

JSC “BTA Bank” and subsidiaries

**Unaudited interim condensed
consolidated financial statements**

30 September 2008

Together with the Report on review of interim condensed
consolidated financial statements

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and Board of Directors of JSC "BTA Bank":

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Joint Stock Company "BTA Bank" and its subsidiaries (the "Group") as of 30 September 2008, comprising the interim condensed consolidated balance sheet as of 30 September 2008 and the related interim condensed consolidated statement of income for the three month and nine month periods then ended, and the related cash flows and changes in equity for the nine-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of the Group are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLP

20 November 2008

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2008

(Millions of Kazakh Tenge)

	Notes	30 September 2008 (unaudited)	31 December 2007
Assets			
Cash and cash equivalents	4	136,040	99,723
Obligatory reserves	5	160,804	168,242
Financial assets at fair value through profit or loss	6	170,018	112,175
Amounts due from credit institutions	7	108,726	107,589
Derivative financial assets	8	44,001	31,397
Available-for-sale investment securities	9	70,051	26,422
Loans to customers	10	2,814,163	2,379,810
Investments in associates		59,915	67,767
Property and equipment		14,874	13,433
Goodwill		53,212	37,557
Current income tax asset		643	110
Deferred tax assets		4,823	683
Other assets		33,783	19,709
Total assets		3,671,053	3,064,617
Liabilities			
Amounts due to the Government and National and Central banks	13	7,663	913
Amounts due to credit institutions	14	907,387	835,304
Derivative financial liabilities	8	6,272	5,528
Amounts due to customers	15	1,052,999	652,508
Debt securities issued	16	1,165,613	1,084,445
Current tax liability		2,813	-
Other liabilities		31,794	33,888
Total liabilities		3,174,541	2,612,586
Equity			
Share capital-common shares	17	303,456	303,427
Treasury shares		(6,012)	(555)
Securities revaluation reserve		102	(195)
Foreign currency translation reserve		(2,373)	104
Retained earnings		165,245	129,938
Equity attributable to shareholders of the parent		460,418	432,719
Minority interest		36,094	19,312
Total equity		496,512	452,031
Total liabilities and equity		3,671,053	3,064,617

Signed and authorized for release on behalf of the Management Board of the Bank

Roman V. Solodchenko

Chairman of the Board

Alma B. Maxutova

Chief Accountant

20 November 2008

The accompanying notes on pages 7 to 36 are an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2008

(Millions of Kazakh Tenge)

	<i>Notes</i>	<i>Three-month periods ended</i>		<i>Nine-month periods ended</i>	
		<i>30 September 2008</i>	<i>30 September 2007</i>	<i>30 September 2008</i>	<i>30 September 2007</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income					
Loans		101,466	82,051	274,806	202,103
Securities		3,752	3,052	9,417	10,662
Deposits with other banks		5,207	5,648	13,931	12,321
		110,425	90,751	298,154	225,086
Interest expense					
Debt securities issued		(25,063)	(19,167)	(72,867)	(56,396)
Deposits from customers		(16,133)	(12,002)	(39,687)	(29,441)
Deposits and loans from credit institutions		(16,936)	(19,828)	(47,868)	(42,167)
		(58,132)	(50,997)	(160,422)	(128,004)
Net interest income before impairment		52,293	39,754	137,732	97,082
Impairment charge	7, 10	(39,059)	(12,396)	(80,019)	(26,229)
Net interest income		13,234	27,358	57,713	70,853
Fee and commission income		9,270	7,404	25,640	21,448
Fee and commission expense		(151)	(705)	(914)	(1,469)
Fees and commissions		9,119	6,699	24,726	19,979
Net trading gain/(loss)	19	(5,363)	457	(4,676)	(320)
Gains less losses from foreign currencies:					
- dealing		(705)	(1,366)	884	2,204
- translation differences		613	678	2,217	11,578
Income from insurance operations		4,538	6,869	11,030	11,397
Expense from insurance operations		(3,555)	(5,558)	(9,384)	(9,616)
Share of income of associates	2	1,101	1,996	4,193	3,569
Other income/(loss)		388	(732)	3,147	(486)
Non interest income		(2,983)	2,344	7,411	18,326
Salaries and other employee benefits	20	(7,188)	(7,008)	(20,029)	(19,044)
Administrative and other operating expenses	20	(7,910)	(5,740)	(19,551)	(15,287)
Depreciation and amortisation		(1,277)	(627)	(3,282)	(1,640)
Taxes other than income tax		(1,174)	(629)	(2,737)	(1,595)
Obligatory insurance of individuals' deposits		(328)	(479)	(1,725)	(1,354)
Other provisions	11	5,769	(1,651)	(476)	(3,779)
Non interest expense		(12,108)	(16,134)	(47,800)	(42,699)
Income before income tax expense		7,262	20,267	42,050	66,459
Income tax benefit/(expense)	12	120	(1,551)	(6,838)	(7,375)
Net income after income tax		7,382	18,716	35,212	59,084
Attributable to:					
Equity holders of the parent		6,971	18,285	33,609	56,367
Minority interest in net income		411	431	1,603	2,717
Net income		7,382	18,716	35,212	59,084
Basic and diluted earnings per share (in Kazakh Tenge)	21	833	2,294	4,015	7,765

The accompanying notes on pages 7 to 36 are an integral part of these interim condensed consolidated financial statements

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2008**
(Millions of Kazakh Tenge)

	<i>Share Capital- Common Shares</i>	<i>Treasury Shares</i>	<i>Securities Revaluation Reserve</i>	<i>Foreign Currency Translation Reserve</i>	<i>Retained Earnings</i>	<i>Total</i>	<i>Minority Interest</i>	<i>Total Equity</i>
31 December 2006	116,451	(2,840)	335	(45)	68,584	182,485	12,133	194,618
Fair value change of available-for-sale securities, net of tax (unaudited)	–	–	289	–	–	289	48	337
Release of available-for-sale securities revaluation reserve on disposal of previously revalued assets (unaudited)	–	–	(4)	–	–	(4)	–	(4)
Amortization of revaluation loss on available-for-sale securities reclassified to held-to-maturity securities (unaudited)	–	–	106	–	–	106	–	106
Foreign currency translation (unaudited)	–	–	–	22	–	22	–	22
Total income recognized directly in equity (unaudited)	–	–	391	22	–	413	48	461
Net income (unaudited)	–	–	–	–	56,367	56,367	2,717	59,084
Total income (unaudited)	–	–	391	22	56,367	56,780	2,765	59,545
Issue of common shares (unaudited)	180,893	–	–	–	–	180,893	–	180,893
Issue of treasury shares (unaudited)	–	1,330	–	–	–	1,330	–	1,330
Purchase of treasury shares (unaudited)	–	(3,337)	–	–	–	(3,337)	–	(3,337)
Contribution to subsidiaries (unaudited)	–	–	–	–	–	–	8,579	8,579
Purchase of minority interest (unaudited)	–	–	–	–	–	–	(3,819)	(3,819)
30 September 2007 (unaudited)	297,344	(4,847)	726	(23)	124,951	418,151	19,658	437,809

The accompanying notes on pages 7 to 36 are an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2008

(Millions of Kazakh Tenge)

	<i>Share Capital- Common Shares</i>	<i>Treasury Shares</i>	<i>Securities Revaluation Reserve</i>	<i>Foreign Currency Translation Reserve</i>	<i>Retained Earnings</i>	<i>Total</i>	<i>Minority Interest</i>	<i>Total Equity</i>
30 September 2007 (unaudited)	297,344	(4,847)	726	(23)	124,951	418,151	19,658	437,809
Fair value change of available-for-sale securities, net of tax (unaudited)	–	–	(233)	–	–	(233)	–	(233)
Release of available-for-sale securities revaluation reserve on disposal of previously revalued assets (unaudited)	–	–	(688)	–	–	(688)	–	(688)
Foreign currency translation (unaudited)	–	–	–	127	–	127	–	127
Total income recognized directly in equity (unaudited)	–	–	(921)	127	–	(794)	–	(794)
Net income (unaudited)	–	–	–	–	4,987	4,987	634	5,621
Total income (unaudited)	–	–	(921)	127	4,987	4,193	634	4,827
Issue of common shares (unaudited)	6,083	–	–	–	–	6,083	–	6,083
Issue of treasury shares (unaudited)	–	4,600	–	–	–	4,600	–	4,600
Purchase of treasury shares (unaudited)	–	(308)	–	–	–	(308)	–	(308)
Contribution to subsidiaries (unaudited)	–	–	–	–	–	–	(64)	(64)
Minority interest on acquisition (unaudited)	–	–	–	–	–	–	4,807	4,807
Purchase of minority interest (unaudited)	–	–	–	–	–	–	(5,723)	(5,723)
31 December 2007	303,427	(555)	(195)	104	129,938	432,719	19,312	452,031

