JOINT STOCK COMPANY
HALYK BANK KAZAKHSTAN

Condensed Interim Financial Information (Unaudited)
For the six months ended 30 June 2007

and Report on Review of Interim Financial Information

JOINT STOCK COMPANY HALYK BANK KAZAKHSTAN

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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 2007

The following statement, which should be read in conjunction with independent auditors' responsibilities stated in the independent auditors' report on review of condensed interim consolidated financial information, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the unaudited condensed interim consolidated financial information of Joint Stock Company Halyk 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 2007, and the results of its operations, cash flows and changes in equity for the six months ended 30 June 2007, in accordance with International Financial Reporting Standards ("IFRS").

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 IFRS have been followed, subject to any material departures disclosed and explained in the condensed interim consolidated financial information; 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 comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

On behalf of the Management Board of the Bank:

Grigory A. Marchenko
Chairman of the Board

Pavel A. Cheussov
Chief Accountant

17 August 2007

Deloitte.

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of JSC Halyk Bank Kazakhstan:

We have reviewed the accompanying condensed interim consolidated balance sheet of JSC "Halyk Bank Kazakhstan" and subsidiaries (collectively – the "Group") as at 30 June 2007 and the related condensed interim consolidated income statements for the six-month period then ended and condensed interim statement of changes in equity and condensed interim cash flows for the six-month period then ended, and a summary of significant accounting policies and other selected explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim consolidated financial information in accordance with International Financial Reporting Standards ("IFRS"). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information does not present fairly, in all material respects, the financial position of the Group as at 30 June 2007, and of its financial performance and its cash flows for the six-month period then ended in accordance with IFRS.

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

Nurlan Bekenov
General Director and Engagement Partner
Deloitte, LLP

17 August 2007

Almaty, Kazakhstan

JOINT STOCK COMPANY HALYK BANK KAZAKHSTAN

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007 (UNAUDITED)
(Millions of Kazakhstani tenge)

	Notes	30 June 2007 (Unaudited)	31 December 2006
ASSETS			
Cash and cash equivalents	5	190,167	127,799
Obligatory reserves	6	74,423	55,106
Financial assets at fair value through profit or loss	7	51,995	53,016
Amounts due from credit institutions	8	6,207	2,049
Investment securities available-for-sale	9	139,837	123,339
Loans to customers	10	780,372	596,216
Property, equipment and intangible assets		23,370	21,215
Insurance assets	12	4,983	5,626
Other assets	13	15,597	6,993
TOTAL ASSETS		1,286,951	991,359
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	15	612,006	597,935
Amounts due to credit institutions	16	271,880	118,719
Debt securities issued	17	236,826	134,413
Provisions	11	1,911	3,021
Deferred tax liability	14	3,376	2,530
Insurance liabilities	12	7,651	7,535
Other liabilities	18	12,144	6,579
Total liabilities		1,145,794	870,732
EQUITY			
Share capital	19	64,316	60,684
Share premium reserve		2,183	2,183
Treasury shares	19	(234)	(38)
Retained earnings and other reserves		73,862	56,736
		140,127	119,565
Minority interest		1,030	1,062
Total equity		141,157	120,627
TOTAL LIABILITIES AND EQUITY		1,286,951	991,359

On behalf of the Management Board of the Bank:

Grigory A. Marchenko
Chairman of the Board

Pavel A. Cheussov
Chief Accountant

17 August 2007

The accompanying notes on pages 8 to 35 are an integral part of this interim condensed consolidated financial information

JOINT STOCK COMPANY HALYK BANK KAZAKHSTAN

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

(Millions of Kazakhstani tenge)

	Notes	Six months ended 30 June 2007 (Unaudited)	Six months ended 30 June 2006 (Unaudited)
INTEREST INCOME			
Loans to customers		47,735	31,361
Debt securities		4,418	1,971
Amounts due from credit institutions		2,697	2,174
		54,850	35,506
INTEREST EXPENSE			
Amounts due to customers		(13,542)	(7,730)
Debt securities issued		(7,106)	(3,614)
Amounts due to credit institutions		(3,539)	(3,192)
		(24,187)	(14,536)
NET INTEREST INCOME BEFORE IMPAIRMENT		30,663	20,970
Impairment charge	11	(6,169)	(7,045)
NET INTEREST INCOME		24,494	13,925
FEES AND COMMISSIONS			
Fee and commission income	21	12,421	10,293
Fee and commission expense		(946)	(427)
		11,475	9,866
NON-INTEREST INCOME			
Net losses from financial assets at fair value through profit or loss		(68)	(1,155)
Net gains/ (losses) from available-for-sale investment securities		686	(175)
Net gains from dealing in foreign currencies		7,448	1,777
Net losses from translation of foreign currencies		(2,670)	(499)
Insurance underwriting income	22	2,499	-
Share of losses of associates		(15)	(13)
Other income		1,029	1,219
		8,909	1,154
NON-INTEREST EXPENSE			
Salaries and other employee benefits		(8,797)	(6,744)
Taxes other than income tax		(815)	(729)
Depreciation and amortization expenses		(1,540)	(1,122)
Administrative and operating expenses	23	(4,811)	(2,827)
Insurance claims incurred, net of reinsurance		(756)	-
Other provisions	11	1,107	(579)
		(15,612)	(12,001)
INCOME BEFORE INCOME TAX EXPENSE		29,266	12,944
Income tax expense	14	(7,721)	(2,446)
NET INCOME AFTER INCOME TAX EXPENSE		21,545	10,498
Minority interest in net income		282	373
NET INCOME		21,263	10,125

On behalf of the Management Board of the Bank:

Grigory A. Marchenko
Chairman of the Board

Pavel A. Cheussov
Chief Accountant

17 August 2007

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JOINT STOCK COMPANY HALYK BANK KAZAKHSTAN

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

(Millions of Kazakhstani tenge)

