongolian law with the purpose of obtaining a licence to provide non-banking financial services. On 28 February 2008 LLP Halyk Astana Dornod obtained license to provide non-banking financial services issued by Mongolian financial regulation commission.

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

Associates

The following associate is accounted for under the equity method:

Associate	Holding, %	Country	Activity	Share in net loss	Total assets	Total liabilities	Equity	Total revenue
As at 31 March 2008 and for the three-month period then ended								
JSC Processing Center	25.14	Kazakhstan	Processing	(8)	583	24	559	12
As at 31 December 2007 and for the year then ended								
JSC Processing Center	25.14	Kazakhstan	Processing	(31)	606	15	591	45

Investments in associate is classified within other assets.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

4. SIGNIFICANT ACCOUNTING ESTIMATES

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

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

The Group uses management’s judgement to estimate the amount of any impairment loss in cases where a borrower has financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Group estimates changes in future cash flows based on past performance, past customer behaviour, observable data indicating an adverse change in the payment status of borrowers in a group, and national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans and receivables. The Group uses management’s judgement to adjust observable data for a group of loans or receivables to reflect current circumstances not reflected in historical data.

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

The carrying amount of the allowance for impairment of loans to customers as at 31 March 2008 is KZT 58,284 million (as at 31 December 2007: KZT 56,697 million).

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

As at 31 March 2008 management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained. Significant additional actual taxes, penalties and interest may be assessed following any challenges by the relevant authorities, which could have a material impact on the Group’s reported net income.

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

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

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

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

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

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	31 March 2008 (unaudited)	31 December 2007
Cash on hand	5,107	2,918
Recorded as loans and receivables in accordance with IAS 39:		
Short-term deposits with Organization for Economic Co-operation and Development countries (the "OECD") based banks	153,463	197,654
Overnight deposits with OECD based banks	98,963	41,278
Correspondent accounts with OECD based banks	6,265	3,101
Correspondent accounts with non-OECD based banks	2,689	2,972
Short-term deposits with Kazakhstan banks	607	7,322
Overnight deposits with non-OECD based banks	18	-
	267,112	255,245

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

	31 March 2008 (unaudited)		31 December 2007	
	KZT	Foreign currencies	KZT	Foreign currencies
Short-term deposits with OECD based banks	-	2.0%-4.2%	-	3.8%-10.0%
Overnight deposits with OECD based banks	-	2.7%-4.0%	-	2.3%-2.7%
Short-term deposits with Kazakhstan banks	5.0%-15.1%	-	3.0%-11.0%	-
Overnight deposits with non-OECD based banks	-	4.0%-12.0%	-	-

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

	31 March 2008 (unaudited)		31 December 2007	
	Carrying value of deposits	Fair value of collateral	Carrying value of deposits	Fair value of collateral
Bonds of Kazakhstan corporations	252	263	-	-
Equity securities of Kazakhstan corporations	205	189	100	113
National Bank of Kazakhstan ("NBK") notes	150	158	5,181	5,431
Treasury bills of the Ministry of Finance of Kazakhstan	-	-	2,001	2,247
	607	610	7,282	7,791

6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	31 March 2008 (unaudited)	31 December 2007
Recorded as loans and receivables in accordance with IAS 39:		
Due from the NBK allocated to obligatory reserves	66,846	59,376
Cash on hand allocated to obligatory reserves	23,664	27,892
	90,510	87,268

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

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

Financial assets at fair value through profit or loss comprise:

	31 March 2008 (unaudited)	31 December 2007
Financial assets held for trading:		
Treasury bills of the Ministry of Finance of Kazakhstan	5,672	32,161
Derivative financial instruments	3,124	3,477
Equity securities of Kazakhstan banks	2,032	1,682
Bonds of the Development Bank of Kazakhstan	1,813	1,964
Equity securities of Kazakhstan corporations	1,608	90
Mutual investment funds shares	1,240	1,245
Bonds of Kazakhstan banks	349	942
Corporate bonds	294	287
Securities of foreign countries and organizations	233	6,225
	16,365	48,073
Subject to repurchase agreements	-	2,976

Financial liabilities at fair value through profit or loss comprise:

	31 March 2008 (unaudited)	31 December 2007
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	4,800	2,851
	4,800	2,851

Interest rates and maturities of financial assets at fair value through profit or loss are presented as follows:

	31 March 2008 (unaudited)		31 December 2007	
	%	Maturity	%	Maturity
Treasury bills of the Ministry of Finance of Kazakhstan	3.4%-6.7%	2008-2014	3.2%-11.3%	2008-2014
Securities of foreign countries and organizations	-	-	3.1%	2008-2012
Bonds of the Development Bank of Kazakhstan	6.2%	2026	6.2%	2026
Bonds of Kazakhstan banks	8.0%-12.0%	2009	7.5%-13.9%	2009-2011
Corporate bonds	8.0%-11.2%	2010-2011	8.3%-14.1%	2010-2015

Derivative financial instruments comprise:

	31 March 2008 (unaudited)			31 December 2007		
	Nominal amount	Net fair value Asset	Net fair value Liability	Nominal amount	Net fair value Asset	Net fair value Liability
Foreign currency contracts:						
Forwards	41,981	2,966	2,424	110,532	3,364	2,740
Swaps	775	2	8	1,195	-	107
Other	362	85	395	-	-	-
Interest rate contracts:						
Swaps	7,229	71	1,973	1,296	113	4
		3,124	4,800		3,477	2,851

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

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	31 March 2008 (unaudited)	31 December 2007
Recorded as loans and receivables in accordance with IAS 39:		
Term deposits	5,052	2,626
Loans to Kazakhstan credit institutions	454	790
	5,506	3,416
Less - Allowance for loan impairment (Note 16)	(328)	(18)
	5,178	3,398

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

	31 March 2008 (unaudited)		31 December 2007	
	%	Maturity	%	Maturity
Term deposits	7.4%-12.0%	2008-2009	6.0%-13.0%	2008-2009
Loans to Kazakhstan credit institutions	13.0%-17.3%	2008-2015	14.0%-17.3%	2008-2012

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

	31 March 2008 (unaudited)		31 December 2007	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
Equity securities of Kazakhstan corporations	-	-	439	345
Bonds of Kazakhstan banks	-	-	12	13
	-	-	451	358

9. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	31 March 2008 (unaudited)	31 December 2007
NBK notes	60,274	82,318
Corporate bonds	13,737	14,387
Treasury bills of the Ministry of Finance of Kazakhstan	46,947	6,459
Bonds of Kazakhstan banks	1,859	3,047
Equity securities of Kazakhstan corporations	1,177	1,381
Treasury bills of the Kyrgyz Republic	270	101
Local municipal bonds	82	80
Equity securities of foreign corporations	75	66
Equity securities of Kazakhstan banks	55	-
	124,476	107,839
Subject to repurchase agreements	14,033	51,669

Interest rates and maturities of available-for-sale investment securities are presented as follows:

	31 March 2008 (unaudited)		31 December 2007	
	%	Maturity	%	Maturity
NBK notes	5.9%-9.5%	2008	5.5%-9.5%	2008
Corporate bonds	7.5%-18.6%	2009-2017	6.4%-18.6%	2008-2021
Treasury bills of the Ministry of Finance of Kazakhstan	4.3%-19.3%	2008-2014	2.0%-18.6%	2008-2014
Bonds of Kazakhstan banks	8.3%-13.2%	2009-2015	6.4%-18.3%	2008-2016
Treasury bills of the Kyrgyz Republic	5.7%-14.0%	2008-2010	5.6%-14.9%	2008-2009
Local municipal bonds	8.5%	2008	8.5%	2008

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

10. LOANS TO CUSTOMERS

Loans to customers comprise:

	31 March 2008 (unaudited)	31 December 2007
Recorded as loans and receivables in accordance with IAS 39:		
Originated loans to customers	1,148,159	1,087,372
Promissory notes	5,505	5,298
Overdrafts	5,082	4,300
	1,158,746	1,096,970
Less – Allowance for loan impairment (Note 16)	(58,284)	(56,697)
	1,100,462	1,040,273

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

As at 31 March 2008, the Group had a concentration of loans of KZT 155,369 million from the ten largest borrowers that comprised 13% of the Group's total gross loan portfolio (as at 31 December 2007 – KZT 161,592 million; 15%) and 91% of the Group's total equity (as at 31 December 2007 – 100%). As at 31 March 2008 an allowance for loan impairment amounting to KZT 4,677 million was made against these loans (as at 31 December 2007 – KZT 7,967 million).