The accompanying notes on pages 7 to 36 are an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2008

(Millions of Kazakh Tenge)

	<i>Share Capital- Common Shares</i>	<i>Treasury Shares</i>	<i>Securities Revaluation Reserve</i>	<i>Foreign Currency Translation Reserve</i>	<i>Retained Earnings</i>	<i>Total</i>	<i>Minority Interest</i>	<i>Total Equity</i>
1 January 2008	303,427	(555)	(195)	104	129,938	432,719	19,312	452,031
Fair value change of available-for-sale securities, net of tax (unaudited)	–	–	860	–	–	860	(27)	833
Release of available-for-sale securities revaluation reserve on disposal of previously revalued assets (unaudited)	–	–	(66)	–	–	(66)	(10)	(76)
Share of changes recognized directly in associate's equity (unaudited)	–	–	(497)	–	–	(497)	–	(497)
Changes in the investee's equity related to previously held ownership interest (unaudited)	–	–	–	–	1,698	1,698	–	1,698
Foreign currency translation (unaudited)	–	–	–	(2,477)	–	(2,477)	(1,665)	(4,142)
Total income (loss) recognized directly in equity (unaudited)	–	–	297	(2,477)	1,698	(482)	(1,702)	(2,184)
Net income (unaudited)	–	–	–	–	33,609	33,609	1,603	35,212
Total income (unaudited)	–	–	297	(2,477)	35,307	33,127	(99)	33,028
Issue of common shares (unaudited)	29	–	–	–	–	29	–	29
Purchase of treasury shares (unaudited)	–	(5,508)	–	–	–	(5,508)	–	(5,508)
Issue of treasury shares (unaudited)	–	51	–	–	–	51	–	51
Minority interest on acquisition (unaudited)	–	–	–	–	–	–	19,678	19,678
Purchase of minority interest (unaudited)	–	–	–	–	–	–	(2,797)	(2,797)
30 September 2008 (unaudited)	303,456	(6,012)	102	(2,373)	165,245	460,418	36,094	496,512

The accompanying notes on pages 7 to 36 are an integral part of these interim condensed consolidated financial statements

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2008**

(Millions of Kazakh Tenge)

	<i>Nine-month period ended 30 September</i>	
	<i>2008</i>	<i>2007</i>
	<i>Notes</i>	<i>(unaudited)</i>
		<i>(unaudited)</i>
Cash flows from operating activities:		
Interest received		176,060
Interest paid		(116,578)
Income received from trading in foreign currencies		2,048
Income received/(expense paid) from operations with securities		(1,555)
Fee and commission received		21,779
Fee and commission paid		(516)
Cash received from insurance operations		9,607
Cash paid for insurance operations		(1,311)
Cash paid to employees		(13,296)
Recovery of loans previously written-off		5,534
Cash paid for obligatory deposits insurance		(1,354)
Operating expenses paid		(18,202)
Cash flows provided by operating activities before changes in operating assets and liabilities		62,216
Net cash increase/decrease from operating assets and liabilities		
Net decrease /(increase) in obligatory reserves		(40,578)
Net (increase)/decrease in financial assets at fair value at profit or loss		87,893
Net decrease in derivative financial assets		-
Net increase in amounts due from credit institutions		(16,061)
Net increase in loans to customers		(943,511)
Net increase in other assets		(22,764)
Net increase/(decrease) in due to the Government and National and Central banks		(69)
Net increase in amounts due to credit institutions		185,517
Net increase in amounts due to customers		143,006
Net decrease in derivative financial liabilities		-
Net (decrease)/ increase in other liabilities		8,691
Net cash flows/(used in) operating activities before income tax		(535,660)
Income tax paid		(3,813)
Net cash used in operating activities		(539,473)
Cash flows from investing activities		
Acquisition of investment securities available-for-sale		(25,167)
Disposal of investment securities available-for-sale		22,868
Proceeds from redemption of held-to-maturity securities		1,090
Acquisition of subsidiaries, net of cash received	3	(16,182)
Acquisition of minority interest		-
Investment in associates		(46,602)
Dividends received from associates		-
Acquisition of property and equipment		(5,900)
Proceeds from disposal of property and equipment		997
Net cash used in investing activities		(68,896)
Cash flows from financing activities		
Proceeds from debt securities issued		348,737
Redemption of debt securities issued		(59,481)
Proceeds from sale of common shares		180,893
Contribution to subsidiaries by minorities		8,579
Purchase of treasury shares		(3,337)
Proceeds from sale of treasury shares		1,330
Net cash from financing activities		476,721
Effect of exchange rate changes on cash and cash equivalents		(1,560)
Net increase/(decrease) in cash and cash equivalents		(133,208)
Cash and cash equivalents at beginning of the year		193,640
Cash and cash equivalents at the end of the period	4	60,432
Non-cash transactions:		
Reclassification of Investments in associates to available-for-sale securities		-
Reclassification of held-to-maturity securities from available-for-sale securities		14,360

The accompanying notes on pages 7 to 36 are an integral part of these interim condensed consolidated financial statements

(Millions of Kazakh Tenge)

1. Principal activities

JSC “BTA Bank” and its subsidiaries (together the “Group”) provide retail and corporate banking services, insurance services, leasing and other financial services in Kazakhstan, Kyrgyzstan and Russian Federation. The parent company of the Group is joint stock company “BTA Bank” (the “Bank”). It was renamed from JSC “Bank TuranAlem” in January 2008. The Bank is incorporated and domiciled in the Republic of Kazakhstan. Note 2 lists the Bank’s subsidiaries.

The address of the Bank’s registered office is: 97 Zholdasbekov Street, Samal-2, Almaty, 050051, Republic of Kazakhstan.

The Bank accepts deposits from the public and extends credit, transfers payments within Kazakhstan and abroad, exchanges currencies and provides other banking services to its commercial and retail customers. In addition, the Group is authorized to provide asset management and custodian services, as well as to accept pension fund deposits. The Bank has a primary listing in the Kazakhstani Stock Exchange (“KASE”). Certain of the Group’s debt securities are listed on the Luxemburg Stock Exchange and London Stock Exchange with a secondary listing on the KASE. Its head office is located in Almaty, Kazakhstan. At 30 September 2008, the Bank had 22 regional branches and 277 cash settlement units (31 December 2007 – 22 regional branches and 289 cash settlement units) located throughout Kazakhstan, and subsidiaries and representative offices in Shanghai, China; Moscow, Russia; Kiev, Ukraine; and Dubai, United Arab Emirates.

As of 30 September 2008, members of the Board of Directors and Management Board owned 44,340 common shares or 0.53% of issued capital (31 December 2007 - 79,897 shares or 0.95%).

2. Basis of preparation

General

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Accordingly, they do not include all of the information required by International Financial Reporting Standards (“IFRS”) for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals and provisions) considered necessary for a fair presentation have been included. Operating results for the nine-month period ended 30 September 2008 are not necessarily indicative of the results that may be expected for the year ending 31 December 2008.

These interim condensed consolidated financial statements are presented in millions of Kazakh Tenge (“KZT”), except per share amounts and unless otherwise indicated. The KZT is utilized as the shareholders, the managers and the regulators measure the Group’s performance in KZT. In addition, the KZT, being the national currency of the Republic of Kazakhstan, is the currency that reflects the economic substance of the underlying events and circumstances relevant to the Group. Significant foreign currency positions are maintained as they are necessary to meet customers’ requirements, manage foreign currency risks and achieve a proper assets and liabilities structure for the Group’s balance sheet. Transactions in other currencies are treated as transactions in foreign currencies.