	Share Capital - Common Shares	Share Capital - Non-Convertible Preferred Shares	Share Capital - Convertible Preferred Shares	Share Premium Reserve	Treasury Shares	Revaluation reserve of available-for-sale investment Securities*	Other Reserves*	Retained Earnings*	Total	Minority Interest	Total Equity
31 December 2005	14,222	2,474	12,320	2,192	(16)	301	290	32,215	63,998	446	64,444
Treasury shares purchased	-	-	-	(9)	(22)	-	-	-	(31)	-	(31)
Release of property and equipment revaluation reserve on disposal of previously revalued assets	-	-	-	-	-	-	(2)	2	-	-	-
Net income	-	-	-	-	-	-	-	10,125	10,125	373	10,498
Fair value change of available-for -sale investment securities, net of tax	-	-	-	-	-	654	-	-	654	140	794
Preferred shares issued	-	-	913	-	-	-	-	-	913	-	913
Dividends – preferred shares	-	-	-	-	-	-	-	(1,331)	(1,331)	-	(1,331)
Dividends – common shares	-	-	-	-	-	-	-	(1,355)	(1,355)	-	(1,355)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(58)	(58)
30 June 2006 (Unaudited)	14,222	2,474	13,233	2,183	(38)	955	288	39,656	72,973	901	73,874
31 December 2006	44,977	2,474	13,233	2,183	(38)	258	285	56,193	119,565	1,062	120,627
Fair value change of available-for -sale investment securities, net of tax	-	-	-	-	-	(146)	-	-	(146)	(8)	(154)
Release of property and equipment revaluation reserve on disposal of previously revalued assets	-	-	-	-	-	-	(3)	3	-	-	-
Net income	-	-	-	-	-	-	-	21,263	21,263	282	21,545
Common shares issued	3,632	-	-	-	-	-	-	-	3,632	-	3,632
Treasury shares purchased		-	-	-	(196)	-	-	-	(196)	-	(196)
Dividends – preferred shares	-	-	-	-	-	-	-	(1,578)	(1,578)	-	(1,578)
Dividends – common shares	-	-	-	-	-	-	-	(2,450)	(2,450)	(150)	(2,600)
Acquisition of minority interest in subsidiary	-	-	-	-	-	-	-	-	-	(156)	(156)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	36	1	37	-	37
30 June 2007 (Unaudited)	48,609	2,474	13,233	2,183	(234)	112	318	73,432	140,127	1,030	141,157

*The amounts included within the Revaluation reserve of available-for-sale investment Securities, Other reserves columns and Retained earnings, in the above table, are included within "Retained earning and Other reserves" in the Balance sheet.

On behalf of the Management Board of the Bank:

Grigory A. Marchenko
Chairman of the Board

Pavel A. Cheussov
Chief Accountant

17 August 2007

The accompanying notes on pages 8 to 35 are an integral part of this interim condensed consolidated financial information.

JOINT STOCK COMPANY HALYK BANK KAZAKHSTAN

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

(Millions of Kazakhstani tenge)

	Notes	Six months ended 30 June 2007 (Unaudited)	Six months ended 30 June 2006 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense		29,266	12,944
Adjustments for:			
Impairment charge and other provisions		5,062	7,625
Depreciation and amortization		1,540	1,122
Loss from disposal of property and equipment and other assets		30	191
Insurance reserves change		1,096	-
Net gains from financial assets at fair value through profit and loss		68	1,155
Share of loss of associate		15	12
Unrealized foreign exchange loss		(1,961)	498
Operating income before changes in net operating assets		35,116	23,547
(Increase) decrease in operating assets:			
Obligatory reserves		(19,317)	3,066
Financial assets at fair value through profit or loss		953	(65,111)
Amounts due from credit institutions		(4,126)	1,307
Loans to customers		(190,114)	(37,995)
Insurance assets		643	-
Other assets		(6,743)	102
Increase (decrease) in operating liabilities:			
Amounts due to credit institutions		153,161	(15,268)
Amounts due to customers		14,071	143,539
Insurance liabilities		(980)	-
Other liabilities		5,565	(1,153)
Net cash flows from operating activities before income taxes		(11,771)	52,034
Income tax paid		(6,875)	(2,622)
Net cash flows (used in)/ from operating activities		(18,646)	49,412
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(3,981)	(3,319)
Proceeds from sale of property and equipment		256	(191)
Purchase of available-for-sale investment securities		(16,652)	(1,273)
Purchase of minority share of subsidiary		(156)	-
Net cash flows used in investing activities		(20,533)	(4,783)
CASH FLOWS FROM FINANCING ACTIVITIES			
Common shares issued		3,632	256
Purchase of treasury shares		(196)	(31)
Dividends paid		(4,178)	(2,744)
Debt securities issued		102,413	70,889
Net cash flows from financing activities		101,671	68,370
Effects of exchange rate changes on cash and cash equivalents		(124)	(977)
NET CHANGE IN CASH AND CASH EQUIVALENTS		62,368	112,022
CASH AND CASH EQUIVALENTS, at the beginning of the period		127,799	57,102
CASH AND CASH EQUIVALENTS, at the end of the period		190,167	169,124

On behalf of the Management Board of the Bank:

Grigory A. Marchenko
Chairman of the Board
17 August 2007

Pavel A. Cheussov
Chief Accountant

The accompanying notes on pages 8 to 35 are an integral part of this interim condensed consolidated financial information.

1. PRINCIPAL ACTIVITIES

Joint Stock Company Halyk Bank Kazakhstan (the "Bank") and its subsidiaries (together the "Group") provide retail and corporate banking services in Kazakhstan, Russia and Kyrgyzstan, and pension and asset management and insurance services in Kazakhstan. The Bank was incorporated in 1995 and is domiciled in the Republic of Kazakhstan. The Bank operates under a general banking license 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 licenses for securities operations and custody services from the FMSA, 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 address of the Bank's registered office is: 97 Rozybakiyev Street, Almaty, 050046, Republic of Kazakhstan. The Bank has a primary listing in the Kazakhstan Stock Exchange ("KASE"). In addition, certain of the Bank's debt securities issued are listed on Luxembourg and London Stock Exchanges.

In December 2006, the Bank listed its Global Depository Receipts ("GDRs") through an initial public offering ("IPO") made on the London Stock Exchange. The Bank's controlling shareholder JSC Holding Group Almex ("Almex") placed its shares and obtained all of the IPO proceeds.

As of 30 June 2007, the Bank was controlled by Almex via its 62.08% share in the Bank's equity (31 December 2006 – 64.34%). The Bank is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva.

As of 30 June 2007, the Bank operates through its head office in Almaty and its 19 regional branches, 127 sub-regional offices and 439 cash settlement units (31 December 2006 – 19, 127 and 428, respectively) located throughout Kazakhstan.

2. BASIS OF PREPARATION

General

The interim condensed consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in millions of Kazakhstani tenge ("KZT"), except per share amounts and unless otherwise indicated.

The interim condensed consolidated financial information has been prepared under the historical cost convention except as disclosed in the summary of accounting policies below.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following revision of IAS 39.

According to the revised IAS 39, an entity may designate financial assets and liabilities as at fair value through profit or loss only upon initial recognition when doing so results in more relevant information, because either:

i) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or

ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel (as defined in IAS 24 Related Party Disclosures (revised 2003)), for example the entity's Board of Directors and Chief executive officer.

The adoption of the above pronouncement did not have a significant impact on the Group's condensed interim consolidated financial information.

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

IFRS 8 "Operating Segments";

Amendment to IAS 1 "Presentation of Financial Statements" – "Capital Disclosures";

IFRIC 8 "Scope of IFRS 2";

IFRIC 9 "Reassessment of Embedded Derivatives";

IFRIC 10 "Interim Financial Reporting and Impairment";

IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions"; and

IFRIC 12 "Service Concession Arrangements".

