JSC HALYK BANK

Condensed Interim Consolidated Financial Information (Unaudited)
For the nine months ended 30 September 2007

and Report on Review of Condensed Interim Consolidated Financial Information

TABLE OF CONTENTS

	Page
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007	1
REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION	2
Condensed Interim Consolidated Balance Sheet (unaudited)	3
Condensed Interim Consolidated Statements of Income (unaudited)	4-5
Condensed Interim Consolidated Statement of Changes in Equity (unaudited)	6-7
Condensed Interim Consolidated Statement of Cash Flows (unaudited)	8-9
Selected explanatory notes to the condensed interim consolidated financial information (unaudited)	10-35

JSC HALYK BANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 JSC Halyk Bank and its subsidiaries (collectively - 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 September 2007, and the results of its operations for the three months and nine months then ended and its cash flows and changes in equity for the nine months ended 30 September 2007, in accordance with International Accounting Standard 34, Interim Financial Reporting.

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

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether International Financial Reporting Standards ("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

1 December 2007
Almaty

Pavel A. Cheussov
Chief Accountant

1 December 2007
Almaty

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REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

We have reviewed the accompanying condensed interim consolidated balance sheet of JSC "Halyk Bank" and its subsidiaries (collectively, the "Group") as at 30 September 2007 and the related condensed interim consolidated statement of income for the three months and nine months then ended, the condensed interim consolidated statement of changes in equity and cash flows for the nine months ended 30 September 2007, a summary of significant accounting policies and the related explanatory notes. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information does not present fairly, in all material respects, the financial position of the Group as at 30 September 2007, and of its financial performance for the three months and nine months then ended and its cash flows for the nine months ended 30 September 2007 in accordance with IAS 34.

As discussed in Notes 2 and 23, the condensed interim consolidated financial information, have been restated.

DELOITTE, LLP

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

1 December 2007
Almaty

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2007 (UNAUDITED)
(Millions of Kazakhstani Tenge)

	Notes	30 September 2007 (Unaudited)	31 December 2006
ASSETS			
Cash and cash equivalents	5	172,744	127,799
Obligatory reserves	6	80,814	55,106
Financial assets at fair value through profit or loss	7	48,033	53,016
Amounts due from credit institutions	8	4,974	2,049
Available-for-sale investment securities	9	144,518	123,339
Loans to customers	10,11	905,102	596,216
Property and equipment		19,069	16,412
Intangible assets and goodwill		5,849	4,803
Insurance assets	12	5,666	5,626
Other assets	13	21,229	6,993
TOTAL ASSETS		1,407,998	991,359
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	14	767,169	597,935
Amounts due to credit institutions	15	222,167	118,719
Debt securities issued	16	239,853	134,413
Provisions	11	1,284	3,021
Deferred tax liability	17	2,645	2,530
Insurance liabilities	12	8,827	7,535
Other liabilities	18	13,112	6,579
Total liabilities		1,255,057	870,732
EQUITY			
Share capital		65,483	60,684
Share premium reserve		2,001	2,183
Treasury shares	19	(42)	(38)
Retained earnings and other reserves		84,498	56,736
		151,940	119,565
Minority interest		1,001	1,062
Total equity		152,941	120,627
TOTAL LIABILITIES AND EQUITY		1,407,998	991,359

On behalf of the Management Board of the Bank:

Grigory A. Marchenko
Chairman of the Board

1 December 2007
Almaty

Pavel A. Cheussov
Chief Accountant

1 December 2007
Almaty

The accompanying notes on pages 10 to 35 are an integral part of this condensed interim consolidated financial information

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007 (UNAUDITED)

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

	Notes	Three months ended 30 September 2007 (Unaudited) (restated*)	Three months ended 30 September 2006 (Unaudited) (restated*)	Nine months ended 30 September 2007 (Unaudited) (restated*)	Nine months ended 30 September 2006 (Unaudited) (restated*)
INTEREST INCOME					
Loans to customers		30,863	18,767	78,598	50,128
Debt securities		2,405	1,485	6,823	3,456
Amounts due from credit institutions		1,213	921	3,910	3,095
		34,481	21,173	89,331	56,679
INTEREST EXPENSE					
Amounts due to customers		(7,990)	(4,137)	(21,532)	(11,867)
Debt securities issued		(4,338)	(2,858)	(11,444)	(6,472)
Amounts due to credit institutions		(3,191)	(1,633)	(6,730)	(4,825)
		(15,519)	(8,628)	(39,706)	(23,164)
NET INTEREST INCOME BEFORE IMPAIRMENT		18,962	12,545	49,625	33,515
Impairment charge	11	(7,312)	(3,630)	(13,481)	(10,675)
NET INTEREST INCOME		11,650	8,915	36,144	22,840
Fee and commission income	21	4,921	4,774	17,342	15,067
Fee and commission expense		(309)	(237)	(838)	(664)
FEES AND COMMISSIONS, NET		4,612	4,537	16,504	14,403
Net gains/(losses) from financial assets at fair value through profit or loss		3,288	509	3,220	(646)
Net (losses)/gains from available-for-sale investment securities		(50)	200	636	25
Net (losses)/gains from dealing in foreign currencies		(2,741)	1,410	4,707	3,187
Net gains/(losses) from translation of foreign currencies		3,518	(182)	848	(681)
Insurance underwriting income	22	1,723	-	4,222	-
Share of (losses)/income of associates		(8)	138	(22)	125
Other income/(loss)		159	(399)	1,187	820
OTHER NON INTEREST INCOME		5,889	1,676	14,798	2,830
Salaries and other employee benefits		(4,000)	(3,675)	(12,797)	(10,419)
Administrative and operating expenses		(3,210)	(2,256)	(8,438)	(5,083)
Depreciation and amortization expenses		(868)	(595)	(2,408)	(1,717)
Insurance claims incurred, net of reinsurance		(799)	-	(1,555)	-
Taxes other than income tax		(399)	(183)	(1,214)	(912)
Other recoveries/(provisions)	11	616	312	1,723	(267)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME (CONTINUED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007 (UNAUDITED)