These interim condensed consolidated financial statements should be read in conjunction with the complete consolidated financial statements as of 31 December 2007, considering the effect of the adoption of the new IFRSs and revision of the existing International Accounting Standards (“IAS”).

Reclassifications

The following reclassifications have been made to 2007 balances to conform to the 2008 presentation:

	<i>As previously reported</i>	<i>Reclassifi- cation</i>	<i>As reported herein</i>	<i>Comment</i>
Statement of income:				
Net trading income	595	(915)	(320)	
Gains less losses from foreign currencies - dealing	2,047	157	2,204	Reclassification of the trading gain from interest rate instruments from Gains less losses from foreign currencies to Net trading loss
Gains less losses from foreign currencies – exchange difference	10,820	758	11,578	

(Millions of Kazakh Tenge)

2. Basis of preparation (continued)**Consolidated subsidiaries**

The interim condensed consolidated financial statements include the following subsidiaries:

<i>Subsidiary</i>	<i>Holding, %</i>		<i>Country</i>	<i>Date of incorporation</i>	<i>Industry</i>	<i>Date of acquisition</i>
	<i>30 September 2008</i>	<i>31 December 2007</i>				
JSC Subsidiary of JSC BTA - BTA Securities	100.00%	100.00%	Kazakhstan	17.10.97	Securities trading and asset management	13.12.97
JSC Subsidiary of JSC BTA - Accumulative Pension Fund BTA Kazakhstan	76.83%	76.83%	Kazakhstan	11.12.97	Pension fund	16.09.98
JSC BTA Ipoteka Subsidiary Mortgage company of JSC BTA	100.00%	100.00%	Kazakhstan	20.11.00	Consumer mortgage lending	20.11.00
JSC Subsidiary Life Insurance company of BTA - BTA Zhizn	100.00%	100.00%	Kazakhstan	22.07.99	Life and annuity insurance	30.03.01
JSC Subsidiary insurance company of BTA - BTA Zabota	98.17%	98.17%	Kazakhstan	10.09.96	General Insurance	04.04.01
TuranAlem Finance B.V. LLP	100.00%	100.00%	Netherlands	22.05.01	Capital markets	22.05.01
LC Subsidiary of JSC BTA Bank TuranAlem Finance	100.00%	100.00%	Russia	22.06.04	Capital markets	28.09.04
JSC Subsidiary of JSC BTA Insurance Company London-Almaty	99.54%	99.55%	Kazakhstan	20.11.97	Property and Liability insurance	05.08.04
BTA Finance Luxembourg S.A.	86.11%	86.11%	Luxemburg	05.01.06	Capital markets	06.03.06
JSC Subsidiary company of BTA - BTA Insurance	100.00%	100.00%	Kazakhstan	08.09.98	Property and Liability insurance	21.12.06
JSC Subsidiary of JSC BTA TemirBank	69.85%	64.32%	Kazakhstan	26.03.92	Bank activities	29.12.06
CJSC BTA Bank, Kyrgyzstan	71.00%	71.00%	Kyrgyzstan	02.12.96	Bank activities	19.11.07
LLC BTA Bank, Russia	52.84%	15.63%	Russia	23.11.93	Bank activities	15.07.08
TemirCapital B.V.	100.00%	100.00%	Netherlands	29.05.01	Operations on capital markets	29.12.06
First Kazakh Securitization Company	—	—	Netherlands	08.12.05	Securitization of financial assets	—
Second Kazakh Securitization Company	—	—	Netherlands	25.09.07	Securitization of financial assets	—
BTA DPR Finance Company	—	—	Cayman Islands	02.09.07	Financial services	02.09.07

(Millions of Kazakh Tenge)

2. Basis of preparation (continued)**Associates accounted for under equity method**

The following associates are accounted for under the equity method and included into investments in associates:

30 September 2008 <i>(unaudited)</i>				<i>Share in</i> <i>net</i> <i>income /</i> <i>(loss)</i>	<i>Total</i> <i>assets</i>	<i>Total</i> <i>liabilities</i>	<i>Equity</i>
<i>Associates</i>	<i> Holding, %</i>	<i>Country</i>	<i>Activities</i>				
BTA Bank CJSC (formerly CJSC Astanaeximbank)	48.94%	Belorussia	Bank	93	15,147	13,197	1,950
BTA Bank JSC (formerly JSC BTA Silk Road Bank)	49.00%	Georgia	Bank	80	11,962	8,852	3,110
BTA InvestBank CJSC	48.93%	Armenia	Bank	(365)	4,855	3,471	1,384
JSCB BTA Kazan OJSC	47.32%	Russia	Bank	322	44,917	38,540	6,377
BTA ORIX Leasing JSC	45.00%	Kazakhstan	Leasing	108	7,200	4,896	2,304
Temir Leasing JSC	35.63%	Kazakhstan	Leasing	40	4,314	2,400	1,914
Omsk Bank OJSC	19.99%	Russia	Bank	(146)	28,409	24,722	3,687
Sekerbank	33.98%	Turkey	Bank	4,061	789,732	699,413	90,319

In March 2008 Oranta NJSIC OJSC has issued additional shares in the amount of UAH 79.7 million. The Bank did not use its pre-emptive right to purchase these shares and as a result the Bank's share in Oranta has decreased from 25.00% as of 31 December 2007 to 14.01% as of 30 September 2008.

In April 2008 Astanaeximbank CJSC was renamed to BTA Bank CJSC (Belarussia).

In May 2008 BTA Silk Road Bank JSC was renamed to BTA Bank JSC (Georgia).

In June 2008 Temirbank JSC, the Bank's subsidiary, sold 118,647 shares of its associate Temir Leasing JSC at the secondary securities market. As a result the Group's ownership interest has decreased from 43.87% as of 31 December 2007 to 35.63% as of 30 September 2008.

In July 2008 the Group acquired additional 38.64% of statutory funds in BTA Bank LLC (Russia), which increased ownership interest to 52.84% and provided the Group with controlling interest. As at 30 September BTA Bank LLC (Russia) held 19.99% share in Omsk Bank OJSC, a bank registered in Russian Federation, which was treated as an associate, since the Group exercises significant influence to the entity through representation in the Board of Directors.

31 December 2007				<i>Share in</i> <i>net</i> <i>income for</i> <i>the nine-</i> <i>month</i> <i>period</i> <i>ended 30</i> <i>September</i> <i>2007</i>	<i>Total</i> <i>assets</i>	<i>Total</i> <i>liabilities</i>	<i>Equity</i>
<i>Associates</i>	<i> Holding, %</i>	<i>Country</i>	<i>Activities</i>				
Astanaeximbank CJSC	49.00%	Belorussia	Bank	85	10,707	9,263	1,444
BTA Silk Road Bank JSC	49.00%	Georgia	Bank	81	13,330	10,679	2,651
BTA InvestBank CJSC	48.87%	Armenia	Bank	56	7,114	4,911	2,203
JSCB BTA Kazan OJSC	47.32%	Russia	Bank	189	43,028	36,831	6,197
BTA ORIX Leasing JSC	45.00%	Kazakhstan	Leasing	103	7,390	5,323	2,067
Temir Leasing JSC	43.87%	Kazakhstan	Leasing	46	7,643	3,032	4,611
Sekerbank	33.98%	Turkey	Bank	2,880	626,637	537,603	89,034
Oranta NJSIC OJSC	25.00%	Ukraine	Insurance Company	–	15,526	6,630	8,896

For the nine months period ended 30 September 2007 share in net income of BTA Bank (Kyrgyzstan) amounted to KZT 129 million. In November 2007 the Group increased its share in BTA Bank (Kyrgyzstan) from 46.00% to 71.00% for KZT 925 million which gave the Group effective control over BTA Bank (Kyrgyzstan) and treat it as subsidiary as of 31 December 2007.