The Group expects that the adoption of the pronouncements listed above will have no significant impact on the Group's interim condensed consolidated financial information in the period of initial application.

Consolidated Subsidiaries

The interim condensed consolidated financial information include the following subsidiaries:

Subsidiary	Holding interest 30 June 2007	31 December 2006	30 June 2006	31 December 2005	Country	Industry
JSC Halyk Leasing	100%	100%	100%	100%	Kazakhstan	Leasing
JSC Kazteleport	100%	100%	100%	100%	Kazakhstan	Telecommunications
HSBK (Europe) B.V.	100%	100%	100%	100%	Netherlands	Issue and placement of Eurobonds
OJSC Halyk Bank Kyrgyzstan	100%	100%	100%	100%	Kyrgyzstan	Banking
JSC Halyk Finance	100%	100%	100%	100%	Kazakhstan	Broker and dealer activities
LLP Halyk Inkassatsiya	100%	100%	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 Kazakhinstrakh	98%	98%	41%	41%	Kazakhstan	Insurance
JSC Accumulated Pension fund of Halyk Bank	85%	85%	85%	85%	Kazakhstan	Pension assets accumulation and management
JSC Bank Khlebny	100%	77%	77%	77%	Russia	Banking
LLP ARIR	-	-	100%	100%	Kazakhstan	Financial markets research

Associates

The following associates are accounted for under the equity method:

Associate	Holding %	Country	Activity	Share in net loss	Total assets	Total liabilities	Equity	Total revenue
JSC Processing Center	25.14	Kazakhstan	Processing	(28)	737	19	718	46

Investments in associates are classified within other assets.

3. SUMMARY OF ACCOUNTING POLICIES

The condensed interim consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard № 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 statements should be read in conjunction with the consolidated financial statements and with the selective notes to the consolidated financial statements of the Group for the year ended 31 December 2006.

The condensed interim consolidated financial statements have been prepared on the accrual basis of accounting under the historical cost convention, except for the revaluation of property and the cost of financial assets and liabilities modified for 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 statements 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 statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to setup of impairment loss provisions on loans and investments, determination of the fair value of financial instruments and determination of the deferred tax liabilities.

Although the condensed interim consolidated financial statements are unaudited, they do reflect 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 periods. All such adjustments to the financial statements 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.

In preparing these condensed interim consolidated financial statements 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 2006 issued on 15 March 2007.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognized in the consolidated financial statements:

- Allowances for impairment of assets and other provisions
- Taxation
- Claims liability arising from insurance contracts
- Goodwill impairment testing

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Allowance for impairment of loans and receivables

The Bank regularly reviews its loans and receivables to assess impairment. The Bank uses its experienced judgement to estimate the amount of any impairment loss in cases where a borrower is in financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Bank estimates changes in future cash flows based on the observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or 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 Bank uses its experienced judgement to adjust observable data for a group of loans or receivables to reflect current circumstances.

Taxation

Kazakh 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. As such, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. As of 30 June 2007, 31 December 2006, management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained.

Claims liability 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 claims incurred but not yet reported (IBNR) at the balance sheet date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the balance sheet claims provision. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are made to the provision. General insurance claims provisions are not discounted for the time value of money.

Goodwill impairment testing

The management of the Group believes that JSC Kazakhinstrakh as a whole represents the appropriate level within the Group at which the goodwill is monitored for management purposes; and, therefore, should be considered as the cash-generating unit for impairment testing purposes. The recoverable amount of a cash-generating unit has been determined based on a value in use calculation. The cash flow projections for the years 2007, 2008 and 2009 were based on the financial budgets approved by the Management Board. The discount rate applied to cash flow projections is 20%; and, the estimated future cash flows, based on a conservative approach beyond the three-year period, are estimated to be equal to the cash flows of the year 2009.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	30 June 2007 (Unaudited)	31 December 2006
Correspondent accounts with the NBRK	42,973	-
Term deposits with the NBRK	40,025	-
Correspondent accounts with OECD based banks	38,239	6,328
Overnight deposits with OECD based banks	24,339	81,495
Cash on hand	20,576	14,931
Overnight deposits with Kazakh banks	12,955	381
Overnight deposits with non-OECD based banks	8,519	-
Correspondent accounts with non-OECD based banks	2,403	1,100
Short-term deposits with non-OECD based banks	138	-
Short-term deposits with Kazakh banks	-	23,564
	190,167	127,799

As at 30 June 2006 interest rates and currencies in which interest earning cash and cash equivalents are denominated follow:

	KZT	Foreign currencies
Overnight deposits with OECD based banks	-	5.38%
Short-term deposits with Kazakh banks	-	
Short-term deposits with OECD based banks	-	-
Short-term loans with Kazakh banks and financial institutions	9%	-
Overnight deposits with Kazakh banks	-	6%
Overnight deposits with non-OECD based banks	-	5.6%

6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	30 June 2007 (Unaudited)	31 December 2006
Due from NBRK allocated to obligatory reserves	74,423	48,318
Cash on hand allocated to obligatory reserves	-	6,788
	74,423	55,106

During 2006, the NBRK changed its reserve requirements in respect of local and international borrowings, which resulted in significant increase in obligatory reserves balances as at 30 June 2007.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	30 June 2007 (Unaudited)	31 December 2006
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	29,141	29,162
Equity securities of Kazakh corporations	6,426	352
Securities in foreign countries and organizations	6,413	-
Eurobonds of Kazakh banks	5,904	3,011
Reverse Repo with debt securities	2,511	-
Corporate bonds	816	5,279
Equity securities of Kazakh banks	489	428
Mutual investment funds shares	176	1,452
Derivative instruments	119	-
Sovereign bonds of the Republic of Kazakhstan	-	6,290
Bonds of the Development Bank of Kazakhstan	-	4,545
NBK notes	-	2,497
Financial assets at fair value through profit or loss	51,995	53,016
Subject to repurchase agreements	973	1,000

Financial assets at fair value through profit or loss were designated by the Group as such upon their initial recognition.