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

	Notes	Three months ended 30 September 2007 (Unaudited) (restated*)	Three months ended 30 September 2006 (Unaudited) (restated*)	Nine months ended 30 September 2007 (Unaudited) (restated*)	Nine months ended 30 September 2006 (Unaudited) (restated*)
NON INTEREST EXPENSE		(8,660)	(6,397)	(24,689)	(18,398)
INCOME BEFORE INCOME TAX EXPENSE		13,491	8,731	42,757	21,675
Income tax expense	17	(2,592)	(965)	(10,313)	(3,411)
NET INCOME		10,899	7,766	32,444	18,264
Attributable to:					
Equity holders of the parent		10,942	7,691	32,205	17,816
Minority interest in net income		(43)	75	239	448
		10,899	7,766	32,444	18,264
Basic earnings per share (in Kazakhstani tenge)	23	11.17	8.57	31.31	18.36
Diluted earnings per share (in Kazakhstani tenge)	23	7.73	(0.13)	25.96	9.16

* See Notes 2 and 23 to the condensed interim consolidated financial information

On behalf of the Management Board of the Bank:

Grigory A. Marchenko
Chairman of the Board

1 December 2007
Almaty

Pavel A. Cheussov
Chief Accountant

1 December 2007
Almaty

The accompanying notes on pages 10 to 35 are an integral part of this condensed interim consolidated financial information.

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

(Millions of Kazakhstani Tenge)

	Common Shares	Share Capital Non-Convertible Preferred Shares	Convertible Preferred Shares	Share Premium Reserve	Treasury Shares	Revaluation reserve of available-for-sale investment securities	Property and equipment revaluation reserve	Retained Earnings* (restated)	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
Gain on revaluation of available-for -sale investment securities, net of tax of nil tenge	-	-	-	-	-	197	-	-	197	(150)	47
Net income recognized directly in equity	-	-	-	-	-	197	-	-	197	(150)	47
Transfers (net of any related tax):											
Gains transferred to statement of income on sale of available-for-sale investment securities	-	-	-	-	-	(636)	-	-	(636)	-	(636)
Release of property and equipment revaluation reserve on disposal of previously revalued assets	-	-	-	-	-	-	(5)	5	-	-	-
Net income	-	-	-	-	-	-	-	32,205	32,205	239	32,444
Total recognized income and expense	-	-	-	-	-	(439)	(5)	32,210	31,766	89	31,855
Common shares issued	4,834	-	-	-	-	-	-	-	4,834	-	4,834
Preferred shares issued	-	-	-	-	-	-	-	-	-	-	-
Treasury shares purchased	-	-	(35)	(182)	(4)	-	-	-	(221)	-	(221)
Dividends – common shares	-	-	-	-	-	-	-	(2,450)	(2,450)	-	(2,450)
Dividends – preferred shares	-	-	-	-	-	-	-	(1,579)	(1,579)	-	(1,579)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(150)	(150)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	21	4	25	-	25
30 September 2007 (unaudited)	49,811	2,474	13,198	2,001	(42)	(181)	301	84,378	151,940	1,001	152,941
31 December 2005	14,222	2,474	12,320	2,192	(16)	301	290	32,215	63,998	446	64,444
Gain on revaluation of available-for -sale investment securities, net of tax of nil tenge	-	-	-	-	-	355	-	-	355	33	388
Net income recognized directly in equity	-	-	-	-	-	355	-	-	355	33	388

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Common Shares	Share Capital Non-Convertible Preferred Shares	Convertible Preferred Shares	Share Premium Reserve	Treasury Shares	Revaluation reserve of available-for-sale investment securities	Property and equipment revaluation reserve	Retained Earnings	Total	Minority Interest	Total Equity
Transfers (net of any related tax):											
Gains transferred to statement of income on sale of available-for-sale investment securities	-	-	-	-	-	(25)	-	-	(25)	-	(25)
Release of property and equipment revaluation reserve on disposal of previously revalued assets	-	-	-	-	-	-	(3)	3	-	-	-
Net income	-	-	-	-	-	-	-	17,816	17,816	448	18,264
Total recognized income and expense	-	-	-	-	-	330	(3)	17,819	18,146	481	18,627
Common shares issued	5,565	-	-	-	-	-	-	-	5,565	-	5,565
Preferred shares issued	-	-	911	-	-	-	-	-	911	-	911
Treasury shares purchased	-	-	-	(72)	(22)	-	-	-	(94)	-	(94)
Dividends – common shares	-	-	-	-	-	-	-	(1,331)	(1,331)	-	(1,331)
Dividends – preferred shares	-	-	-	-	-	-	-	(1,355)	(1,355)	-	(1,355)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(58)	(58)
30 September 2006 (unaudited)	19,787	2,474	13,231	2,120	(38)	631	287	47,348	85,840	869	86,709

*See Note 2 to the condensed interim consolidated financial information.

On behalf of the Management Board of the Bank:

Grigory A. Marchenko
Chairman of the Board

1 December 2007
Almaty

Pavel A. Cheussov
Chief Accountant

1 December 2007
Almaty

The accompanying notes on pages 10 to 35 are an integral part of this condensed interim consolidated financial information.

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

(Millions of Kazakhstani Tenge)

	Notes	Nine months ended 30 September 2007 (Unaudited) (restated*)	Nine months ended 30 September 2006 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income tax expense		42,757	21,675
Adjustments for:			
Impairment charge	11	13,481	10,675
Provisions	11	(1,723)	267
Depreciation and amortization expenses		2,408	1,717
Loss/(gain) from disposal of property and equipment and other		4	(203)
Insurance reserves change		931	-
Net (gains)/losses from financial assets at fair value through		(3,220)	647
Realized gains on available-for-sale investment securities		(636)	-
Share of loss/(income) of associate		22	(125)
Unrealized foreign exchange gain		(1,510)	(351)
Cash flows from operating activities before changes in net operating assets		52,514	34,302
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets:			
Obligatory reserves		(25,708)	(37,715)
Financial assets at fair value through profit or loss		8,203	(81,984)
Amounts due from credit institutions		(1,310)	1,314
Loans to customers		(321,872)	(113,886)
Insurance assets		(40)	-
Other assets		(4,565)	(274)
Increase/(decrease) in operating liabilities:			
Amounts due to credit institutions		103,448	(19,572)
Amounts due to customers		169,234	167,621
Insurance liabilities		361	-
Other liabilities		6,533	1,068
Net cash flows used in operating activities before income taxes		(13,202)	(49,126)
Income tax paid		(10,198)	(3,731)
Net cash flows used in from operating activities		(23,400)	(52,857)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007 (UNAUDITED)
(Millions of Kazakhstani Tenge)