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2. Basis of preparation (continued)

Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2007, except for the adoption of new Standards and Interpretations, noted below:

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

This interpretation requires arrangements whereby an employee is granted rights to an entity’s equity instruments, to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The adoption of this Interpretation did not have any effect on the financial position or performance of the Group.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. The adoption of this Interpretation did not have any effect on the financial position or performance of the Group.

IFRIC 12 “Service Concession Arrangements”

IFRIC Interpretation 12 was issued in November 2006 and became effective for annual periods beginning on or after 1 January 2008. This Interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. This Interpretation has no impact on the Group.

Reclassification of Financial Assets – Amendments to IAS 39 “Financial instruments: Recognition and measurement” and IFRS 7 “Financial instruments: Disclosures”

Amendments to IAS 39 and IFRS 7 were issued on 13 October 2008 and allow reclassification of non-derivative financial assets out of the held for trading category in particular circumstances. The amendments also allow transfer of certain financial assets from the available for sale category to loans and receivables category. The effective date of those amendments is 1 July 2008. Any reclassification made in periods beginning on or after 1 November 2008 shall take effect only from the date when the reclassification is made. The Group did not reclassify any financial assets from held for trading or available for sale categories and hence these amendments did not have any impact on the financial position or performance of the Group.

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3. Business combination

In July 2008 the Group completed its acquisition of 52.84% of voting shares in LLC BTA Bank (Russia). The fair value of the identifiable assets and liabilities acquired and goodwill arising as at the date of acquisition was:

	<i>Fair value recognised on acquisition 2008</i>	<i>Carrying value 2008</i>
Cash and cash equivalents	55,199	55,199
Obligatory reserves	4,617	4,617
Financial assets at fair value through profit or loss	12,399	12,399
Investments in associates	1,067	1,067
Loans to customers	146,359	141,738
Property, plant and equipment	1,406	1,406
Current tax assets	174	174
Other assets	1,862	1,765
Total assets	223,083	218,365
Amounts due to credit institutions	57,561	57,258
Due to customers	106,776	106,776
Debt securities issued	15,352	15,558
Current tax liabilities	633	633
Deferred tax liabilities	430	430
Other liabilities	605	605
Total liabilities	181,357	181,260
Fair value of net assets	41,726	37,105
Group's share in fair value of net assets	16,121	
Goodwill	10,620	
Cost of acquisition	26,741	
Cash received from acquisition	55,199	
Cash paid	(26,741)	
Net cash received	28,458	

If the combination had taken place at the beginning of the year, the total net operating income and the profit for the period of the Group would have been KZT 8,915 million and KZT 3,056 million higher at KZT 99,391 million and KZT 38,894 million, respectively.

4. Cash and cash equivalents

Cash and cash equivalents comprise:

	<i>30 September 2008 (unaudited)</i>	<i>31 December 2007</i>
Current accounts with other financial institutions	49,653	29,816
Cash on hand	41,625	12,826
Reverse repurchase agreements with contractual maturity of less than 90 days	34,880	16,479
Current accounts with the NBK and Central Bank of Russian Federation	6,103	-
Time deposits with contractual maturity of less than 90 days	3,779	40,602
Cash and cash equivalents	136,040	99,723

Interest rates on time deposits and reverse repurchase agreements are as follows:

	<i>30 September 2008 (unaudited)</i>	<i>31 December 2007</i>
	<i>Interest rate</i>	
Reverse repurchase agreements with contractual maturity of 90 days or less	2.5%-15.0%	5.0%-16.0%
Time deposits with contractual maturity of less than 90 days	2.7%-14.0%	1.5%-11.5%

The Group has entered into reverse repurchase agreements with Kazakhstani banks. The subject of these agreements was mainly treasury bills of the Ministry of Finance and notes of the NBK and other corporate securities.

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5. Obligatory reserves

Obligatory reserves comprise:

	<i>30 September 2008 (unaudited)</i>	<i>31 December 2007</i>
Deposits with the NBK and Central Bank of Russian Federation	159,028	139,366
Cash on hand allocated to obligatory reserves	1,776	28,876
Obligatory reserves	160,804	168,242

Under Kazakh legislation, the Group is required to maintain certain obligatory reserves, which are computed as a percentage of certain liabilities of the Group. Historically, such reserves were held in amounts on non-interest correspondent accounts with the NBK in national and freely convertible currencies and in physical cash in national and freely convertible currencies and maintained based on average monthly balances of the aggregate of deposits with the NBK and physical cash in national and freely convertible currencies. The use of such funds is, therefore, subject to certain restrictions.

Credit institutions in Russian Federation are required to maintain a non-interest earning cash deposit (obligatory reserve) with the Central Bank of Russian Federation, the amount of which depends on the level of funds attracted by the credit institution. The Group's ability to withdraw such deposit is significantly restricted by the Russian Federation's legislations.

6. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise:

	<i>30 September 2008 (unaudited)</i>	<i>31 December 2007</i>
Debt securities:		
Corporate bonds	67,867	46,241
Notes of the NBK	43,549	3,707
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	25,631	19,156
Bonds of Kazakhstan financial agencies	8,848	6,881
Bonds of international financial organizations	77	76
Treasury bills of the Ministry of Finance of the Russian Federation	3	3
Sovereign bonds of OECD countries	-	6,694
Municipal bonds	-	264
	145,975	83,022
Equity securities	24,043	29,100
Mutual funds shares	-	53
Financial assets at fair value through profit or loss	170,018	112,175
Subject to repurchase agreements	71,429	60,129

Interest rates and maturity of debt securities follow:

	<i>30 September 2008 (unaudited)</i>		<i>31 December 2007</i>	
	<i>%</i>	<i>Maturity</i>	<i>%</i>	<i>Maturity</i>
Corporate bonds	7.0%-11.0%	2008-2018	7.0%-8.9%	2009-2015
Notes of the NBK	5.8%	2008-2009	7.3%	2008
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	3.3%-8.5%	2008-2015	5.5%-6.4%	2008-2010
Bonds of Kazakhstan financial agencies	6.0%-8.0%	2013-2026	6.0%-12.2%	2013-2026
Bonds of international financial organizations	4.4%-5.5%	2012-2013	4.4%-5.5%	2012-2013
Treasury bills of the Ministry of Finance of the Russian Federation	7.5%	2030	7.5%	2030
Sovereign bonds of OECD countries	-	-	4.0%	2037
Municipal bonds	-	-	8.5%	2008

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7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	<i>30 September 2008</i> <i>(unaudited)</i>	<i>31 December 2007</i>
Loans	86,679	88,221
Deposits	22,787	19,491
	109,466	107,712
Less – Allowance for impairment	(740)	(123)
Amounts due from credit institutions	108,726	107,589

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

	<i>30 September 2008</i> <i>(unaudited)</i>		<i>31 December 2007</i>	
	%	<i>Maturity</i>	%	<i>Maturity</i>
Loans	7.7%-18.0%	2008-2015	7.0%-14.0%	2008-2026
Deposits	10.5%-14.0%	2008-2009	6.2%-14.0%	2008-2010

The movements in allowance for impairment of amounts due from credit institutions were as follows:

1 January 2007	80
Impairment charge	311
Write-offs	(42)
30 June 2007	349
Impairment charge	45
Write-offs	(313)
30 September 2007	81
Impairment charge	40
Amounts arising on business combination	2
31 December 2007	123
Impairment charge	461
Recoveries	176
Revaluation	26
30 June 2008	786
Impairment charge	92
Write-offs	(84)
Revaluation	(54)
30 September 2008	740

8. Derivative financial instruments

The Group enters into derivative financial instruments for trading purposes. The table below shows the fair values of derivative financial instruments, recorded as assets and liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding as of 30 September and 31 December and are indicative of neither the market risk nor the credit risk.

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8. Derivative financial instruments (continued)

	<i>30 September 2008 (unaudited)</i>			<i>31 December 2007</i>		
	<i>Notional</i>	<i>Fair values</i>		<i>Notional</i>	<i>Fair values</i>	
	<i>principal</i>	<i>Asset</i>	<i>Liability</i>	<i>principal</i>	<i>Asset</i>	<i>Liability</i>
Currency swaps	214,131	15,760	1,552	358,631	22,004	1,501
Forwards and futures	202,852	15,597	748	204,128	6,391	247
Interest rate swaps	464,466	12,336	3,972	392,888	2,739	3,780
Options	4,854	308	–	5,177	263	–
Total derivative assets/liabilities		44,001	6,272		31,397	5,528

Swaps

Swaps are contractual agreements between two parties to exchange movements in interest and foreign currency rates.