Interest rates and maturities of financial assets at fair value through profit or loss follow:

	30 June 2007 (Unaudited) %	Maturity	31 December 2006 %	Maturity
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	3.35-6.68%	2008-2014	3.35-6.68%	2008-2014
Corporate bonds	7.3-9.5%	2009-2010	7.3-9.5%	2009-2010
Sovereign bonds of the Republic of Kazakhstan	-	-	-	-
Bonds of the Development Bank of Kazakhstan	-	-	5.7-7.3%	2007-2026
Eurobonds of Kazakh banks	5.7-7.3%	2007-2026	-	-
NBK notes	-	-	-	-

8. AMOUNT DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	30 June 2007 (Unaudited)	31 December 2006
Term deposits	3,525	1,885
Due from banks for cash	2,434	-
Loans to Kazakh credit institutions	261	170
	6,220	2,055
Less: Allowance for impairment	(13)	(6)
Amounts due from credit institutions	6,207	2,049

Interest rates and maturity of amounts due from credit institutions follow:

	30 June 2007 (Unaudited)		31 December 2006	
	%	Maturity	%	Maturity
	4.1% -10.60%		4.1% - 10.60%	
Term deposits	4.1%-10.60%	2007-2008	4.1%- 0.60%	2007-2008
Loans to local credit institutions	13%-15%	2007-2011	13%-15%	2007-2011

9. INVESTMENT SECURITIES AVAILABLE FOR SALE

Investment securities available-for-sale comprise:

	30 June 2007 (Unaudited)	31 December 2006
NBRK notes	120,635	107,856
Corporate bonds	14,186	10,166
Bonds of Kazakh banks	2,203	3,085
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	1,563	1,061
Equity securities of Kazakh corporations	929	971
Treasury bills of the Kyrgyz Republic	241	114
Local municipal bonds	80	86
Available-for-sale investments securities	139,837	123,339
Subject to repurchase agreements	87,047	29,500

Interest rates and maturities of investment securities are:

	30 June 2007 (Unaudited)		31 December 2006	
	%	Maturity	%	Maturity
NBK notes	4.5-6.5%	2007-2008	2.9-4.8%	2007
Corporate bonds	7.04-10.42%	2008-2014	7.5-13.0%	2007-2017
Bonds of Kazakh banks	7.0-11.4%	2008-2015	5.9-12.0%	2007-2014
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	4.30%	2014	3.5-5.7%	2008-2014
Local municipal bonds	8.5%	2008	8.5%	2008
Treasury bills of the Kyrgyz Republic	5.2%-16.0%	2007-2008	-	-

10. LOANS TO CUSTOMERS

Loans to customers comprise:

	30 June 2007 (Unaudited)	31 December 2006
Loans to customers	815,455	625,566
Overdrafts	2,693	2,743
Promissory notes	2,637	1,561
	820,785	629,870
Less: Allowance for loan impairment (Note 11)	(40,413)	(33,654)
Loans to customers	780,372	596,216

Loans are made to the following sectors:

	30 June 2007 (Unaudited)	31 December 2006
Retail loans:	233,254	197,181
- mortgage loans	130,440	110,274
- consumer loans	102,814	86,907
Wholesale trade	136,478	113,510
Construction	103,236	70,064
Retail trade	65,368	42,098
Agriculture	64,623	47,474
Oil and gas	48,634	13,532
Real estate	21,555	14,896
Metallurgy	15,129	5,638
Food industry	13,879	10,359
Transportation	13,118	11,503
Energy	11,540	14,745
Hotel industry	8,164	5,811
Consumer goods and automobile trading	4,723	4,639
Mining	3,047	4,835
Communication	2,109	1,888
Research and development	2,050	2,444
Machinery	2,008	2,194
Services	17	23,213
Other	71,853	43,846
	820,785	629,870

11. ALLOWANCES FOR IMPAIRMENT AND OTHER PROVISIONS

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

	Due from credit institutions	Loans to customers	Other assets	Total
31 December 2005	-	(25,921)	(134)	(26,055)
Impairment charge	-	(6,600)	(445)	(7,045)
Write-offs	-	1,345	86	1,431
Revaluation	-	(2,343)	-	(2,343)
30 June 2006 (Unaudited)	-	(33,519)	(493)	(34,012)
31 December 2006	(6)	(33,654)	(217)	(33,877)
Impairment charge	(7)	(5,956)	(206)	(6,169)
Write-offs	-	6	17	23
Revaluation	-	(809)	(341)	(1,150)
30 June 2007 (Unaudited)	(13)	(40,413)	(747)	(41,173)

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

The movements in other provisions were as follows:

	Other Provisions
31 December 2005	(2,280)
Provision	(579)
Write-offs	7
30 June 2006 (Unaudited)	(2,852)
31 December 2006	(3,021)
Provision	1,107
Write-offs	2
Recoveries	1
30 June 2007 (Unaudited)	(1,911)

Other provisions represent provisions against letters of credit and guarantees issued.

12. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	30 June 2007 (Unaudited)	31 December 2006
Unearned insurance premium reserve, reinsurance share	2,829	2,609
Reserves for claims, reinsurance share	110	189
	2,939	2,798
Future periods expenses	509	-
Premiums receivable	1,535	2,828
Insurance assets	4,983	5,626

Insurance liabilities comprised the following:

	30 June 2007 (Unaudited)	31 December 2006
Gross unearned insurance premium reserve	5,988	5,290
Reserves for claims	471	391
	6,459	5,681
Payables on insurance (reinsurance) agreement	300	-
Payables to reinsurers and agents	892	1,854
Insurance liabilities	7,651	7,535

Insurance reserves comprised the following:

	30 June 2007 (Unaudited)	31 December 2006
Unearned insurance premium reserve, reinsurance share	2,829	2,609
Reserves for claims, reinsurance share	110	189
	2,939	2,798
Gross unearned insurance premium reserve	(5,988)	(5,290)
Reserves for claims	(471)	(391)
	(6,459)	(5,681)
Net insurance reserves	(3,520)	(2,883)

Reserves have been established on the basis of information currently available, including potential outstanding loss notifications, experience with similar claims and case law. The reserve for claims incurred but not reported is actuarially determined by lines of business and is based on statistical claims' data for the period typical for loss development of the classes and sub-classes of business, the Group's previous experience and availability of data. While management considers that the gross reserve for claims and the related reinsurance recoveries are fairly stated on the basis of the information available to them, the ultimate liability may vary as a result of subsequent information and events and may result in adjustments to the amounts provided.

Any adjustments to the amount of reserves will be reflected in the consolidated financial statements in the period in which the necessary adjustments become known and estimable.

13. OTHER ASSETS

As at 30 June 2007, other assets comprised Prepayments for fixed assets in amount of 7,653 million tenge (31 December 2006: 1,419 million tenge) and Accrued income on forward operations with foreign currency in amount of 2,230 million tenge (31 December 2006: 94 million tenge).

14. TAXATION

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

The income tax expense comprises:

	For six months ended 30 June 2007 (Unaudited)	For six months ended 30 June 2006 (Unaudited)
Current tax charge	(6,223)	(2,446)
Deferred tax charge	(1,498)	-
Income tax expense	(7,721)	(2,446)

Kazakhstani legal entities must file individual tax declarations. The tax rate for banks for income other than on state and other qualifying securities was 30% for 30 June of 2007 and 31 December of 2006. The tax rate for companies other than banks was also 30% for 30 June of 2007 and 31 December of 2006, except for insurance companies taxed at 4%. Income on state and other qualifying securities is tax exempt.