	Notes	Nine months ended 30 September 2007 (Unaudited) (restated*)	Nine months ended 30 September 2006 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase and prepayment for property and equipment		(17,205)	(5,231)
Proceeds from sale of property and equipment		932	471
Purchase of available-for-sale investment securities		(22,644)	(668)
Proceeds from sale of available-for-sale investment securities		136	
Proceeds from maturities of available-for-sale investment		1,376	1,524
Net cash flows used in investing activities		(37,405)	(3,904)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Common shares issued		4,834	5,565
Preferred shares issued		-	911
Purchase of treasury shares		(221)	(94)
Dividends paid		(4,179)	(2,744)
Proceeds from debt securities issued		105,440	81,702
Redemption of debt securities issued		-	(2,418)
Net cash flows from financing activities		105,874	82,922
Effects of exchange rate changes on cash and cash equivalents		(124)	(2,164)
NET CHANGE IN CASH AND CASH EQUIVALENTS		44,945	23,997
CASH AND CASH EQUIVALENTS, beginning of the period		127,799	57,102
CASH AND CASH EQUIVALENTS, end of the period	5	172,744	81,099

Supplementary information:

Interest received		77,389	54,191
Interest paid		33,564	18,664

*See Note 2 to the condensed interim consolidated financial information.

On behalf of the Management Board of the Bank:

Grigory A. Marchenko
Chairman of the Board

1 December 2007
Almaty

Pavel A. Cheussov
Chief Accountant

1 December 2007
Almaty

The accompanying notes on pages 10 to 35 are an integral part of this condensed interim consolidated 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 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 channeling various budgetary payments and pensions through its nationwide network.

The address of the Bank's registered office is: 97 Rozybakiyev Street, Almaty, 050046, Kazakhstan. 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.

In December 2006 the Bank sold its 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 of 30 September 2007, the Group was controlled by Almex via its 62.09% share in the Group's equity (31 December 2006 − 64.34%). The Group is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva.

As of 30 September 2007, the Bank operated through its head office in Almaty and its 22 regional branches, 125 sub-regional offices and 457 cash settlement units (31 December 2006 − 19, 127 and 428, respectively) located throughout Kazakhstan.

The revised condensed interim consolidated financial information was authorized for issue by the Management Board of the Bank on 1 December 2007.

2. BASIS OF PREPARATION

Accounting basis

The condensed interim consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). The 31 December 2006 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 condensed interim consolidated 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 2006.

This condensed interim consolidated financial information is presented in millions of Kazakhstani Tenge ("KZT" or "Tenge"), unless otherwise indicated. The condensed interim consolidated 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

The condensed interim consolidated financial information includes the following subsidiaries:

Subsidiary	Holding interest 30 September 2007	Holding interest 31 December 2006	Country	Industry
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 Kazakhinstrakh	98%	98%	Kazakhstan	Insurance
JSC Accumulated Pension fund of Halyk Bank	85%	85%	Kazakhstan	Pension assets accumulation and management
JSC Bank Khlebny	100%	100%	Russia	Banking

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
As of 30 September 2007 and for nine month then ended								
JSC Processing Center	25	Kazakhstan	Processing	(22)	658	18	640	35
As of 31 December 2006 and for the year then ended								
JSC Processing Center	25	Kazakhstan	Processing	(28)	737	19	718	46

Investments in associates are classified within other assets.

Restatement

Subsequent to the issuance of the Group’s condensed interim consolidated financial information for the nine month period ended 30 September 2007, the Group’s management identified certain errors in such financial information. These errors related to the elimination of intergroup dividends (see below) and the computation of earnings per share (see Note 23).

Intergroup dividends paid by subsidiary to the Bank were not eliminated in previous condensed interim consolidated financial information.

Amount	Three months ended 30 September 2007 (Unaudited)		Nine months ended 30 September 2007 (Unaudited)	
	Previously reported	As restated	Previously reported	As restated
Other income	1,1		2,18	1,187
Dividends – common shares			3,45	2,450

Reclassifications

Reclassifications have been made to the Group’s condensed interim consolidated financial information for the nine month period ended 30 September 2007 in order to comply to consolidated financial statements for the years ended 31 December 2006, 2005 and 2004 issued on 1 December 2007. Intangible assets and goodwill, which were previously included within property, equipment and intangible assets have been presented separately in the condensed interim consolidated balance sheet.

Amount	30 September 2007 (Unaudited)	
	Previously reported	As reclassified
Property and equipment	24,918	19,
Intangible assets and goodwill	-	5,

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this condensed interim consolidated financial information, the Group has applied the same accounting policies and methods of computation as those applied in the consolidated financial statements of the Group for the year ended 31 December 2006.

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 7 “Financial Instruments: Disclosures” - In August 2005, the IASB issued IFRS 7, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date, and how the entity manages those risks. IFRS 7 is effective for annual periods beginning on or after 1 January 2007. The Group is evaluating the impact of IFRS 7 of the consolidated financial statements.
- 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 of the consolidated financial statements.
- Amendment to IAS 1 “Presentation of Financial Statements” – “Capital Disclosures” - On 18 August 2005, the IASB issued an amendment to IAS 1 which requires certain disclosures to be made regarding the entity’s objectives, policies and processes for managing capital. The Group does not expect the adoption of the amendment to IAS 1 to have a material impact on the consolidated financial statements. The amendment to IAS 1 is effective for periods beginning on or after 1 January 2009.

- IFRIC 9 “Reassessment of Embedded Derivatives” On 1 March 2006, IFRIC issued Interpretation 9, which gives guidance on whether an entity should reassess whether an embedded derivative needs to be separated from the host contract after the initial hybrid is recognized. IFRIC 9 determines that reassessment is prohibited, unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group does not expect the adoption of IFRIC 9 to have a material impact on the Group’s profit or loss or financial position. IFRIC 9 is effective for periods beginning on or after 1 June 2006.
- IFRIC 10 “Interim Financial Reporting and Impairment” - On 13 July 2006 IFRIC issued IFRIC 10, which requires that where an entity has recognized an impairment loss in an interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost, that impairment should not be reversed in subsequent interim financial statements nor in annual financial statements. The Group does not expect the adoption of IFRIC 10 to have a material impact on the Group’s profit or loss or financial position. IFRIC 10 is effective for periods beginning on or after 1 November 2006.
- 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group’s condensed interim consolidated 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 judgments 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 income statement and its balance sheet.