Forwards and futures

Forwards and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Futures contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements.

Options

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

9. Available-for-sale investment securities

Available-for-sale investment securities comprise:

	<i>30 September 2008 (unaudited)</i>	<i>31 December 2007</i>
Bonds of international financial organizations	37,371	–
Corporate bonds	13,793	14,179
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	1,592	–
Treasury bills of the Ministry of Finance of Kyrgyzstan	336	410
Notes of the NBK	150	1,165
Bonds of Kazakhstan financial agencies	1	24
Notes of the National Bank of Kyrgyzstan	–	1,390
Sovereign bonds of OECD countries	–	3,697
	53,243	20,865
Equity securities	16,768	5,557
Mutual funds shares	40	–
Available-for-sale investment securities	70,051	26,422

Interest rates and maturities of debt securities are:

	<i>30 September 2008 (unaudited)</i>		<i>31 December 2007</i>	
	<i>%</i>	<i>Maturity</i>	<i>%</i>	<i>Maturity</i>
Bonds of international financial organizations	2.6%-5.5%	2011-2014	–	–
Corporate bonds	8.5%-20.1%	2008-2015	8.5%-16.0%	2008-2015
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	5.4%-8.5%	2009-2011	–	–
Treasury bills of the Ministry of Finance of the Kyrgyzstan	8.6%-20.0%	2008-2010	5.7%-14.6%	2008-2009
Notes of the NBK	4.5%	2008	7.3%	2008
Bonds of Kazakhstan financial agencies	16.7%	2014	12.2%	2014
Notes of the NB of Kyrgyzstan	–	–	8.2%-9.2%	2008
Sovereign bonds of OECD countries	–	–	5.3%-6.0%	2008-2009

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10. Loans to customers

Loans to customers comprise:

	<i>30 September 2008</i> <i>(unaudited)</i>	<i>31 December 2007</i>
Corporate lending	2,210,184	1,669,648
Small and medium business lending	275,181	300,325
Individuals lending	533,572	546,880
Gross loans to customers	3,018,937	2,516,853
Less – Allowance for impairment	(204,774)	(137,043)
Loans to customers	2,814,163	2,379,810

As at 30 September 2008, the annual interest rates charged by the Group ranged from 12% to 20% per annum for KZT-denominated loans (2007 – from 12% to 19%) and from 12% to 21% per annum for US Dollar-denominated loans (2007 – from 12% to 20%).

Gross loans have been extended to the following types of customers:

	<i>30 September 2008</i> <i>(unaudited)</i>	<i>31 December 2007</i>
Private companies	2,478,393	1,963,281
Individuals	533,572	546,880
State companies	6,928	6,609
Other	44	83
Loans to customers, gross	3,018,937	2,516,853

Allowance for impairment of loans to customers

A reconciliation of the allowance for impairment of loans to customers by class is as follows:

	<i>Corporate lending 2008</i>	<i>Small and medium business lending 2008</i>	<i>Individuals lending 2008</i>	<i>Total 2008</i>
At 1 January 2008	111,502	23,231	2,310	137,043
Charge for the period	28,112	(623)	13,010	40,499
Amounts written off	(3,724)	(2,634)	(2,675)	(9,033)
Recoveries	271	736	612	1,619
Revaluation	308	43	40	391
At 30 June 2008	136,469	20,753	13,297	170,519
Individual impairment, 30 June 2008	71,298	11,506	10,660	93,464
Collective impairment, 30 June 2008	65,171	9,247	2,637	77,055
	136,469	20,753	13,297	170,519
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	260,715	44,813	24,105	329,633
At 30 June 2008	136,469	20,753	13,297	170,519
Charge for the period	37,465	2,019	(517)	38,967
Amounts written off	(2,501)	(3,359)	(2,902)	(8,762)
Recoveries	–	–	395	395
Revaluation	(1,540)	(142)	(266)	(1,948)
Amounts arising on business combination	4,211	–	1,392	5,603
At 30 September 2008	174,104	19,271	11,399	204,774
Individual impairment, 30 September 2008	78,032	6,687	6,545	91,264
Collective impairment, 30 September 2008	96,072	12,584	4,854	113,510
	174,104	19,271	11,399	204,774
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	189,081	17,275	16,914	223,270

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10. Loans to customers (continued)*Allowance for impairment of loans to customers (continued)*

	<i>Corporate lending 2007</i>	<i>Small and medium business lending 2007</i>	<i>Individuals lending 2007</i>	<i>Total 2007</i>
At 1 January 2007	60,759	8,336	1,095	70,190
Charge for the period	8,373	3	5,146	13,522
Amounts written off	(5,016)	(408)	(1,056)	(6,480)
Recoveries	3,487	602	509	4,598
At 30 June 2007	67,603	8,533	5,694	81,830
Individual impairment, 30 June 2007	48,249	–	–	48,249
Collective impairment, 30 June 2007	19,354	8,533	5,694	33,581
	67,603	8,533	5,694	81,830
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	205,555	17,157	–	222,712
At 30 June 2007	67,603	8,533	5,694	81,830
Charge for the period	6,631	3,014	2,706	12,351
Amounts written off	(429)	(555)	(153)	(1,137)
Recoveries	1,535	1,282	83	2,900
At 30 September 2007	75,340	12,274	8,330	95,944
Individual impairment, 30 September 2007	49,099	816	–	49,915
Collective impairment, 30 September 2007	26,241	11,458	8,330	46,029
	75,340	12,274	8,330	95,944
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	273,899	16,322	–	290,221
At 30 September 2007	75,340	12,274	8,330	95,944
Charge for the period	36,909	10,729	(6,097)	41,541
Amounts written off	(6,652)	(1,401)	(198)	(8,251)
Recoveries	5,804	1,515	238	7,557
Amounts arising from business combination	101	114	37	252
31 December 2007	111,502	23,231	2,310	137,043
Individual impairment, 31 December 2007	56,334	4,248	–	60,582
Collective impairment, 31 December 2007	55,168	18,983	2,310	76,461
	111,502	23,231	2,310	137,043
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	264,893	18,868	–	283,761

Individually impaired loans

Interest income accrued on loans, for which individual impairment allowances have been recognized, as of 30 September 2008, comprised KZT 20,363 million (31 December 2007- KZT 20,073 million).

The fair value of collateral that the Group holds relating to loans individually determined to be impaired at 30 September 2008 amounts to KZT 327,686 million (31 December 2007- KZT 329,678 million). In accordance with the NBK requirements, loans may only be written off with the approval of the Board of Directors and, in certain cases, with the respective decision of the Court.

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10. Loans to customers (continued)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For commercial lending, charges over real estate properties, inventory and trade receivables,
- For retail lending, mortgages over residential properties, charges over transport, cash and cash equivalents and guarantees.

The Group also obtains guarantees from parent companies for loans to their subsidiaries.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for loan impairment.

As at 30 September 2008 and 31 December 2007, the Group took possession of collateral with an estimated value of KZT 563 million and KZT 503 million, respectively, which the Group is in the process of selling. It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not occupy repossessed properties for business use.

As at 30 September 2008 loans to customers include loans of KZT 63,551 million, which are pledged as collateral for the mortgage-backed bonds (31 December 2007 – KZT 62,724 million).

As at 31 December 2007 mortgage loans issued to individuals in the aggregate amount of KZT 610 million were pledged under the financing received by the Group from OECD based banks. As at 30 September 2008, there were no such loans pledged due to settlement of the financing received from OECD based banks.

Derecognition of a loan portfolio

The Group has been periodically selling part of its mortgage loan portfolio to Kazakhstan Mortgage Company ("KMC"), with full recourse to the Group for any loans in default. The Group has determined that, as a result of this transaction, not substantially all the risks and rewards of the portfolio have been transferred to KMC. Therefore, the Group continues to recognise these loans as an asset on its consolidated balance sheet with the corresponding liability recorded in loans from financial institutions for the same amount. As at 30 September 2008 these loans amounted to KZT 8,911 million (2007 - KZT 7,595 million).