Loans are made to the following sectors:

	31 March 2008 (unaudited)	**%**	**31 December 2007**	**%**
Retail loans:				
- consumer loans	181,326	16%	161,611	15%
- mortgage loans	161,167	14%	160,663	15%
	342,493		322,274	
Wholesale trade	228,228	20%	223,549	20%
Construction	145,136	13%	147,908	13%
Retail trade	90,362	8%	87,650	8%
Agriculture	70,662	6%	67,112	6%
Services	63,725	5%	59,921	5%
Real estate	52,599	4%	40,141	4%
Metallurgy	32,533	3%	29,913	3%
Oil and gas	30,661	3%	30,289	3%
Transportation	24,026	2%	9,679	1%
Food industry	18,333	1%	16,439	1%
Hotel industry	10,964	1%	10,122	1%
Energy	9,634	1%	6,236	1%
Consumer goods and automobile trading	6,840	1%	9,683	1%
Machinery	6,016	-	7,296	1%
Mining	4,025	-	9,343	1%
Communication	1,415	-	1,323	-
Research and development	853	-	505	-
Other	20,241	2%	17,587	1%
	1,158,746	100%	1,096,970	100%

As at 31 March 2008 the amount of accrued interest on impaired loans comprised KZT 31,575 million (as at 31 December 2007 – KZT 31,878 million).

11. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	31 March 2008 (unaudited)	**31 December 2007**
Reinsurance premium unearned	2,697	1,934
Reinsurance amounts recoverable	422	140
	3,119	2,074
Premiums receivable	3,138	1,664
Deferred costs	1,628	148
Insurance assets	7,885	3,886

Insurance liabilities comprised the following:

	31 March 2008 (unaudited)	31 December 2007
Gross unearned insurance premium reserve	8,002	5,265
Reserves for insurance claims	1,364	805
	9,366	6,070
Payables to reinsurers and agents	2,529	1,319
Insurance liabilities	11,895	7,389

Reserves for insurance claims have been established on the basis of information currently available, including potential outstanding loss notifications and experience with similar claims.

The movements on claims reserves for the three-month periods ended 31 March 2008 and 2007 were as follows:

	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
Reserves for claims, beginning of the period	805	391
Reserves for claims, reinsurance share, beginning of the period	(140)	(189)
Net reserves for claims, beginning of the period	665	202
Plus claims incurred	1,056	338
Less claims paid	(779)	(325)
Net reserves for claims, end of period	942	215
Reserves for claims, reinsurance share, end of period	422	69
Reserves for claims, end of period	1,364	284

The movements on unearned insurance premiums for the three-month periods ended 31 March 2008 and 2007 were as follows:

	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
Gross unearned insurance premium reserve, beginning of the period	5,265	5,290
Unearned insurance premium reserve, reinsurance share, beginning of the period	(1,934)	(2,609)
Net unearned insurance premium reserve, beginning of the period	3,331	2,681
Change in unearned insurance premium reserve	2,737	313
Change in unearned insurance premium reserve, reinsurance share	(763)	14
Change in unearned insurance premium reserve, net	1,974	327
Net unearned insurance premium reserve, end of period	5,305	3,008
Unearned insurance premium reserve, reinsurance share, end of period	2,697	2,595
Gross unearned insurance premium reserve, end of period	8,002	5,603

12. OTHER ASSETS

Other assets comprise:

	31 March 2008 (unaudited)	31 December 2007
Other financial assets recorded as loans and receivables in accordance with IAS 39:		
Other debtors on non-banking activities	2,646	171
Accrued other commission income	1,217	1,037
Accrued commission for managing pension assets	796	1,147
Other debtors on banking activities	180	2,159
Other	823	657
	5,662	5,171
Less – Allowance for impairment (Note 16)	(408)	(504)
	5,254	4,667
Other non financial assets:		
Prepayments for property and equipment	12,948	12,412
Inventory	1,080	871
Investments in associates	260	262
Deferred tax assets (Note 17)	154	220
Other	1,246	789
	20,942	19,221

13. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	31 March 2008 (unaudited)	31 December 2007
Recorded at amortized cost:		
Term deposits:		
Legal entities	397,428	381,139
Individuals	307,730	282,520
	705,158	663,659
Current accounts:		
Legal entities	237,676	196,618
Individuals	73,197	75,152
	310,873	271,770
Restricted accounts	656	-
	1,016,687	935,429

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

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

An analysis of customer accounts by sector follows:

	31 March 2008 (unaudited)	%	31 December 2007	%
Individuals and entrepreneurs	380,927	38%	357,672	38%
Oil and gas	244,198	24%	206,185	22%
Government	75,380	7%	47,130	5%
Financial sector	72,254	7%	57,573	6%
Wholesale trade	54,552	5%	57,105	6%
Other consumer services	50,874	5%	55,889	6%
Transportation	41,099	4%	55,690	6%
Energy	38,753	4%	32,552	4%
Construction	36,311	4%	41,781	5%
Metallurgy	2,600	-	2,724	-
Other	19,739	2%	21,128	2%
	1,016,687	100%	935,429	100%

14. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	31 March 2008 (unaudited)	31 December 2007
Recorded at amortized cost:		
Loans and deposits from OECD based banks	173,513	176,480
Loans and deposits from Kazakhstan banks	38,819	66,889
Loans and deposits from non-OECD based banks	3,025	2,797
Correspondent accounts	1,510	1,286
Overnight deposits	1,500	-
	218,367	247,452

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

	31 March 2008 (unaudited)		31 December 2007	
	%	Maturity	%	Maturity
Loans and deposits from OECD based banks	2.2%-7.9%	2008-2012	3.0%-8.4%	2008-2015
Loans and deposits from Kazakhstan banks	2.2%-11.3%	2008	6.5%-6.6%	2008
Loans and deposits from non-OECD based banks	5.8-8.5%	2008-2012	6.2%-6.7%	2008-2009
Overnight deposits	1.0%	2008	-	-

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

	31 March 2008 (unaudited)		31 December 2007	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
NBK notes	14,033	13,327	51,672	49,151
Treasury bills of the Ministry of Finance of Kazakhstan	-	-	2,973	2,680
	14,033	13,327	54,645	51,831

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

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

15. DEBT SECURITIES ISSUED

Debt securities issued consisted of the following:

	31 March 2008 (unaudited)	31 December 2007
Recorded at amortized cost:		
Subordinated debt securities issued:		
Inflation indexed KZT denominated bonds	19,720	19,221
Fixed rate KZT denominated bonds	11,251	11,229
Reverse inflation indexed KZT denominated bonds	8,470	8,381
Total subordinated debt securities outstanding	39,441	38,831
Unsubordinated debt securities issued:		
USD denominated bonds	147,740	145,017
KZT denominated bonds	38,949	41,038
Total unsubordinated debt securities outstanding	186,689	186,055
Total debt securities outstanding	226,130	224,886

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

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

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

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

16. ALLOWANCES FOR IMPAIRMENT LOSSES AND PROVISIONS

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

	Loans to customers	**Amounts due from credit institutions**	**Other assets**	**Total**
31 December 2006	(33,654)	(6)	(218)	(33,878)
Recovery of provision/(additional provisions recognized)	55	(2)	(59)	(6)
Write-offs	64	-	-	64
Recoveries	(895)	-	(1)	(896)
31 March 2007 (unaudited)	(34,430)	(8)	(278)	(34,716)
31 December 2007	(56,697)	(18)	(504)	(57,219)
Additional provisions recognized	(1,380)	(282)	261	(1,401)
Revaluation	(220)	(28)	(167)	(415)
Write-offs	13	-	2	15
31 March 2008 (unaudited)	(58,284)	(328)	(408)	(59,020)

Allowances for impairment of assets are deducted from the related assets.

The movements in provisions were as follows:

	Three months ended 31 March 2008 (unaudited)	**Three months ended 31 March 2007 (unaudited)**
At the beginning of the period	(1,885)	(3,021)
Recovery of provisions	1,889	3,073
Additional provisions recognized	(3,013)	(2,301)
Revaluation	(58)	-
At the end of the period	(3,067)	(2,249)

Provisions represent provisions against letters of credit and guarantees issued.

17. TAXATION

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

The income tax expense comprises:

	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
Current tax charge	3,031	1,180
Deferred tax charge	(217)	2,595
Income tax expense	2,814	3,775

Kazakhstan legal entities must file individual tax declarations. The tax rate for banks for income other than on state and other qualifying securities was 30% during three months ended 31 March 2008 and 2007. The tax rate for companies other than banks was also 30% during three months ended 31 March 2008 and 2007, except insurance companies which were taxed at 4%. Income on state and other qualifying securities is tax exempt.

Deferred tax assets and liabilities comprise:

	31 March 2008 (unaudited)	31 December 2007
Tax effect of deductible temporary differences:		
Bonuses accrued	754	1,262
Vacation pay accrual	246	212
Insurance premium reserves	212	129
Deferred tax asset	1,212	1,603
Tax effect of taxable temporary differences:		
Loans to customers, allowance for impairment losses	(3,381)	(3,431)
Property and equipment, accrued depreciation	(772)	(1,342)
Provisions, different rates	(132)	(322)
Fair value of derivatives	(387)	(185)
Deferred tax liability	(4,672)	(5,280)
Net deferred tax asset (Note 12)	154	220
Net deferred tax liability	(3,614)	(3,897)