The effective income tax rate differs from the statutory income tax rates. A reconciliation of the income tax expense based on statutory rates with actual is as follows:

	For the six months ended 30 June 2007 (unaudited)	For the six months ended 30 June 2006 (unaudited)
Income before income tax expense	29,266	12,944
Statutory tax rate	30%	30%
Tax expense at the statutory rate	(8,780)	(3,883)
Tax exempt interest income on mortgage loans and long-term loans issued by the Bank to modernize equipment	958	1,201
Tax exempt interest income and other related income on state and other qualifying securities	1,338	434
Non deductible expenditures:		
- other provisions	(126)	(360)
- general and administrative expenses	(788)	(44)
- withholding tax on interest	(44)	(34)
- charity	(9)	(11)
- interest on deposits to non-residents	-	(40)
- other	(270)	291
Income tax expense	(7,721)	(2,446)

Deferred tax assets and liabilities comprise:

	30 June 2007 (Unaudited)	31 December 2006
Tax effect of deductible temporary differences		
Bonuses accrued	799	870
Deferred tax asset	799	870
Tax effect of taxable temporary differences:		
Loans to customers	(2,548)	(1,599)
Property and equipment	(1,627)	(1,801)
Deferred tax liability	(4,175)	(3,400)
Net deferred tax liability	(3,376)	(2,530)

15. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	30 June 2007 (Unaudited)	31 December 2006
Term deposits		
Individuals	188,823	157,281
Commercial entities	186,433	263,192
Governmental entities	45,244	27,908
Non-governmental non-commercial entities	1,576	-
	422,076	448,381
Current accounts		
Commercial entities	87,171	66,809
Individuals	67,274	52,597
Governmental entities	34,201	29,438
Non-governmental non-commercial entities	1,270	-
	189,916	148,844
Guarantees and other restricted accounts	14	710
Amounts due to customers	612,006	597,935

An analysis of customer accounts by sector follows:

	30 June 2007 (Unaudited)	31 December 2006
Individuals and entrepreneurs	256,097	209,877
Water collection, clearance and distribution	62,045	61
Oil and gas	61,526	81,319
Services for enterprises	38,558	24,538
Other transportation	31,324	44,168
Metallurgy	29,207	102,345
Financial sector	18,037	67,540
Construction	15,629	17,291
Energy	15,113	12,843
Wholesale trade	11,463	15,780
Research and development	7,984	3,871
Education	7,037	5,108
Transportation of oil and gas	1,569	1,794
Other	56,417	11,400
	612,006	597,935

16. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	30 June 2007 (Unaudited)	31 December 2006
Loans from OECD based banks	211,625	73,126
Loans from Kazakh banks	29,309	36,007
Overnight deposits	29,197	3,338
Correspondent accounts	1,636	525
Loans from non-OECD based banks	113	5,073
Loans from other financial institutions	-	650
Amounts due to credit institutions	271,880	118,719

Interest rates and maturities of amounts due to credit institutions follow:

	30 June 2007 (Unaudited)		31 December 2006	
	%	Maturity	%	Maturity
Loans from OECD based banks	2.3%-8.37%	2007-2015	2.3%-8.37%	2007-2015
Loans from non-OECD based banks	4.64%-6.66%	2007-2012	4.64%-6.66%	2007-2012
Loans from Kazakh banks	0.7%-7.00%	2007	0.7%-7.00%	2007
Loans from other financial institutions	5.89%-8.36%	2007-2012	5.89%-8.36%	2007-2012
Overnight deposits	2.5%-4.8%	2007	2.5%-4.8%	2007

Financial covenants

In accordance with the contractual terms of the loans from certain OECD based banks and EBRD, the Bank is required to maintain certain financial ratios, particularly with regard to its liquidity, capital adequacy and lending exposures. In addition, and in accordance with the terms of certain of those loans, the Bank is required to obtain the approval of the lender before distributing any dividends to the common shareholders other than dividend shares. Furthermore, certain of the Bank's outstanding financing agreements include covenants restricting the Bank's ability to create security interests over its assets. In addition, should the Bank default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Bank's other financing arrangements. As of 30 June 2007 and 31 December 2006, management believes that the Bank was in compliance with the covenants of the various debt agreements the Bank has with other banks and financial institutions.

17. DEBT SECURITIES ISSUED

Debt securities issued consisted of the following:

	30 June 2007 (Unaudited)	31 December 2006
Fixed rate KZT denominated bonds	20,164	20,139
Inflation indexed KZT denominated bonds	4,996	5,005
Reverse inflation indexed KZT denominated bonds	4,056	4,049
USD denominated bonds	2	3,742
Subordinated debt securities issued	29,218	32,935
Less: subordinated debt securities held by the Group	(572)	(2,227)
Subordinated debt securities issued	28,646	30,708
USD denominated bonds	148,159	64,154
KZT denominated bonds	60,029	41,002
Unsubordinated debt securities issued	208,188	105,156
Less: unsubordinated debt securities held by the Group	(8)	(1,451)
Unsubordinated debt securities issued	208,180	103,705
Debt securities issued	236,826	134,413

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

	30 June 2007 (Unaudited)		31 December 2006	
	%	Maturity	%	Maturity
Subordinated debt securities issued				
KZT denominated bonds	7.5%-9.0%	2009-2015	7.5%-9.6%	2007-2015
Reverse inflation indexed KZT denominated bonds	7.2%-7.3% (15.0% minus inflation rate)	2015	6.1-7.75% (15.0% minus inflation rate)	2015
Inflation indexed KZT denominated bonds	9.1%-9.9% (inflation rate plus 1.0%,inflation rate plus 2.0%)	2014	7.5-10.6% inflation rate plus (1.0%, inflation rate plus 2.0%)	2014
USD denominated bonds	8-11.8%	2007	8-11.8%	2007
Unsubordinated debt securities issued				
USD denominated bonds	8.125%	2009	7.8%-8.1%	2009-2013
KZT denominated bonds	7.1%-7.8%	2008-2009	5.0%-7.3%	2007-2009

Subordinated securities are unsecured obligations of the Bank and are subordinated in right of payments to all present and future senior indebtedness and certain other obligations of the Bank.

In accordance with the terms of the USD denominated bonds, the Bank 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. Furthermore, the terms of the USD denominated bonds include covenants restricting the Bank's ability to create security interests over its assets. In addition, should the Bank default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Bank's other financing arrangements. Management believes that as of 30 June 2007 and 31 December 2006, the Bank was in compliance with the other covenants of the agreements the Bank has with the notes' trustee and holders.