Concentration of loans to customers

As at 30 September 2008, the Group had a concentration of loans represented by KZT 379,573 million due from the ten largest borrowers that comprised 12.6% of the total gross loan portfolio (2007 – KZT 274,080 million, 11%) and represented 76% of the Group's total equity (2007 – 61%). Allowances amounting to KZT 25,869 million were recognised against these loans as of 30 September 2008 (2007 – KZT 7,750 million).

As at 30 September 2008, the Group had loans in the amount of KZT 479,360 million (2007-KZT 345,142 million) with interest and principal repayable at maturity.

*(Millions of Kazakh Tenge)***10. Loans to customers (continued)***Concentration of loans to customers (continued)*

Loans are made to the following sectors:

	<i>30 September 2008</i> <i>(unaudited)</i>	<i>%</i>	<i>31 December 2007</i>	<i>%</i>
Individuals	533,572	17.7%	546,880	21.7%
Wholesale trade	488,278	16.2%	415,817	16.5%
Real estate investments	434,645	14.4%	365,741	14.5%
Housing construction	388,861	12.9%	316,222	12.6%
Construction of roads and industrial buildings	274,335	9.1%	154,495	6.1%
Oil & gas	180,649	6.0%	173,948	6.9%
Agriculture	157,078	5.2%	139,615	5.6%
Retail trade	95,103	3.2%	71,836	2.9%
Chemical industry	61,928	2.1%	47,869	1.9%
Energy	52,759	1.7%	7,971	0.3%
Transport	51,048	1.7%	50,650	2.0%
Food industry	44,480	1.5%	48,401	1.9%
Mining	33,934	1.1%	30,325	1.2%
Telecommunication	25,335	0.8%	24,233	1.0%
Metallurgical industry	24,779	0.8%	11,174	0.5%
Financial services	22,669	0.8%	8,024	0.3%
Production of machinery and equipment	15,129	0.5%	16,664	0.7%
Hospitality	14,630	0.5%	10,689	0.4%
Textile and leather industry	9,729	0.3%	4,134	0.2%
Production of rubber and plastic articles	1,797	0.1%	731	0.0%
Publishing	1,117	0.0%	3,072	0.1%
Research & development	702	0.0%	724	0.0%
Other	106,380	3.4%	67,638	2.7%
	3,018,937	100.0%	2,516,853	100.0%

Loans to individuals consisted of the following:

	<i>30 September 2008</i> <i>(unaudited)</i>	<i>31 December 2007</i>
Consumer loans	271,278	292,463
Mortgage loans	262,294	254,417
	533,572	546,880

Finance lease receivable

Net investment in finance leases consisted of the following:

	<i>30 September 2008</i> <i>(unaudited)</i>	<i>31 December 2007</i>
Minimum lease payments receivable	22,909	13,295
Less: Unearned finance income	(5,315)	(2,619)
Net investment in finance leases	17,594	10,676
Allowance for uncollectible minimum lease payments receivable	(2,361)	(187)
	15,233	10,489
Current portion of net investment in finance leases	4,945	3,604
Long-term portion of net investment in finance leases	12,649	7,072
	17,594	10,676

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11. Other impairment and provisions

The movements in allowances for other losses and provisions were as follows:

	<i>Other assets</i>	<i>Other provisions</i>	<i>Total</i>
As at 1 January 2007	341	5,997	6,338
Impairment charge	23	2,105	2,128
Write-offs	(317)	–	(317)
Recoveries	66	–	66
As at 30 June 2007	113	8,102	8,215
Impairment charge/ (reversal)	(150)	1,801	1,651
Write-offs	(45)	–	(45)
Recoveries	193	–	193
As at 30 September 2007	111	9,903	10,014
Impairment charge	257	669	926
Write-offs	(160)	–	(160)
Recoveries	151	–	151
Amounts arising on business combination	1	5	6
As at 31 December 2007	360	10,577	10,937
Impairment charge	158	6,087	6,245
Write-offs	(49)	–	(49)
Revaluation	–	50	50
As at 30 June 2008	469	16,714	17,183
Impairment charge/ (reversal)	169	(5,938)	(5,769)
Write-offs	(432)	–	(432)
Recoveries	75	–	75
Revaluation	(27)	(1,081)	(1,108)
As at 30 September 2008	254	9,695	9,949

Allowances for impairment of assets are deducted from the related assets. Other provisions consist of provisions for letters of credit and guarantees, and are recorded within other liabilities.

12. Taxation

The corporate income tax expense comprises:

	<i>Three months ended 30 September 2008 (unaudited)</i>	<i>Three months ended 30 September 2007 (unaudited)</i>	<i>Nine months ended 30 September 2008 (unaudited)</i>	<i>Nine months ended 30 September 2007 (unaudited)</i>
Current tax charge	(6,552)	(1,551)	(11,642)	(7,375)
Deferred tax benefit- origination and reversal of temporary differences during three and nine months ended 30 September	6,672	–	4,804	–
Income tax expense	120	(1,551)	(6,838)	(7,375)

(Millions of Kazakh Tenge)

13. Amounts due to the Government and National and Central Banks

Amounts due to the Government and National and Central Banks consist of the following:

	<i>30 September 2008</i> <i>(unaudited)</i>	<i>31 December 2007</i>
Loans from Central Bank of Russian Federation	4,729	–
Amounts due to the Government:		
Interest bearing – KZT denominated	2,431	370
Interest bearing – USD denominated	202	174
Interest bearing – EURO denominated	174	212
Interest bearing – KGS denominated	84	107
Loans from the NBK	28	28
Loans from the National Bank of Kyrgyzstan	15	22
Amounts due to the Government and National and Central Banks	7,663	913

Interest rates and maturity of the amounts due to the Government, and National and Central Banks follow:

	<i>30 September 2008</i> <i>(unaudited)</i>		<i>31 December 2007</i>	
	<i>Interest rate</i>	<i>Maturity</i>	<i>Interest rate</i>	<i>Maturity</i>
Loans from Central Bank of the Russian Federation	8.5%	2009	–	–
Amounts due to the Government:				
Interest bearing – KZT denominated	3.0%-11.0%	2008-2022	3.0%-11.0%	2008-2022
Interest bearing – USD denominated	4.0%-6.1%	2021-2022	5.6%-6.3%	2021-2022
Interest bearing – EURO denominated	5.0%	2010	5.0%	2010
Interest bearing – KGS denominated	18.8%	2018-2021	7.3%	2018-2021
Loans from the NBK	–	2015-2020	–	2008-2020
Loans from the National Bank of Kyrgyzstan	1.5%-5.1%	2009-2017	7.4%	2008-2010

14. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	<i>30 September</i> <i>2008 (unaudited)</i>	<i>31 December 2007</i>
Loans from OECD based banks and financial institutions	545,380	455,384
Syndicated bank loans	144,185	241,157
Loans from Kazakh banks and financial institutions	140,641	51,329
Loans from other banks and financial institutions	34,515	26,609
Pass-through loans	16,931	9,482
	881,652	783,961
Interest-bearing placements from Kazakh banks	15,573	46,021
Interest-bearing placements from non OECD banks	6,944	4,034
Loro accounts	3,218	1,288
	25,735	51,343
Amounts due to credit institutions	907,387	835,304
Subject to repurchase agreements	71,429	60,129

(Millions of Kazakh Tenge)

14. Amounts due to credit institutions (continued)

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

	<i>30 September 2008 (unaudited)</i>		<i>31 December 2007</i>	
	<i>%</i>	<i>Maturity</i>	<i>%</i>	<i>Maturity</i>
Loans from OECD based banks and financial institutions	3.3%-8.8%	2008-2017	3.7%-8.8%	2008-2017
Syndicated bank loans	1.5%-6.8%	2009-2010	1.5%-6.8%	2008-2010
Loans from Kazakh banks and financial institutions	3.0%-19.4%	2008-2027	6.6%-17.8%	2008-2027
Loans from other banks and financial institutions	3.8%-10.3%	2008-2010	3.0%-7.2%	2008-2010
Pass-through loans	4.6%-5.4%	2011-2017	6.9%-8.9%	2008-2011
Interest-bearing placements from Kazakh banks	8.0%-14.0%	2008-2009	3.8%-10.0%	2008
Interest-bearing placements from non OECD banks	7.0%-8.0%	2008-2010	6.0%-8.0%	2008
Loro accounts	up to 5.5%	–	up to 2.0%	–

Financial covenants

In accordance with the contractual terms of the foreign bank loans, the Group 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 Group is required to obtain the approval of the lender before distributing any dividends to the common shareholders other than dividend shares. Management believes that as at 30 September 2008 and 31 December 2007 the Group is in compliance with the covenants of all debt agreements the Group has with other banks and financial institutions.