Kazakhstan and other countries where the Group operates currently has a number of laws related to various taxes imposed by both state and regional governmental authorities. Applicable taxes include value added tax, income tax, social taxes, and others. Implementing regulations are often unclear or nonexistent and few precedents have been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organizations; thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

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

18. OTHER LIABILITIES

Other liabilities comprise:

	31 March 2008 (unaudited)	**31 December 2007**
Other financial liabilities:		
Creditors on non-banking activities	1,238	1,101
Other creditors on bank activities	720	95
Payable for general and administrative expenses	164	155
Other	467	175
	2,589	1,526
Other non financial liabilities:		
Salary payable	4,621	5,653
Taxes payable other than income tax	3,299	1,111
Other prepayments received	902	1,015
Current income tax payable	-	956
	11,411	10,261

19. COMMITMENTS AND CONTINGENCIES

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

	31 March 2008 (unaudited)	**31 December 2007**
Commitments to extend credit	40,676	37,746
Guarantees issued	39,146	34,888
Commercial letters of credit	18,246	18,825
Financial commitments and contingencies	98,068	91,459
Less: cash collateral against letters of credit	(656)	(443)
Less: provisions	(3,067)	(1,885)
Total financial commitments and contingencies, net	94,345	89,131

Guarantees issued included above represent financial guarantees where payment is not probable as at the respective balance sheet date, and therefore have not been recorded in the condensed interim consolidated balance sheet. As at 31 March 2008, the ten largest guarantees accounted for 76% of the Group's total financial guarantees (as at 31 December 2007 – 54%) and represented 18% of the Group's total equity (as at 31 December 2007 – 13%).

As at 31 March 2008, the ten largest letters of credit accounted for 84% of the Group's total commercial letters of credit (as at 31 December 2007 – 31%) and represented 9% of the Group's total equity (as at 31 December 2007 – 7%).

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

Trust Activities – In the normal course of its business, the Group enters into agreements with clients to manage the clients' assets with limited decision making rights and in accordance with specific criteria established by the clients. The Group may only be liable for losses or actions aimed at appropriation of the clients' funds if such funds or securities are not returned to the client. The maximum potential financial risk of the Group on any date is equal to the volume of the clients' funds, net of any unrealized income/loss on the client's position. The balance of the clients' funds under the management of the Group, as at 31 March 2008 is KZT 372,425 million (31 December 2007 – KZT 354,005 million).

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

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

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

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

20. NET INTEREST INCOME

	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
Interest income comprises:		
Interest income on financial assets recorded at amortized cost:		
- interest income on impaired assets	40,284	23,178
- interest income on unimpaired assets	464	286
Interest income on available-for-sale investment securities	2,069	1,269
Interest income on financial assets at fair value through profit or loss	402	698
Total interest income	43,219	25,431
Interest income on financial assets recorded at amortized cost comprises:		
Interest income on loans to customers	38,168	22,236
Interest income on amounts due from credit institutions and cash and cash equivalents	2,580	1,228
Total interest income on financial assets recorded at amortized cost	40,748	23,464
Interest income on financial assets at fair value through profit or loss:		
Interest income on financial assets held-for-trading	402	698
Total interest income on financial assets at fair value through profit or loss	402	698
Interest income on available-for-sale investment securities	2,069	1,269
Total interest income	43,219	25,431
Interest expense comprises:		
Interest expense on financial liabilities recorded at amortized cost	(24,115)	(10,869)
Total interest expense	(24,115)	(10,869)
Interest expense on financial liabilities recorded at amortized cost comprise:		
Interest expense on amounts due to customers	(16,604)	(6,436)
Interest expense on debt securities issued	(4,345)	(2,770)
Interest expense on amounts due to credit institutions	(3,166)	(1,663)
Total interest expense on financial liabilities recorded at amortized cost	(24,115)	(10,869)
Net interest income before impairment charge	19,104	14,562

21. FEES AND COMMISSIONS

Fee and commission income was derived from the following sources:

	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
Bank transfers	2,010	1,632
Pension fund and asset management	1,362	907
Cash operations	772	761
Plastic cards maintenance	550	407
Maintenance of customer accounts	445	122
Letters of credit and guarantees issued	389	389
Customers’ pension payments	343	372
Utilities payments	65	61
Foreign currency operations	50	7
Other	183	744
	6,169	5,402

Fee and commission expense comprised the following:

	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
Plastic cards	(174)	(139)
Bank transfers	(30)	(30)
Foreign currency operations	(19)	(20)
Other	(101)	(54)
	(324)	(243)

22. NET LOSS FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Net loss on financial assets and liabilities at fair value through profit or loss comprises:

	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
Net loss on operations with financial assets and liabilities classified as held for trading:		
(Loss)/gain on trading operations	(2,413)	36
Net fair value adjustment	(160)	(133)
	(2,573)	(97)

23. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

Net gain on foreign exchange operations comprises:

	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
Dealing, net	1,374	2,288
Translation differences, net	125	(1,049)
	1,499	1,239

24. INSURANCE UNDERWRITING INCOME

Insurance underwriting income comprised:

	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
Insurance premiums written, gross	5,711	2,354
Ceded reinsurance share	(1,718)	(871)
Change in unearned insurance premiums, net	(1,974)	(327)
	2,019	1,156

25. OPERATING EXPENSES

Operating expenses comprised:

	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
Salaries and other employee benefits	5,641	5,471
Depreciation and amortization expenses	1,001	740
Deposit insurance	529	406
Rent	419	239
Taxes other than income tax	389	361
Repair and maintenance	299	164
Insurance agency fees	282	238
Security	241	202
Communication	233	168
Advertisement	182	163
Business trip expenses	135	119
Transportation	94	72
Professional services	90	31
Information services	55	64
Stationery and office supplies	49	63
Social events	21	3
Charity	19	3
Other	453	478
	10,132	8,985

26. EARNINGS PER SHARE

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

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

The following table presents basic and diluted earnings per share:

	Three months ended 31 March 2008 (unaudited)	Three months ended 31 March 2007 (unaudited)
Basic earnings per share		
Net income for the period attributable to common shareholders	8,765	9,765
Weighted average number of common shares for the purposes of basic earnings per share	979,975,349	973,796,705
Basic earnings per share (in Kazakhstani Tenge)	8.94	10.03
Diluted earnings per share		
Net income for the period attributable to common shareholders	8,765	9,765
Add: Additional dividends that would be paid on full distribution of profit to the convertible preferred shareholders	717	804
Less: Amounts payable to convertible preferred shareholders upon conversion	(1,139)	(4,355)
Earnings used in the calculation of total diluted earnings per share	8,343	6,214
Weighted average number of common shares for the purposes of basic earnings per share	979,975,349	973,796,705
Shares deemed to be issued:		
Weighted average number of common shares that would be issued for the convertible preferred shares	80,150,002	80,211,148
Weighted average number of common shares for the purposes of diluted earnings per share	1,060,125,351	1,054,007,853
Diluted earnings per share (in Kazakhstani Tenge)	7.87	5.90

27. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

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

	31 March 2008 (unaudited)			**31 December 2007**		
	KZT	**Foreign currencies**	**Total**	**KZT**	**Foreign currencies**	**Total**
FINANCIAL ASSETS:						
Cash and cash equivalents	4,772	262,340	267,112	9,831	245,414	255,245
Obligatory reserves	23,664	66,846	90,510	30,122	57,146	87,268
Financial assets at fair value through profit or loss	12,986	3,379	16,365	37,248	10,825	48,073
Amounts due from credit institutions	4,856	322	5,178	3,084	314	3,398
Available-for-sale investment securities	122,333	2,143	124,476	106,886	953	107,839
Loans to customers	681,992	418,470	1,100,462	621,285	418,988	1,040,273
Other financial assets	3,214	2,040	5,254	3,208	1,459	4,667
	853,817	755,540	1,609,357	811,664	735,099	1,546,763
FINANCIAL LIABILITIES:						
Amounts due to customers	536,987	479,700	1,016,687	548,136	387,293	935,429
Amounts due to credit institutions	30,861	187,506	218,367	79,989	167,463	247,452
Financial liabilities at fair value through profit or loss	2,799	2,001	4,800	-	2,851	2,851
Debt securities issued	78,390	147,740	226,130	79,869	145,017	224,886
Other financial liabilities	425	2,164	2,589	267	1,259	1,526
	649,462	819,111	1,468,573	708,261	703,883	1,412,144
Net balance sheet position	204,355	(63,571)	140,784	103,403	31,216	134,619

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

Liquidity Risk – Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due. Short-term liquidity needs are managed by the Bank's Treasury function collecting daily customers' cash inflow/outflow forecasts. Long-term liquidity management is performed by the Assets and Liabilities Management Committee by analyzing longer term liquidity positions and making decisions on managing significant gaps through various available means. The Assets and Liabilities Management Committee within the authority approved by the Board sets limits on the minimum proportion of maturing funds available to meet deposit withdrawals and on the minimum level on interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the balance sheet date to the contractual maturity date, except for financial assets at fair value through profit or loss which are included in the column "On demand" as they are available to meet the Group's short-term liquidity needs. The presentation below is based upon the information provided internally to key management personnel of the entity.