18. OTHER LIABILITIES

As at 30 June 2007 Other liabilities comprised Taxes payable in amount of 4,504 million tenge (31 December 2006: 1,002 million tenge), Salary payable in amount 2,196 million tenge (31 December 2006: 3,043 million tenge), Other prepayments received in amount of 1,231 million tenge (31 December 2006: 358 million tenge) and Unused vacation reserve in amount of 1,019 million tenge (31 December 2006: 579 million tenge).

19. EQUITY

Authorized and issued share capital as of 30 June 2007, consisted of 980,083,783 common shares, 24,742,000 non-convertible preferred shares and 80,215,187 convertible preferred shares (31 December 2006 – 970,905,778, 24,742,000 and 80,215,187, respectively). All shares are KZT denominated. Each common share is entitled to one vote and is equal for dividends. Effective 13 May 2003, the date of the new edition to the Law concerning "Joint Stock Companies" nominal amount concept has been restricted to placement of shares only between the founders of an entity. For all other investors share capital is recorded at placement value being the consideration received by an entity for its shares.

In accordance with IAS 32 "Financial Instruments: Disclosure and Presentation", preferred shares are classified as part of equity as these shares are not redeemable and the terms of the preferred shares require that the Bank pay a nominal dividend amount of 0.01 KZT per share to comply with the Kazakh legislation with regard to preferred shares which requires joint stock companies to pay a certain amount of preferred dividends. The remainder of the dividends on preferred shares is linked to the Bank's profitability and is paid out only if the Bank is profitable. Preferred shares do not have any voting rights, unless payment of preferred dividends has been delayed for three months or more from the date they became due. The dividend to the preferred shareholders is paid only if declared and approved by the Board of Directors and the Annual General Meeting of the Shareholders.

Movements of shares authorized, fully paid and outstanding follow:

	Number of shares			Nominal (placement) amount		
	Common	**Non-convertible preferred**	**Convertible preferred**	**Common**	**Non-convertible preferred**	**Convertible preferred**
31 December 2005	897,383,050	24,742,000	74,887,521	14,205	2,474	12,320
Capital contributions	75,531,122	-	5,327,666	30,755	-	913
Purchase of treasury shares	(2,008,394)	-	-	(31)	-	-
31 December 2006	970,905,778	24,742,000	80,215,187	44,929	2,474	13,233
Reciprocal shares	(216,742)	-	-	(56)	-	-
Capital contributions	9,432,877	-	-	3,632	-	-
Purchase of treasury shares	(38,130)	-	-	(140)	-	-
30 June 2007	980,083,783	24,742,000	80,215,187	48,365	2,474	13,233

As at 30 June 2007, the Group held 3,896,876 of the Bank's shares as treasury shares at 234 million tenge (31 December 2006 – 3,858,746 at 38 million tenge).

20. COMMITMENTS, CONTINGENCIES AND DERIVATIVE FINANCIAL INSTRUMENTS

Financial Commitments and Contingencies

The Group's financial commitments and contingencies comprised the following:

	30 June 2007 (Unaudited)	31 December 2006
Guarantees issued	30,911	39,897
Commitments to extend credit	28,765	21,629
Commercial letters of credit	15,059	18,326
	74,735	79,852
Less: cash collateral against letters of credit	(730)	(132)
Less: provisions	(1,911)	(3,021)
Financial commitments and contingencies	72,094	76,699

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

The Group provides fiduciary services to third parties which involve the Group making allocation, purchase and sales decisions in relation to the securities. Those securities that are held in a fiduciary capacity are not included in these consolidated financial statements.

Derivative Financial Instruments

The Group enters into derivative financial instruments for trading purposes. The outstanding deals with derivative financial instruments and trading liabilities are as follows:

	30 June 2007 (Unaudited)			31 December 2006		
	Notional principal	Fair values Asset	Fair values Liabilities	Notional principal	Fair values Asset	Fair values Liabilities
Interest rate contracts						
Forwards and Swaps – domestic	1,288	9	-	2,147	48	-
Foreign exchange contracts						
Forwards and Swaps – domestic	211,705	2,576	-	178,973	103	-
Total derivative asset/liabilities	212,993	2,585	-	181,120	151	-

21. FEE FND COMISSION INCOME

Fee and commission income was derived from the following sources:

	For the six months ended 30 June 2007 (unaudited)	For the six months ended 30 June 2006 (unaudited)
Bank transfers	4,431	2,869
Pension fund and asset management	3,684	3,488
Cash operations	2,427	1,108
Maintenance of customer accounts	776	616
Letters of credit and guarantees issued	721	662
Custody activities	76	51
Foreign currency operations	15	211
Commission income from trust activities	2	-
Plastic cards maintenance	1	443
Customers' pension payments	-	514
Utilities payments	-	202
Other	288	129
	12,421	10,293

22. INSURANCE UNDERWRITING INCOME

Insurance underwriting income comprised:

	For the six months ended 30 June 2007 (unaudited)	For the six months ended 30 June 2006 (unaudited)
Insurance premiums written, gross	5,561	-
Ceded reinsurance share	(2,722)	-
Change in unearned insurance premiums, net	(340)	-
	2,499	-

23. ADMINISTRATIVE AND OPERATING EXPENSES

Administrative and operating expenses comprised:

	For the six months ended 30 June 2007 (unaudited)	For the six months ended 30 June 2006 (unaudited)
Deposit insurance	926	407
Rent	536	223
Communication	414	259
Advertisement	388	263
Security	384	178
Repair and maintenance	315	195
Business trip expenses	290	211
Professional services	282	104
Information services	199	37
Transportation	163	84
Stationery and office supplies	119	177
Social events	41	39
Charity	30	35
Penalties	26	7
Expenses on disposal of materials	4	4
Hospitality expenses	2	8
Loss from sale of fixed assets	30	191
Other	662	403
	4,811	2,827

24. BUSINESS COMBINATION

During 2006, the Bank acquired 56.7% of the share capital of JSC Kazakhinstrakh for 4,782 million tenge bringing its share in the Company to 98.4%. The consideration was paid in two portions on 27 October 2006 and 30 October 2006 and control was obtained on 27 October 2006.

On 27 October 2006, the estimated fair value of the net assets of JSC Kazakhinstrakh comprised:

Cash and cash equivalents	269
Amounts due from credit institutions	440
Available-for-sale investment securities	3,733
Unearned premiums, reinsurance share	2,859
Insurance reserves, reinsurance share	63
Insurance receivables	1,113
Other assets	486
Unearned premiums	(4,596)
Insurance reserves	(331)
Other creditors	(1,073)
Net assets	2,963
Group's share of the fair value of net assets	1,680
Goodwill	3,102
Consideration paid in cash	4,782

At the date of acquisition the estimated fair value of the net assets of JSC Kazakhinstrakh approximated their carrying amounts.

During 2006, the Bank acquired 100% of the share capital of JSC Halyk Life for 560 million tenge. The consideration was paid in two portions on 1 September 2006 and 8 September 2006 and control was obtained on 1 September 2006.