The Group uses management’s judgment 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 judgment 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 consolidated financial statements 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.

Valuation of Financial Instruments – Financial instruments that are classified at fair value through profit or loss or available for sale, and all derivatives, are stated at fair value. The fair value of such financial instruments is the estimated amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for an instrument, the fair value is calculated based on the market price. When valuation parameters are not observable in the market or cannot be derived from observable market prices, the fair value is derived through analysis of other observable market data appropriate for each product and pricing models which use a mathematical methodology based on accepted financial theories. Pricing models take into account the contract terms of the securities as well as market-based valuation parameters, such as interest rates, volatility, exchange rates and the credit rating of the counterparty. Where market-based valuation parameters are not directly observable, management will make a judgment as to its best estimate of that parameter in order to determine a reasonable reflection of how the market would be expected to price the instrument. In exercising this judgment, a variety of tools are used including proxy observable data, historical data, and extrapolation techniques. The best evidence of fair value of a financial instrument at initial recognition is the transaction price unless the instrument is evidenced by comparison with data from observable markets. Any difference between the transaction price and the value based on a valuation technique is not recognized in the statement of income on initial recognition. Subsequent gains or losses are only recognized to the extent that it arises from a change in a factor that market participants would consider in setting a price.

The Group considers that the accounting estimate related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and (ii) the impact that recognising a change in the valuations would have on the assets reported on its balance sheet as well as its profit/(loss) could be material.

Had management used different assumptions regarding the interest rates, volatility, exchange rates, the credit rating of the counterparty and valuation adjustments, a larger or smaller change in the valuation of financial instruments where quoted market prices are not available would have resulted that could have had a material impact on the Group’s reported net income.

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 years preceding the year of review.

As of 30 September 2007 and 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. 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 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 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 consolidated financial statements 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 judgment; 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:

	30 September 2007 (Unaudited)	**31 December 2006**
Cash on hand	25,498	14,931
Overnight deposits with Organization for Economic Cooperation and Development ("OECD") based banks	114,483	81,495
Correspondent accounts with the National Bank of the Republic of Kazakhstan ("NBRK")	25,782	-
Correspondent accounts with OECD based banks	4,944	6,328
Correspondent accounts with non-OECD based banks	2,037	1,100
Overnight deposits with Kazakh banks	-	381
Short-term deposits with Kazakh banks	-	23,564
	172,744	127,799

As at 30 September 2007 and 31 December 2006 interest rates and currencies in which interest earning cash and cash equivalents are denominated follow:

	31 September 2007 (Unaudited)		31 December 2006	
	KZT	Foreign currencies	KZT	Foreign currencies
Overnight deposits with OECD based banks	-	5.0%	-	3.6-5.3%
Overnight deposits with Kazakh banks	-	7.2%	6.0%	-
Short-term deposits with Kazakh banks	-	-	6.0 – 9.0%	-

6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	30 September 2007 (Unaudited)	31 December 2006
Due from NBRK allocated to obligatory reserves	80,814	48,318
Cash on hand allocated to obligatory reserves	-	6,788
	80,814	55,106

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	30 September 2007 (Unaudited)	31 December 2006
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	29,651	29,162
Securities in foreign countries and organizations	6,270	-
Eurobonds of Kazakh banks	4,707	3,011
Shares of Kazakh banks	3,487	428
Shares of Kazakh corporations	1,880	352
Bonds of Kazakh banks	1,334	-
Corporate bonds	531	5,279
Mutual investment funds shares	173	1,452
Sovereign bonds of the Republic of Kazakhstan	-	6,290
Bonds of the Development Bank of Kazakhstan	-	4,545
NBRK notes	-	2,497
	48,033	53,016
Subject to repurchase agreements	-	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 September 2007 (Unaudited)		31 December 2006	
	%	Maturity	%	Maturity
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	3.2-11.1%	2008-2014	3.2-6.7%	2008-2014
Corporate bonds	8.9 -9.7%	2009-2011	8.1-10.5%	2007-2015
Bonds of Kazakh banks	9.0-12.0%	2009-2010	-	-
Securities in foreign countries and organizations	25.4%	2007-2012	-	-
Eurobonds of Kazakh banks	5.7-7.3%	2007-2013	6.1-8.6%	2007-2013
Bonds of the Development Bank of Kazakhstan	-	-	4.8-9.8%	2007-2026
Sovereign bonds of the Republic of Kazakhstan	-	-	11.1%	2007
NBRK notes	-	-	2.2%	2007

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	30 September 2007 (Unaudited)	31 December 2006
Term deposits	2,545	1,885
Loans to Kazakh credit institutions	2,449	170
	4,994	2,055
Less: Allowance for impairment (Note 11)	(20)	(6)
	4,974	2,049

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

	30 September 2007 (Unaudited)		31 December 2006	
	%	Maturity	%	Maturity
Term deposits	4.1-10.6%	2007-2008	4.1-10.6%	2007-2008
Loans to Kazakh credit institutions	13.0-15.0%	2007-2011	13.0-15.0%	2007-2011

9. AVAILABLE–FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	30 September 2007 (Unaudited)	31 December 2006
NBRK notes	125,010	107,856
Corporate bonds	14,146	10,166
Bonds of Kazakh banks	2,504	3,085
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	1,577	1,061
Equity securities of Kazakh corporations	1,041	971
Treasury bills of the Kyrgyz Republic	157	114
Local municipal bonds	83	86
	144,518	123,339
Subject to repurchase agreements	56,169	29,500

Interest rates and maturities of investment securities follow:

	30 September 2007 (Unaudited)		31 December 2006	
	%	Maturity	%	Maturity
NBRK notes	4.6-11.5%	2007-2008	2.9-4.8%	2007
Corporate bonds	6.0-11.4%	2008-2017	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	4.3%	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	5.2-16.0%	2007-2008