	31 March 2008 (unaudited)						
	On demand	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 3 years**	**Over 3 years**	**Total**
FINANCIAL ASSETS:							
Cash and cash equivalents	10,401	256,186	525	-	-	-	267,112
Obligatory reserves	27,550	15,398	5,988	26,044	10,211	5,319	90,510
Financial assets at fair value through profit or loss	16,365	-	-	-	-	-	16,365
Amounts due from credit institutions	-	-	-	1,507	3,637	34	5,178
Available-for-sale investment securities	2,763	16,462	53,214	14,152	20,461	17,424	124,476
Loans to customers	32,689	40,199	80,699	469,401	284,051	193,423	1,100,462
Other financial assets	2,213	1,232	106	1,647	56	-	5,254
	91,981	329,477	140,532	512,751	318,416	216,200	1,609,357
FINANCIAL LIABILITIES:							
Amounts due to customers	309,461	172,968	67,262	292,552	114,704	59,740	1,016,687
Amounts due to credit institutions	2,801	17,126	26,262	55,539	9,283	107,356	218,367
Financial liabilities at fair value through profit or loss	2,828	46	16	-	-	1,910	4,800
Debt securities issued	-	2,154	453	26,086	132,542	64,895	226,130
Other financial liabilities	631	798	3	1,127	30	-	2,589
	315,721	193,092	93,996	375,304	256,559	233,901	1,468,573
Net position	(223,740)	136,385	46,536	137,447	61,857	(17,701)	
Accumulated gap	(223,740)	(87,355)	(40,819)	96,628	158,485	140,784	

	31 December 2007						
	On demand	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 3 years**	**Over 3 years**	**Total**
FINANCIAL ASSETS:							
Cash and cash equivalents	8,501	246,464	280	-	-	-	255,245
Obligatory reserves	24,099	15,353	10,540	25,708	7,471	4,097	87,268
Financial assets at fair value through profit or loss	48,073	-	-	-	-	-	48,073
Amounts due from credit institutions	-	193	127	2,460	590	28	3,398
Available-for-sale investment securities	2,045	35,350	332	56,493	4,694	8,925	107,839
Loans to customers	9,384	6,024	78,632	485,795	303,862	156,576	1,040,273
Other financial assets	833	1,675	132	1,578	184	265	4,667
	92,935	305,059	90,043	572,034	316,801	169,891	1,546,763
FINANCIAL LIABILITIES:							
Amounts due to customers	258,322	164,571	112,974	275,565	80,078	43,919	935,429
Amounts due to credit institutions	1,836	71,323	11,656	28,393	113,640	20,604	247,452
Financial liabilities at fair value through profit or loss	2,851	-	-	-	-	-	2,851
Debt securities issued	126	-	2,418	913	156,286	65,143	224,886
Other financial liabilities	85	654	724	15	48	-	1,526
	263,220	236,548	127,772	304,886	350,052	129,666	1,412,144
Net position	(170,285)	68,511	(37,729)	267,148	(33,251)	40,225	
Accumulated gap	(170,285)	(101,774)	(139,503)	127,645	94,394	134,619	

28. SEGMENT ANALYSIS

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

Business Segments

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

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

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

There were no transactions between business segments during the three-month periods ended 31 March 2008 and 2007.

Segment information for the main reportable business segments of the Group for the three months ended 31 March 2008 and 2007 is set out below:

	Retail Banking	**Corporate banking**	**Other**	**Total**
Three months ended 31 March 2008 (unaudited)				
External revenues	21,099	29,780	(113)	50,766
Total revenues	21,099	29,780	(113)	50,766
Total revenues comprise:				
- Interest income	16,979	26,240	-	43,219
- Net losses from financial assets and liabilities at fair value through profit or loss	-	-	(2,573)	(2,573)
- Net realized loss from available-for-sale investment securities	-	-	(57)	(57)
- Share of loss of associates	-	(8)	-	(8)
- Net gains on foreign exchange operations	204	1,295	-	1,499
- Fee and commission income	3,916	2,253	-	6,169
- Insurance underwriting income and other income	-	-	2,517	2,517
Total revenues	21,099	29,780	(113)	50,766
- Interest expense on amounts due to customers	(6,787)	(9,817)	-	(16,604)
- Impairment charge	(946)	(455)	-	(1,401)
- Fee and commission expense	(152)	(172)	-	(324)
- Salaries and other employee benefits	(1,341)	(4,300)	-	(5,641)
- Deposit insurance and advertisement expenses	(711)	-	-	(711)
- Other provisions	(61)	(1,063)	-	(1,124)
Segment result	11,101	13,973	(113)	24,961
Total unallocated costs				(12,347)
Income before income tax expense				12,614
Income tax expense				(2,814)
Net income				9,800
Total segment assets	343,848	1,029,145	140,841	1,513,834
Unallocated assets				152,551
Total assets				1,666,385
Total segment liabilities	(380,927)	(638,827)	-	(1,019,754)
Unallocated liabilities				(476,217)
Total liabilities				(1,495,971)
Other segment items:				
Capital expenditure (unallocated)				(3,969)
Depreciation and amortization expense (unallocated)				(1,001)