On 1 September 2006, the estimated fair value of the net assets of JSC Halyk Life comprised:

Amounts due from credit institutions	360
Available-for-sale investment securities	204
Other assets	7
Liabilities	(40)
Net assets	531
Goodwill	29
Consideration paid in cash	560

At the date of acquisition the estimated fair value of the net assets of JSC Halyk Life approximated their carrying amounts.

During 2004, the Bank acquired 77% of the share capital of JSC Bank Khlebny for 163 million tenge. The consideration was paid and control was obtained on 15 April 2004.

On 15 April 2004, the estimated fair value of the net assets of JSC Bank Khlebny comprised:

Cash and cash equivalents	93
Loans to customers	87
Property and equipment	53
Other assets	11
Liabilities	(151)
Net assets	93
Less minority interest	(21)
Net assets less minority interest	72
Group's share of the fair value of net assets	55
Goodwill	108
Consideration paid in cash	163

At the date of acquisition the estimated fair value of the net assets of JSC Bank Khlebny approximated their carrying amounts.

During 2004, the Bank acquired 100% of the share capital of JSC Kairat Bank for 180 million tenge (re-registered under name OJSC Halyk Bank Kyrgyzstan on 31 December 2004). The consideration was paid and control was obtained on 30 September 2004.

On 30 September 2004, the estimated fair value of the net assets of JSC Kairat Bank comprised:

Cash and cash equivalents	454
Amounts due from credit institutions	88
Investment securities	449
Other assets	45
Liabilities	(886)
Net assets	150
Goodwill	30
Consideration paid in cash	180

At the date of acquisition the estimated fair value of the net assets of JSC Kairat Bank approximated their carrying amounts.

25. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net income for the year attributable to equity holders of the parent by the weighted average number of participating shares outstanding during the year. Participating shares comprise common and preferred shares as, in accordance with Kazakhstan legislation, preferred shareholders are entitled to at least the same amount of per share dividends as common shareholders.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	For six months ended 30 June 2007 (unaudited)		For six months ended 30 June 2006 (unaudited)	
Net income attributable to equity holders of the parent		21,263		10,125
Weighted average number of participating shares	common shares	preferred shares	common shares	preferred shares
Weighted average number of participating shares	977,420,675	104,957,187	895,925,538	103,814,797
Basic and diluted earnings per share (Tenge)	19.64	19.64	10.13	10.13

26. FINANCIAL RISK MANAGEMENT

Management of risk is fundamental to the banking business and is an essential element of the Bank's operations. The main risks inherent to the Bank's operations are those related to credit, liquidity and market movements in interest and foreign exchange rates. A summary description of the Bank's risk management policies in relation to those risks follows.

Credit risk

The Bank is exposed to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry. Limits on the level of credit risk by borrower and industry sector for corporate loans are approved by the Commercial Direction, and for retail loans – by the Retail Credit Committee. Where appropriate, and in the case of most loans, the Bank obtains collateral.

The exposure to any one borrower including banks is further restricted by sub-limits covering on and off-balance sheet exposures which are set by the Commercial Direction and Credit Committee. The maximum credit risk exposure, ignoring the fair value of any collateral, in the event other parties fail to meet their obligations under financial instruments is equal to the carrying value of financial assets as presented in the consolidated financial statements and the disclosed financial commitments.

With respect to undrawn loan commitments the Bank is potentially exposed to loss in an amount equal to the total amount of such commitments. However, the likely amount of loss is less than that, since most commitments are contingent upon certain conditions set out in the loan agreements.

Geographical Concentration

All assets and liabilities, except for those located in OECD and non-OECD countries, as presented in Notes 5, 8 and 16, are located in Kazakhstan.

Currency Risk

The Bank 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 NBK. The Bank's exposure to foreign currency exchange rate risk follows:

	30 June 2007 (Unaudited)			31 December 2006		
	KZT	Foreign currencies	Total	KZT	Foreign currencies	Total
Financial assets						
Cash and cash equivalents	49,566	140,601	190,167	31,957	95,842	127,799
Obligatory reserves	74,423	-	74,423	18,873	36,233	55,106
Financial assets at fair value through profit or loss	38,638	13,357	51,995	37,484	15,532	53,016
Amounts due from credit institutions	1,004	5,203	6,207	1,929	120	2,049
Investment securities available-for-sale	139,220	617	139,837	122,157	1,182	123,339
Loans to customers	421,666	358,706	780,372	291,007	305,209	596,216
Insurance assets	4,847	136	4,983	5,252	374	5,626
Other assets	2,368	4,850	7,218	2,925	1,416	4,341
	731,732	523,470	1,255,202	511,584	455,908	967,492
Financial liabilities						
Amounts due to customers	474,616	137,390	612,006	303,199	294,736	597,935
Amounts due to credit institutions	118,200	153,680	271,880	55,042	63,677	118,719
Debt securities issued	89,072	147,754	236,826	68,188	66,225	134,413
Provisions	238	1,673	1,911	3,014	7	3,021
Deferred tax liability	3,358	18	3,376	2,524	6	2,530
Insurance liabilities	6,880	771	7,651	6,425	1,110	7,535
Other liabilities	8,990	3,154	12,144	5,757	432	6,189
	701,354	444,440	1,145,794	444,149	426,193	870,342
Net balance sheet position	30,378	79,030	109,408	67,435	29,715	97,150
Net position on off-balance sheet assets and liabilities	182,177	460,008	642,185	80,203	159,191	239,394
Net open position	212,555	539,038	751,593	147,638	188,906	336,544

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 monetary 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 and available-for-sale investment securities which are included in the column "On demand" as they are available to meet the Bank's short-term liquidity needs.

	30 June 2007 (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	104,100	86,055	12	-	-	-	190,167
Obligatory reserves	18,606	15,629	5,953	11,908	8,931	13,396	74,423
Financial assets at fair value through profit or loss	12,728	2,310	463	9,299	12,884	14,311	51,995
Amounts due from credit institutions	2,434	127	1,403	1,238	976	29	6,207
Investment securities available-for-sale	-	53,522	52,914	18,702	4,253	10,446	139,837
Loans to customers	5,455	30,258	37,535	108,585	220,825	377,714	780,372
Insurance assets	3,433	116	501	901	2	30	4,983
Other assets	236	1,928	428	785	279	3,562	7,218
	146,992	189,945	99,209	151,418	248,150	419,488	1,255,202
Financial liabilities							
Amounts due to customers	195,383	169,246	58,644	122,673	48,107	17,953	612,006
Amounts due to credit institutions	4,596	122,587	3,516	49,958	20,506	70,717	271,880
Debt securities issued	-	107	921	21,473	67,166	147,159	236,826
Provisions	25	1,224	10	22	330	300	1,911
Deferred tax liability	-	154	-	1,630	-	1,592	3,376
Insurance liabilities	6,463	81	358	749	-	-	7,651
Other liabilities	1,586	5,371	207	1,809	1,021	2,150	12,144
	208,053	298,770	63,656	198,314	137,130	239,871	1,145,794
Net position	(61,061)	(108,825)	35,553	(46,896)	111,020	179,617	
Accumulated gap	(61,061)	(169,886)	(134,333)	(181,229)	(70,209)	109,408	