10. LOANS TO CUSTOMERS

Loans to customers comprise:

	30 September 2007 (Unaudited)	31 December 2006
Originated loans	943,516	625,566
Promissory notes	5,925	1,561
Overdrafts	3,306	2,743
	952,747	629,870
Less: Allowance for loan impairment (Note 11)	(47,645)	(33,654)
	905,102	596,216

Loans are made to the following sectors:

	30 September 2007 (Unaudited)	31 December 2006
Retail loans:		
- mortgage loans	143,083	86,907
- consumer loans	135,517	110,274
Wholesale trade	170,359	113,510
Construction	137,635	70,064
Retail trade	67,363	42,098
Agriculture	60,067	47,474
Services	44,417	23,213
Oil and gas	30,941	13,532
Real estate	25,127	14,896
Metallurgy	20,136	5,638
Transportation	14,721	11,503
Food industry	14,557	10,359
Energy	10,581	14,745
Hotel industry	7,791	5,811
Mining	6,785	4,835
Consumer goods and automobile trading	5,386	4,639
Research and development	1,476	2,444
Communication	1,133	1,888
Machinery	372	2,194
Other	55,300	43,846
	952,747	629,870

11. ALLOWANCES FOR IMPAIRMENT AND OTHER PROVISIONS

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

	Amounts due from credit institutions	Loans to customers	Other assets	Total
30 June 2006 (unaudited)	-	(33,519)	(493)	(34,012)
Provision	-	(3,756)	126	(3,630)
Write-offs	-	1,286	-	1,286
Recoveries	-	(241)	(1)	(242)
30 September 2006 (unaudited)	-	(36,230)	(368)	(36,598)
30 June 2007 (unaudited)	(13)	(40,413)	(747)	(41,173)
Provision	(5)	(7,062)	(245)	(7,312)
Write-offs	-	1	3	4
Recoveries	(2)	(171)	341	168
30 September 2007 (unaudited)	(20)	(47,645)	(648)	(48,313)
31 December 2005	-	(25,921)	(134)	(26,055)
Provision	-	(10,356)	(319)	(10,675)
Write-offs	-	2,631	86	2,717
Recoveries	-	(2,584)	(1)	(2,585)
30 September 2006 (unaudited)	-	(36,230)	(368)	(36,598)
31 December 2006	(6)	(33,654)	(218)	(33,878)
Provision	(12)	(13,018)	(451)	(13,481)
Write-offs	-	7	21	28
Recoveries	(2)	(980)	-	(982)
30 September 2007 (unaudited)	(20)	(47,645)	(648)	(48,313)

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

The movements in other provisions were as follows:

30 June 2006 (unaudited)	(2,852)
Reversal of provision	312
Write-offs	1
30 September 2006 (unaudited)	(2,539)
30 June 2007 (unaudited)	(1,911)
Reversal of provision	616
Write-offs	12
Recoveries	(1)
30 September 2007 (unaudited)	(1,284)
31 December 2005	(2,280)
Provision	(267)
Write-offs	8
30 September 2006 (unaudited)	(2,539)
31 December 2006	(3,021)
Reversal of provision	1,723
Write-offs	14
30 September 2007 (unaudited)	(1,284)

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

12. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	30 September 2007 (Unaudited)	**31 December 2006**
Reinsurance premium unearned	3,152	2,609
Reinsurance amounts recoverable	97	189
	3,249	2,798
Prepaid expenses	389	-
Premiums receivable	2,028	2,828
Insurance assets	5,666	5,626

Insurance liabilities comprised the following:

	30 September 2007 (Unaudited)	**31 December 2006**
Gross unearned insurance premium reserve	6,440	5,290
Reserves for insurance claims	623	391
	7,063	5,681
Payables on insurance/(reinsurance) agreement	554	-
Payables to reinsurers and agents	1,210	1,854
Insurance liabilities	8,827	7,535

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

13. OTHER ASSETS

Other assets comprise:

	30 September 2007 (Unaudited)	**31 December 2006**
Prepayments for property and equipment	11,577	1,419
Forward and swap derivative instruments	2,327	179
Other debtors on non-banking activities	2,028	721
Other debtors on banking activities	1,832	243
Accrued other commission income	1,233	466
Inventory	650	905
Other prepayments	543	146
Prepayments for taxes other than income tax	529	264
Investments in associates	273	293
Accrued commission for managing pension assets	128	2,289
Advances paid to employees	66	8
Other	691	278
	21,877	7,211
Provision for other assets	(648)	(218)
	21,229	6,993

Derivative Financial Instruments

The Group enters into derivative financial instruments for trading purposes. The outstanding contracts as of 30 September 2007 and 31 December 2006, which are included in other assets and other liabilities in the consolidated balance sheets, are as follows:

	30 September 2007 (Unaudited)			31 December 2006		
		Fair values			Fair values	
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest rate contracts						
Forwards and Swaps	3,409	419	113	2,147	57	3
Foreign exchange contracts						
Forwards and Swaps	175,098	1,908	515	178,973	122	6
Total derivative assets and liabilities		2,327	628		179	9

14. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	30 September 2007 (Unaudited)	31 December 2006
Term deposits		
Individuals	288,348	157,281
Commercial entities	166,860	263,192
Governmental entities	56,213	27,908
Non-governmental non-commercial entities	1,572	-
	512,993	448,381
Current accounts		
Commercial entities	111,995	66,809
Governmental entities	70,067	29,438
Individuals	69,718	52,597
Non-governmental non-commercial entities	1,796	-
	253,576	148,844
Guarantees and other restricted accounts	600	710
	767,169	597,935

An analysis of customer accounts by sector follows:

	30 September 2007 (Unaudited)	31 December 2006
Individuals and entrepreneurs	358,066	209,877
Oil and gas	132,707	67,540
Service organizations	77,685	-
Financial sector	53,553	44,168
Other transportation	33,635	17,291
Construction	27,277	81,319
Energy	19,424	12,843
Wholesale trade	15,653	15,800
Metallurgy	6,974	102,345
Transportation of oil and gas	-	1,794
Other	42,195	44,958
	767,169	597,935

15. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	30 September 2007 (Unaudited)	31 December 2006
Loans and deposits from OECD based banks	105,718	73,126
Loans and deposits from Kazakh banks	62,785	36,007
Loans and deposits from non-OECD based banks	51,362	5,073
Correspondent accounts	2,302	525
Overnight deposits	-	3,338
Loans from other financial institutions	-	650
	222,167	118,719

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

	30 September 2007 (Unaudited)		31 December 2006	
	%	Maturity	%	Maturity
Loans and deposits from OECD based banks	2.3-8.4%	2007-2015	2.3-8.4%	2007-2015
Loans and deposits from non-OECD based banks	4.6-6.7%	2007-2012	4.6-6.7%	2007-2012
Loans and deposits from Kazakh banks	0.7-7.0%	2007	0.7-7.0%	2007
Loans from other financial institutions	5.9-8.4%	2007-2012	5.9-8.4%	2007-2012
Overnight deposits	-	-	2.5-4.8%	2007

In accordance with the contractual terms of the loans from certain OECD based banks and European Bank of Reconstruction and Development, 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 of 30 September 2007 and 31 December 2006, the Group was in compliance with the covenants of the various debt agreements the Group has with other banks and financial institutions.

16. DEBT SECURITIES ISSUED

Debt securities issued comprised of the following:

	30 September 2007 (Unaudited)	31 December 2006
Fixed rate KZT denominated bonds	11,084	10,610
Inflation indexed KZT denominated bonds	9,305	9,104
Reverse inflation indexed KZT denominated bonds	8,556	8,908
USD denominated bonds	-	2,086
Total subordinated debt securities outstanding	28,945	30,708
USD denominated bonds	150,252	64,145
KZT denominated bonds	60,656	39,560
Total unsubordinated debt securities outstanding	210,908	103,705
	239,853	134,413

As of 30 September 2007 and 31 December 2006 KZT 567 million and KZT 2,227 million of subordinated debt securities issued were redeemed by the Group, respectively. As of 30 September 2007 and 31 December 2006 KZT 8 million and KZT 1,451 million of unsubordinated debt securities issued were redeemed by the Group, respectively.

The interest rates and maturities of these debt securities issued are as follows:

	30 September 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	15.0% minus inflation rate	2015-2016	15.0% minus inflation rate	2015-2016
Inflation indexed KZT denominated bonds	inflation rate plus 1.0% plus 2.0%	2010-2015	inflation rate plus 1.0% plus 2.0%	2010-2015
USD denominated bonds	7.7%	2016	8.0-11.8%	2007
Unsubordinated debt securities issued				
USD denominated bonds	8.1%	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 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 of 30 September 2007 and 31 December 2006, the Group was in compliance with the covenants of the agreements the Group has with the notes’ trustee and holders.

17. 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 three months ended 30 September 2007 (Unaudited)	For three months ended 30 September 2006 (Unaudited)	For nine months ended 30 September 2007 (Unaudited)	For nine months ended 30 September 2006 (Unaudited)
Current tax charge	(3,975)	(1,474)	(10,198)	(3,920)
Deferred tax benefit/(charge)	1,383	509	(115)	509
Income tax expense	(2,592)	(965)	(10,313)	(3,411)

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% as at 30 September 2007 and 31 December 2006. The tax rate for companies other than banks was also 30% for 30 September 2007 and 31 December 2006, except for insurance companies taxed at 4%. Income on state and other qualifying securities is tax exempt. The Bank's effective tax rate is generally less than the statutory rate because not all of the Bank's income is taxable. For example, interest received on Government and mortgage loan (more than three years) is currently not taxable.

Deferred tax assets and liabilities comprise:

	30 September 2007 (Unaudited)	31 December 2006
Tax effect of deductible temporary differences:		
Bonuses accrued	877	869
Deferred tax asset	877	869
Tax effect of taxable temporary differences:		
Loans to customers, allowance for impairment losses	(2,447)	(1,598)
Property and equipment, accrued depreciation	(1,075)	(1,801)
Deferred tax liability	(3,522)	(3,399)
Net deferred tax liability	(2,645)	(2,530)

18. OTHER LIABILITIES

Other liabilities comprised:

	30 September 2007 (Unaudited)	31 December 2006
Taxes payable	5,356	1,002
Salary payable	3,314	3,622
Other prepayments received	1,203	358
Other transit accounts	885	171
Other creditors on non-banking activities	707	859
Forward and swap transactions	628	9
Other creditors on bank activities	478	55
Accrued general and administrative expenses	184	339
Other	357	164
	13,112	6,579

19. EQUITY

Authorized and issued share capital as of 30 September 2007, consisted of 979,862,241 common shares, 24,742,000 non-convertible preferred shares and 80,215,187 convertible preferred shares (31 December 2006 − 970,689,036, 24,742,000 and 80,215,187, respectively). All shares are KZT denominated.

As of 30 September 2007, the Group held 4,154,419 of the Bank's shares and GDRs as treasury shares at 42 million tenge (31 December 2006 – 3,858,746 at 38 million tenge).

Common Shares

Each common share is entitled to one vote and is equal for dividends.

Preferred shares

In accordance with IAS 32 Financial Instruments: Disclosure and Presentation, both the non-convertible and convertible preferred shares (together, the "Preferred Shares") are classified as part of equity. On a return of capital on liquidation, the assets of the Group available for distribution are applied in priority to any payment to the holders of common shares in paying to the holders of the Preferred Shares an amount equal to the nominal capital paid up or credited as paid up.

The terms of the Preferred Shares require that the Bank pay a nominal dividend amount of 0.01 KZT per share in order to comply with Kazakhstan legislation. This legislation requires joint stock companies to pay a certain guaranteed amount of dividends on preferred shares. The payment of additional dividends on the Preferred Shares is determined based on a formula specified in the preference share agreement and is based on the Group's profitability. Dividends on the Preferred Shares are paid only if declared and approved by the Board of Directors at the Annual General Meeting of the Shareholders.

The Preferred Shares do not have any voting rights, unless the payment of preferred dividends has been delayed for three months or more from the date they became due.

Non-convertible preferred shares

Non-convertible preferred shares are not redeemable.

Convertible preferred shares

Each convertible preferred share is convertible to one common share at the discretion of the Board of Directors. In addition, the Group will pay a compensation amount to each convertible preferred shareholder on conversion. This amount as calculated based on a formula specified in the convertible preference share agreement.