Three months ended 31 March 2007 (unaudited)	Retail Banking	Corporate banking	Other	Total
External revenues	13,540	18,525	2,226	34,291
Total revenues	13,540	18,525	2,226	34,291
Total revenues comprise:				
- Interest income	9,970	15,461	-	25,431
- Net loss from financial assets and liabilities at fair value through profit or loss	-	-	(97)	(97)
- Net realized gains from available-for-sale investment securities	-	-	391	391
- Share of loss of associates	-	(7)	-	(7)
- Net gains on foreign exchange operations	154	1,085	-	1,239
- Fee and commission income	3,416	1,986	-	5,402
- Insurance underwriting income and other income	-	-	1,932	1,932
Total revenues	13,540	18,525	2,226	34,291
- Interest expense on amounts due to customers	(1,787)	(4,649)	-	(6,436)
- Impairment charge	(6)	-	-	(6)
- Fee and commission expense	(112)	(131)	-	(243)
- Salaries and other employee benefits	(934)	(4,537)	-	(5,471)
- Deposit insurance and advertisement expenses	(569)	-	-	(569)
- Recoveries of provisions	-	772	-	772
Segment result	10,132	9,980	2,226	22,338
Total unallocated costs				(7,716)
Income before income tax expense				14,622
Income tax expense				(3,775)
Net income				10,847
Total segment assets	323,093	976,073	155,912	1,455,078
Unallocated assets				139,997
Total assets				1,595,075
Total segment liabilities	(357,672)	(579,641)	-	(937,313)
Unallocated liabilities				(496,737)
Total liabilities				(1,434,050)
Other segment items:				
Capital expenditure (unallocated)				(1,777)
Depreciation and amortization expense (unallocated)				(740)

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

Geographical segments – Segment information for the main geographical segments of the Group is set out below for the three-month periods ended 31 March 2008 and 2007 and for the periods then ended.

	Kazakhstan	**OECD**	**Non-OECD**	**Total**
31 March 2008 (unaudited)				
Total segment assets	1,405,267	258,691	2,427	1,666,385
31 December 2007				
Total segment assets	1,343,705	242,031	9,339	1,595,075
Three months ended 31 March 2008 (unaudited)				
External revenues	50,316	3	447	50,766
Capital expenditure	(3,969)	-	-	(3,969)
Three months ended 31 March 2007 (unaudited)				
External revenues	32,314	730	1,247	34,291
Capital expenditure	(1,777)	-	-	(1,777)

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

29. SUBSEQUENT EVENTS

On 16 April 2008 the Group issued USD denominated semi-annual unsubordinated bonds with nominal value of USD 500 million, annual coupon rate 9.25% and maturity on 16 October 2013.

30. RELATED PARTY TRANSACTIONS

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

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

	31 March 2008 (unaudited)		**31 December 2007**	
	Related party balances	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Loans to customers before allowance for loan impairment	91	1,158,746	133	1,096,970
- key management personnel of the entity or its parent	43		43	
- other related parties	48		90	
Amounts due to customers	39,952	1,016,687	3,735	935,429
- the parent	37,989		2,673	
- key management personnel of the entity or its parent	956		406	
- other related parties	1,007		656	

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

	Three months ended 31 March 2008 (unaudited)		**Three months ended 31 March 2007 (unaudited)**	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Interest income	-	43,219	96	25,431
- entities with joint control or significant influence over the entity	-		96	
Interest expense	474	24,115	679	10,869
- the parent	422		-	
- entities with joint control or significant influence over the entity	-		674	
- key management personnel of the entity or its parent	28		5	
- other related parties	24		-	

	Three months ended 31 March 2008 (unaudited)		**Three months ended 31 March 2007 (unaudited)**	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Key management personnel compensation:	571	5,641	28	5,471
- short-term employee benefits	571		28	