	31 December 2006						
	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	22,359	86,031	19,409	-	-	-	127,799
Obligatory reserves	13,718	13,797	2,575	20,248	3,869	899	55,106
Financial assets at fair value through profit or loss	51,984	1,032	-	-	-	-	53,016
Amounts due from credit institutions	-	-	162	148	1,711	28	2,049
Investment securities available-for-sale	-	109,302	66	182	4,597	9,192	123,339
Loans to customers	2,405	24,267	49,929	251,183	144,508	123,924	596,216
Insurance assets	3,535	667	525	768	24	107	5,626
Other assets	-	2,751	264	1,032	-	294	4,341
	94,001	237,847	72,930	273,561	154,709	134,444	967,492
Financial liabilities							
Amounts due to customers	148,844	149,704	27,941	219,707	41,981	9,758	597,935
Amounts due to credit institutions	524	48,824	11,384	32,909	5,108	19,970	118,719
Debt securities issued	-	-	-	3,926	103,530	26,957	134,413
Provisions	3,021	-	-	-	-	-	3,021
Deferred tax liability	-	-	-	730	-	1,800	2,530
Insurance liabilities	5,681	434	472	933	15	-	7,535
Other liabilities	-	366	1,002	4,712	109	-	6,189
	158,070	199,328	40,799	262,917	150,743	58,485	870,342
Net position	(64,069)	38,519	32,131	10,644	3,966	75,959	
Accumulated gap	(64,069)	(25,550)	6,581	17,225	21,191	97,150	

27. RELATED PARTY TRANSACTIONS

In accordance with IAS 24 "Related Party Disclosures" ("IAS 24"), parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The volumes of related party transactions, outstanding balances at 30 June 2007 and 31 December 2006, and related expenses and income for the years then ended are as follows:

	Six months ended 30 June 2007 (unaudited)				Year ended 31 December 2006			
	Controlling shareholder and entities under common control	Entities influenced by the controlling shareholder	Associates	Key management personnel	Controlling shareholder and entities under common control	Entities influenced by the controlling shareholder	Associates	Key management personnel
Loans outstanding, gross, beginning of the period	230	4,012	-	45	681	1,157	-	72
Loans issued during the period	7	365	-	-	602	7,919	-	47
Loans repaid during the period	(190)	(4,026)	-	(3)	(1,054)	(4,104)	-	(74)
Loans outstanding, gross, ending of the period	47	351	-	42	229	4,972	-	45
Less: allowance for impairment	(2)	(13)	-	-	-	(959)	-	-
Loans outstanding, net, ending	45	338	-	42	229	4,013	-	45
Interest income on loans	1	74	-	1	73	385	-	6
Deposits and current accounts, beginning of the period	101,025	116,306	238	423	807	15,448	183	240
Receipt of deposits and current accounts during the period	425,850	4,569,984	-	397	1,000,939	5,108,431	11,169	589
Payments of deposits and current accounts during the period	(434,106)	(4,574,924)	(238)	(331)	(900,721)	(5,007,572)	(11,113)	(406)
Deposits and current accounts, ending of the period	92,769	111,366	-	489	101,025	116,307	239	423
Interest expense on deposits	881	1,717	-	52	1,944	2,696	4	20
Commitments and guarantees issued	-	21	-	-	-	586	7	-
Fee and commission income	-	-	-	-	9	109	8	-

Compensation of members of the Management Board and Board of Directors of the Bank was comprised of the following:

	For six months ended 30 June 2007 (unaudited)	For six months ended 30 June 2006 (unaudited)
Salaries and bonuses	731	190
Total key management compensation	731	190

28. CAPITAL ADEQUACY

The FMSA requires banks to maintain a capital adequacy ratio of 10% of risk-weighted assets, computed on the basis of statutory accounting. At 30 June 2007 and 31 December 2006 the Bank's capital adequacy ratios complied with the FMSA requirements in that regard.

The Bank's international risk based capital adequacy ratio, computed in accordance with the Basle Accord guidelines issued in 1988, with subsequent amendments including the amendment to incorporate market risks, as of 30 June 2007 and 31 December 2006, was 16% and 17% respectively. These ratios exceeded the minimum ratio of 8% recommended by the Basle Accord.

29. 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 six months ended 30 June 2007 and 2006.

Segment information for the main reportable business segments of the Group for the six months ended 30 June 2007 and 2006 is set out below:

	Six months ended 30 June 2007 (unaudited)			
	Retail banking	**Corporate banking**	**Other**	**Total**
External revenues	29,986	42,048	4,146	76,180
TOTAL REVENUES	29,986	42,048	4,146	76,180
Total revenues comprise:				
- Interest income	21,389	33,461	-	54,850
- Losses less gains from financial assets at fair value through profit or loss	-	-	(68)	(68)
- Gains less losses from available-for-sale investment securities	-	-	686	686
- Share of income of associate	-	(15)	-	(15)
- Gains less losses from foreign currencies	605	4,173	-	4,778
- Fee and commission income	7,992	4,429	-	12,421
- Insurance income	-	-	2,499	2,499
- Other operating income	-	-	1,029	1,029
TOTAL REVENUES	29,986	42,048	4,146	76,180
Segment result	18,765	24,919	4,146	47,830
Unallocated costs				(18,564)
Income before income tax expense				29,266
Income tax expense				(7,721)
NET INCOME				21,545

	Six months ended 30 June 2006 (unaudited)			
	Retail banking	**Corporate banking**	**Other**	**Total**
External revenues	21,011	26,053	(111)	46,953
TOTAL REVENUES	21,012	26,053	(111)	46,953
Total revenues comprise:				
- Interest income	14,170	21,336	-	35,506
- Losses less gains from financial assets at fair value through profit or loss	-	-	(1,155)	(1,155)
- Gains less losses from available-for-sale investment securities	-	-	(175)	(175)
- Share of income of associate	-	(13)	-	(13)
- Gains less losses from foreign currencies	434	844	-	1,278
- Fee and commission income	6,407	3,886	-	10,293
- Insurance income	-	-	-	-
- Other operating income	-	-	1,219	1,219
TOTAL REVENUES	21,011	26,053	(111)	46,953
Segment result	11,178	13,098	(111)	24,166
Unallocated costs				(11,222)
Income before income tax expense				12,944
Income tax expense				(2,446)
NET INCOME				10,498