20. COMMITMENTS AND CONTINGENCIES

Financial Commitments and Contingencies

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

	30 September 2007 (Unaudited)	31 December 2006
Commitments to extend credit	35,138	21,629
Guarantees issued	28,009	39,897
Commercial letters of credit	19,654	18,326
	82,801	79,852
Less: cash collateral against letters of credit	(600)	(132)
Less: provisions (Note 11)	(1,284)	(3,021)
Financial commitments and contingencies	80,917	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 – 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.

21. FEE AND COMMISSION INCOME

Fee and commission income was derived from the following sources:

	For the three months ended 30 September 2007 (Unaudited)	For the three months ended 30 September 2006 (Unaudited)	For the nine months ended 30 September 2007 (Unaudited)	For the nine months ended 30 September 2006 (Unaudited)
Bank transfers	1,481	1,180	5,912	4,049
Maintenance of customer accounts	923	364	1,699	980
Customers' pension payments	815	271	978	785
Plastic cards maintenance	487	11	488	307
Letters of credit and guarantees issued	325	305	1,046	967
Cash operations	304	737	2,731	1,845
Utilities payments	178	508	178	710
Pension fund and asset management	161	1,022	3,845	4,510
Foreign currency operations	132	4	147	215
Custody activities	48	-	124	-
Commission income from trust	1	-	3	-
Other	66	372	191	699
	4,921	4,774	17,342	15,067

22. INSURANCE UNDERWRITING INCOME

Insurance underwriting income comprised:

	For the three months ended 30 September 2007 (Unaudited)	For the three months ended 30 September 2006 (Unaudited)	For the nine months ended 30 September 2007 (Unaudited)	For the nine months ended 30 September 2006 (Unaudited)
Insurance premiums written, gross	3,803	-	9,507	-
Ceded reinsurance share	(1,956)	-	(4,678)	-
Change in unearned insurance premiums, net	(124)	-	(607)	-
	1,723	-	4,222	-

23. 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.

Basic and diluted earnings per share for the three and nine month periods ended 30 September 2007 and 2006 have been restated due to errors identified after the issuance of the condensed interim consolidated financial information. An error was identified in the computation of basic and diluted earnings per share related to the inclusion of the preferred shares in the determination of the weighted average number of participating shares. The preferred shares do not have equivalent rights of the common shares and should be excluded from the weighted average share calculation. An error was also identified in that basic and diluted earnings per share were disclosed for preferred shares. Basic and diluted earnings per share have been recalculated and presented below in accordance with IAS 33, Earnings per share. Preferred shares with convertible features have been considered in the calculation of diluted earnings per share. In addition, the earnings per share has been impacted by the restatement described in Note 2 related to intergroup dividends.

The following table presents basic and diluted earnings per share as previously reported:

	As previously reported							
	For the three months ended 30 September 2007 (Unaudited)		For the three months ended 30 September 2006 (Unaudited)		For the nine months ended 30 September 2007 (Unaudited)		For the nine months ended 30 September 2006 (Unaudited)	
Net income attributable to equity holders of the parent	11,942		7,691		33,205		17,816	
	Common shares	Preferred shares	Common shares	Preferred shares	Common shares	Preferred shares	Common shares	Preferred shares
Weighted average number of participating shares	980,066,542	79,963,750	899,100,522	79,963,750	978,810,039	79,963,750	976,463,756	79,796,346
Basic and diluted earnings per share (Tenge)	12.14	12.14	8.55	8.55	33.92	33.92	18.24	18.24

The following tables present basic and earnings per shares as restated:

	Basic earnings per share - As restated			
	For the three months ended 30 September 2007 (Unaudited)	**For the three months ended 30 September 2006 (Unaudited)**	**For the nine months ended 30 September 2007 (Unaudited)**	**For the nine months ended 30 September 2006 (Unaudited)**
Net income attributable to equity holders of the parent	10,942	7,691	32,205	17,816
Less: Dividends on preferred shares	-	-	(1,579)	(1,355)
Earnings attributable to common shareholders	10,942	7,691	30,626	16,461
Weighted average number of participating shares for the purposes of basic earnings per share	979,875,756	897,287,067	978,075,995	896,610,947
Basic earnings per share (Tenge)	11.17	8.57	31.31	18.36

	Diluted earnings per share - As restated			
	For three months ended 30 September 2007 (Unaudited)	**For three months ended 30 September 2006 (Unaudited)**	**For 9 months ended 30 September 2007 (Unaudited)**	**For 9 months ended 30 September 2006 (Unaudited)**
Earnings used in the calculation of total basic earnings per share	10,942	7,691	30,626	16,461
Add: Dividends on convertible preferred shares	-	-	1,207	1,018
Less: Amounts payable to preferred shareholders upon conversion	(2,751)	(7,815)	(4,355)	(8,540)
Earnings used in the calculation of total diluted earnings per share	8,191	(124)	27,478	8,939
Weighted average number of participating shares for the purposes of basic earnings per share	979,875,756	897,287,067	978,075,995	896,610,947
Shares deemed to be issued:				
Weighted average number of convertible preferred shares	80,215,187	80,215,187	80,215,187	79,729,018
Weighted average number of participating shares for the purposes of diluted earnings per share	1,060,090,943	977,502,254	1,058,291,182	976,339,965
Diluted earnings per share (Tenge)	7.73	(0.13)	25.96	9.16

24. 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 condensed interim consolidated financial information 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

The assets and liabilities mainly 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 NBRK. The Bank's exposure to foreign currency exchange rate risk follows:

	30 September 2007 (Unaudited)			31 December 2006		
	KZT	**Foreign currencies**	**Total**	**KZT**	**Foreign currencies**	**Total**
Financial assets						
Cash and cash equivalents	41,302	131,442	172,744	31,957	95,842	127,799
Obligatory reserves	80,814	-	80,814	18,873	36,233	55,106
Financial assets at fair value through profit or loss	36,072	11,961	48,033	37,484	15,532	53,016
Amounts due from credit institutions	4,493	481	4,974	1,928	121	2,049
Available-for-sale investment securities	143,847	671	144,518	122,157	1,182	123,339
Loans to customers	599,223	305,879	905,102	291,007	305,209	596,216
Other financial assets	2,088	3,387	5,475	2,925	1,416	4,341
	907,839	453,821	1,361,660	506,331	455,535	961,866
Financial liabilities						
Amounts due to customers	474,553	292,616	767,169	303,199	294,736	597,935
Amounts due to credit institutions	92,613	129,554	222,167	55,042	63,677	118,719
Debt securities issued	89,576	150,277	239,853	68,188	66,225	134,413
Other financial liabilities	7,836	3,185	11,021	5,757	432	6,189
	664,578	575,632	1,240,210	432,186	425,070	857,256
Net balance sheet position	243,261	(121,811)	121,450	74,145	30,465	104,610
Net off-balance position	75,366	168,011	243,377	80,203	159,191	239,394
Total open position	318,627	46,200	364,827	154,348	189,656	344,004

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 which are included in the column "On demand" as they are available to meet the Bank's short-term liquidity needs.

	30 September 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	124,749	45,405	2,590	-	-	-	172,744
Obligatory reserves	18,606	15,629	12,345	11,908	8,931	13,395	80,814
Financial assets at fair value through profit or loss	48,033	-	-	-	-	-	48,033
Amounts due from credit institutions	-	2,540	535	-	1,528	371	4,974
Available-for-sale investment securities	1,785	53,425	42,746	32,729	4,079	9,754	144,518
Loans to customers	4,732	37,961	148,100	343,542	168,432	202,335	905,102
Other financial assets	1,295	1,307	2,414	279	114	66	5,475
	199,200	156,267	208,730	388,458	183,084	225,921	1,361,660
Financial liabilities							
Amounts due to customers	253,916	96,045	79,263	50,543	81,247	206,155	767,169
Amounts due to credit institutions	2,400	71,569	31,931	65,981	22,513	27,773	222,167
Debt securities issued	2,922	176	-	20,400	72,609	143,746	239,853
Other financial liabilities	720	5,941	334	1,894	482	1,650	11,021
	259,958	173,731	111,528	138,818	176,851	379,324	1,240,210
Net position	(60,758)	(17,464)	97,202	249,640	6,233	(153,403)	
Accumulated gap	(60,758)	(78,222)	18,980	268,620	274,853	121,450	

	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
Available-for-sale investment securities	-	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
Other financial assets	-	2,751	264	1,032	-	294	4,341
	90,466	237,180	72,405	272,793	154,685	134,337	961,866
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
Other financial liabilities	-	366	1,002	4,712	109	-	6,189
	149,368	198,894	40,327	261,254	150,728	56,685	857,256
Net position	(58,902)	38,286	32,078	11,539	3,957	77,652	
Accumulated gap	(58,902)	(20,616)	11,462	23,001	26,958	104,610	

25. 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. Transactions between related parties are generally effected on the same terms, conditions and amounts as transactions between unrelated parties.

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

	Nine months ended 30 September 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	229	4,013	-	45	681	1,157	-	72
Loans issued during the period	7	381	-	46	602	7,919	-	47
Loans repaid during the period	(189)	(4,368)	-	(4)	(1,054)	(4,104)	-	(74)
Loans outstanding, gross, ending of the period	47	26	-	87	229	4,972	-	45
Less: allowance for impairment	(2)	(4)	-	(1)	-	(959)	-	-
Loans outstanding, net, ending	45	22	-	86	229	4,013	-	45
Interest income on loans	-	1	-	1	73	385	-	6
Deposits and current accounts, beginning of the period	101,025	116,306	239	423	807	15,447	183	240
Receipt of deposits and current accounts during the period	1,895,173	4,978,552	233	144	1,000,939	5,108,431	11,169	589
Payments of deposits and current accounts during the period	(1,992,960)	(4,860,000)	(408)	(558)	(900,721)	(5,007,572)	(11,113)	(406)
Deposits and current accounts, ending of the period	3,238	234,858	64	9	101,025	116,306	239	423
Interest expense on deposits	11	2,476	-	-	1,944	2,696	4	20
Commitments and guarantees issued	-	-	439	-	-	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 three months ended 30 September 2007 (unaudited)	For three months ended 30 September 2006 (unaudited)	For nine months ended 30 September 2007 (unaudited)	For nine months ended 30 September 2006 (unaudited)
Salaries and bonuses	83	133	814	323
Total key management compensation	83	133	814	323

26. CAPITAL ADEQUACY

The FMSA requires banks to maintain ratios of total capital to risk weighted assets, which are computed in accordance with the Basle Accord guidelines issued in 1988, with subsequent amendments including the amendment to incorporate market risks. As of 30 September 2007 and 31 December 2006, these ratios exceeded the minimum ratio of 8% recommended by the Basle Accord.

27. 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 the 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 nine months ended 30 September 2007 and 2006.

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

	Nine months ended 30 September2007 (unaudited)			
	Retail Banking	Corporate banking	Other	Total
Total revenues	40,582	71,645	10,244	122,471
Segment result	20,685	43,413	10,244	74,342
Unallocated costs				(30,585)
Income before income tax expense				43,757
Income tax expense				(10,313)
Net income				33,444

	Nine months ended 30 September 2006 Retail banking	Corporate banking	Other	Total
Total revenues	28,965	45,412	199	74,576
Segment result	11,679	27,692	199	39,570
Unallocated costs				(17,895)
Income before income tax expense				21,675
Income tax expense				(3,411)
Net income				18,264

28. SUBSEQUENT EVENTS

On 9 October 2007 the Bank issued 10,000 million tenge subordinated bonds with semi-annual coupons. This KZT denominated bonds were listed on the KASE and have maturity date on 9 October 2017. The following table sets out rates of coupon and interest rate cap of the bonds:

Period	Coupon rate, % per annum	Interest rate cap, % per annum
From 9 October 2007 to 9 April 2008	11%	-
From 9 April 2008 to 9 October 2012	Inflation rate plus 2%	7%-13%
From 9 October 2012 to 9 October 2017	Inflation rate plus 3.5%	7%-13%

In October rating agency, Standard & Poor's had downgraded the rating of Republic of Kazakhstan, which had adverse effect on fair value of assets owned by the Group, however the management believes that the change of fair value cannot be determined reliably.