15. Amounts due to customers

The amounts due to customers included balances in customer current accounts, time deposits, and certain other liabilities, and include the following:

	<i>30 September 2008 (unaudited)</i>		<i>31 December 2007</i>
Time deposits		681,169	463,450
Current accounts		346,797	165,685
Guarantee and restricted deposits		25,033	23,373
Amounts due to customers		1,052,999	652,508

Guarantee and restricted deposits represent customer's collateral under letters of credit and guarantees issued by the Bank on behalf of clients.

Interest rates and maturities of amounts due to customers follow:

	<i>30 September 2008 (unaudited)</i>		<i>31 December 2007</i>	
	<i>KZT denominated</i>	<i>Foreign currency denominated</i>	<i>KZT denominated</i>	<i>Foreign currency denominated</i>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Time deposits	1.8%-14.0%	2.0%-12.0%	2.5%-14.0%	2.5%-10.5%
Current accounts	up to 1.5%	up to 1.0%	up to 2.0%	up to 1.0%
Guarantee and restricted deposits	up to 14.0%	up to 10.5%	up to 14.0%	up to 10.0%

Current accounts are due on demand. Maturities of other amounts due to customers follow:

	<i>30 September 2008 (unaudited)</i>		<i>31 December 2007</i>	
	<i>KZT denominated</i>	<i>Foreign currency denominated</i>	<i>KZT denominated</i>	<i>Foreign currency denominated</i>
	<i>Maturity</i>	<i>Maturity</i>	<i>Maturity</i>	<i>Maturity</i>
Time deposits	2008-2010	2008-2011	2008-2010	2008-2011
Guarantee and other restricted deposits	2008-2013	2008-2013	2008-2010	2008-2011

As at 30 September 2008 and 31 December 2007, the Bank's ten largest customers accounted for approximately 27.1% and 20.5%, respectively of the total amounts due to customers.

(Millions of Kazakh Tenge)

15. Amounts due to customers (continued)

The amounts due to customers included balances in customer current accounts and time deposits, and were analysed as follows:

	<i>30 September 2008</i> <i>(unaudited)</i>	<i>31 December 2007</i>
Time deposits:		
Commercial entities	201,303	130,973
Individuals	274,654	235,620
Governmental entities	204,557	95,317
Nonprofit entities	655	1,540
Current accounts:		
Commercial entities	233,216	125,400
Individuals	56,066	31,222
Governmental entities	54,987	7,921
Nonprofit entities	2,528	1,142
Guarantee and other restricted deposits:		
Commercial entities	13,475	9,121
Individuals	11,390	13,583
Governmental entities	166	666
Nonprofit entities	2	3
Amounts due to customers	1,052,999	652,508

Included in time deposits are deposits of individuals in the amount of KZT 274,654 million (2007 – KZT 235,620 million). In accordance with the Civil Code of the Republic of Kazakhstan, the Group is obliged to repay such deposits upon demand of a depositor. In case a term deposit is repaid upon demand of the depositor prior to maturity, interest is not paid or paid at considerably lower interest rate depending on the terms specified in the agreement.

An analysis of customer accounts by sector follows:

	<i>30 September 2008</i> <i>(unaudited)</i>	<i>%</i>	<i>31 December 2007</i>	<i>%</i>
Individuals	342,110	32.5%	280,425	43.0%
Oil and gas	231,478	22.0%	86,213	13.2%
Non-credit financial organizations	109,805	10.4%	38,578	5.9%
Wholesale trading	76,837	7.3%	52,003	8.0%
Construction	53,692	5.1%	33,623	5.2%
Transportation	32,953	3.1%	41,388	6.3%
Government investment funds	27,870	2.7%	11,071	1.7%
Research and development	11,631	1.1%	6,622	1.0%
Metallurgy	13,147	1.3%	12,024	1.8%
Machinery and equipment production	12,581	1.2%	6,652	1.0%
Agriculture	11,033	1.0%	6,596	1.0%
Chemical processing	10,116	1.0%	5,720	0.9%
Education	9,965	0.9%	5,938	0.9%
Retail trade	7,666	0.7%	8,691	1.3%
Mining	6,278	0.6%	3,688	0.6%
Energy industry	6,338	0.6%	3,978	0.6%
Food industry	4,431	0.4%	3,620	0.6%
Communication	3,152	0.3%	2,429	0.4%
Post	2,524	0.2%	–	–
Textile and leather industry	1,823	0.2%	1,235	0.2%
Entertainment	1,380	0.2%	1,207	0.2%
Hotel and hospitality	495	0.0%	454	0.1%
Other	75,694	7.2%	40,353	6.1%
	1,052,999	100.0%	652,508	100.0%

*(Millions of Kazakh Tenge)***16. Debt securities issued**

Debt securities issued consisted of the following:

	<i>30 September 2008 (unaudited)</i>	<i>31 December 2007</i>
USD notes with fixed rate	431,556	434,793
USD notes with floating rate	189,374	169,471
USD and KZT subordinated notes with fixed rate	173,521	104,720
EUR notes with fixed rate	86,220	90,108
KZT notes with fixed rate	54,280	66,762
USD perpetual financial instruments fixed rate	53,273	54,420
JPY notes with floating rate	51,609	48,520
GBP notes with fixed rate	45,758	48,072
KZT notes with floating rate	39,665	35,187
JPY notes with fixed rate	23,045	21,886
KZT subordinated notes with floating rate	22,429	21,715
CHF notes with floating rate	22,051	21,598
RUR notes with fixed rate	18,943	15,023
RUR notes denominated in USD with fixed rate	12,152	–
PLZ notes with floating rate	10,118	9,846
RUR promissory notes	8,012	–
USD promissory notes with floating rate	603	604
USD promissory notes with fixed rate	271	–
RUR certificate of deposit	10	–
	1,242,890	1,142,725
Own KZT notes held by the Group	(7,158)	(2,780)
Own USD notes held by the Group	(17,251)	(5,579)
Own USD and KZT subordinated notes held by the Group	(17,614)	(21,506)
	1,200,867	1,112,860
Plus unamortized premium	709	983
Less unamortized cost of issuance	(4,461)	(4,548)
Less unamortized discount	(31,502)	(24,850)
Debt securities issued	1,165,613	1,084,445

(Millions of Kazakh Tenge)

16. Debt securities issued (continued)

Interest rates and maturities of these issued debt securities are presented below:

	30 September 2008 (unaudited)		31 December 2007	
	%	Maturity	%	Maturity
USD notes with fixed rate	7.8%-9.5%	2009-2037	7.8%-9.5%	2009-2037
	3 month		3 month Libor	
	Libor+0.9%- 3		+0.9%- 1-	
	month		month Libor	
USD notes with floating rate	Libor+9.5%	2008-2029	+3.8%	2008-2029
USD and KZT subordinated notes with fixed rate	7.0%-12.0%	2008-2036	7.0%-12.0%	2008-2036
EUR notes with fixed rate	6.3%	2011	6.3%	2011
KZT notes with fixed rate	7.0%-9.8%	2008-2021	7.6%-9.8%	2008-2021
USD perpetual financial instruments with fixed rate	8.3%-10.0%	Perpetual with call option in 2016	8.3%-10.0%	Perpetual with call option in 2016
	3 month Libor		3 month Libor	
	+ 2.9%-		+2.9%-3-	
	3 month Libor		month Libor	
JPY notes with floating rate	+5.4%	2017	+5.4%	2017
GBP notes with fixed rate	7.1%	2009	7.1%	2009
	15.0%-inflation		15.0%-inflation	
KZT notes with floating rate	- *	2010-2016	- *	2010-2016
JPY notes with fixed rate	4.3%	2016	4.3%	2016
	Inflation		Inflation	
KZT subordinated notes with floating rate	+2.0%	2013-2014	+2.0%	2013-2014
	3 month CHF		3 month CHF	
	Libor		Libor	
CHF notes with floating rate	+3.4%	2017	+3.4%	2017
RUR notes with fixed rate	7.8%-9.5%	2008-2009	7.8%	2009
RUR notes denominated in USD with fixed rate	9.9%	2009	-	-
	3 month Libor		3 month Libor	
PLZ notes with floating rate	+2.7%	2011	+2.7%	2011
RUR promissory notes	9.5%-16.1%	2009	-	-
	6 month Libor		6- month Libor	
USD promissory notes with floating rate	+1.0%	2008	+1.0%	2008
USD promissory notes with fixed rate	6.7%-8.1%	2008-2009	-	-
RUR certificate of deposit	9.0%	2008	-	-

* The Group reconsiders annually in accordance with agreement

The subordinated notes at 30 September 2008 and 31 December 2007 are unsecured obligations of the Group and are subordinated in right of payment to all present and future senior indebtedness and certain other obligations of the Group.

Perpetual financial instruments have a call option in 2016.

In accordance with the terms of the debt securities issued, the Bank is required to maintain certain financial ratios particularly with regard to its liquidity, capital adequacy, and lending exposures. Management believes that the Bank was in compliance with these ratios as of 30 September 2008.

(Millions of Kazakh Tenge)

17. Equity

As of 30 September 2008 and 31 December 2007 share capital comprise:

	<i>Ordinary shares</i>		
	<i>Number of authorized shares</i>	<i>Number of shares issued</i>	<i>Placement value (KZT)</i>
31 December 2006	5,363,050	5,363,050	116,451
Increase in issued capital	3,007,108	3,007,108	186,976
31 December 2007	8,370,158	8,370,158	303,427
Increase in issued capital	467	467	29
30 September 2008	8,370,625	8,370,625	303,456

As at 30 September 2008 the Group held 110,216 shares of the Bank as treasury shares (31 December 2007 –10,146).

At an Extraordinary General Meeting of the Bank held on 14 May 2008, the Bank's shareholders approved the issue of 100,000 convertible preferred shares ("CPS"), which was registered on 9 June 2008 by the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations (the "FMSA"). As at 30 September 2008 no CPS were issued.

18. Commitments and contingencies

Operating environment

Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakh economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The Kazakh economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The ongoing global financial crisis has resulted in capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Kazakhstan. While the Kazakh Government has introduced a range of stabilization measures aimed at providing liquidity and supporting refinancing of foreign debt for Kazakh banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Group, which could affect the Group's financial position, results of operations and business prospects.

Also, the borrowers of the Group may have been affected by the deterioration in liquidity, which could in turn impact their ability to repay the amounts due to the Group. Due to the fall in prices in global and Kazakh securities and real estate markets, the Group may face a significant decrease in the fair value of securities and real estate pledged as collateral against loans extended by the Group. To the extent that information is available, the Group has reflected revised estimates of expected future cash flows in its impairment assessment.

While management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, unexpected further deterioration in the areas described above could negatively affect the Group's results and financial position in a manner not currently determinable.

Financial commitments and contingencies

As at 30 September 2008 and 31 December 2007 the Group's financial commitments and contingencies comprised the following:

	<i>30 September 2008 (unaudited)</i>	<i>31 December 2007</i>
Undrawn loan commitments	460,848	334,171
Commercial letters of credit	159,070	150,644
Guarantees	209,305	141,931
	829,223	626,746
Operating lease commitments		
Not later than 1 year	338	217
Later than 1 year but not later than 5 years	3,122	1,873
Later than 5 years	6,593	4,792
	10,053	6,882
Less: cash collateral	(25,033)	(23,373)
Less: provisions (Note 11)	(9,695)	(10,577)
Financial commitments and contingencies	804,548	599,678

(Millions of Kazakh Tenge)

18. Commitments and contingencies (continued)

Financial commitments and contingencies (continued)

The loan commitment agreements stipulate the right of the Bank to unilaterally withdraw from the agreement should any conditions unfavourable to the Bank arise, including change of the refinance rate, inflation, exchange rates and others.

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 bank, government's and international prime financial organisations' securities, and other assets.

Trust activities

The Group provides custody services for third parties which involve the Group making allocation and purchase and sales decisions in relation to securities. Those securities that are held in a fiduciary capacity are not included in these interim condensed consolidated financial statements. As at 30 September 2008 such securities held in this capacity were KZT 276,602 million (31 December 2007 – KZT 282,908 million).

19. Net trading loss

Net loss from trading transactions for the nine months ended 30 September includes:

	<i>Three-month periods ended</i>		<i>Nine-month periods ended</i>	
	<i>30 September 2008 (unaudited)</i>	<i>30 September 2007 (unaudited)</i>	<i>30 September 2008 (unaudited)</i>	<i>30 September 2007 (unaudited)</i>
Securities	(6,827)	1,676	(5,154)	595
Interest rate instruments	1,464	(1,219)	478	(915)
	(5,363)	457	(4,676)	(320)

Securities income/(loss) includes the effect of buying and selling, and changes in the fair value of financial assets at fair value through profit or loss and effect of buying and selling of available-for-sale investment securities as well as changes in fair value of forward transactions with securities. The results of trading and changes in fair value of interest rate swaps are recorded under income from interest rate instruments.

(Millions of Kazakh Tenge)

20. Salaries and administrative and other operating expenses

Salaries and other employee benefits and administrative and other operating expenses comprise:

	<i>Three-month periods ended</i>		<i>Nine-month periods ended</i>	
	<i>30 September 2008 (unaudited)</i>	<i>30 September 2007 (unaudited)</i>	<i>30 September 2008 (unaudited)</i>	<i>30 September 2007 (unaudited)</i>
Salaries and bonuses	6,330	6,061	17,727	16,664
Social security costs	646	847	1,669	1,823
Other payments	212	100	633	557
Salaries and other employee benefits	7,188	7,008	20,029	19,044
Occupancy and rent	2,104	1,326	5,338	3,345
Marketing and advertising	864	850	2,483	2,095
Repair and maintenance of property and equipment	786	715	1,608	1,297
Transportation expenses	621	396	1,573	994
Communications	458	242	1,230	957
Security	432	321	1,166	780
Legal services and consultancy	436	161	1,076	923
Business travel and related expenses	277	391	801	831
Encashment	272	221	689	534
Plastic cards	197	(351)	571	62
Agency services	133	264	366	386
Office supplies	143	100	339	284
Data processing	112	(42)	250	207
State duty	177	7	177	22
Penalties	42	4	130	23
Mail and express services	60	66	122	123
Participation in forums, seminars and conferences	106	6	122	19
Representation expenses	45	19	82	48
Training	38	39	73	76
Insurance expense	(26)	777	20	1,529
Loss on disposals of property and equipment	7	4	11	4
Other	626	224	1,324	748
Administrative and other operating expenses	7,910	5,740	19,551	15,287

(Millions of Kazakh Tenge)

21. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations for the three and nine-month periods ended 30 September.

	<i>Three-month period ended 30 September 2008 (unaudited)</i>	<i>Three-month period ended 30 September 2007 (unaudited)</i>	<i>Nine-month period ended 30 September 2008 (unaudited)</i>	<i>Nine-month period ended 30 September 2007 (unaudited)</i>
Net income attributable to common and potential common shareholders for diluted earnings per share	6,971	18,285	33,609	56,367
Weighted average number of common shares for basic and diluted earnings per share	8,370,625	7,972,349	8,370,406	7,259,086
Basic and diluted earnings per share (in Kazakh Tenge)	833	2,294	4,015	7,765

A reconciliation of the weighted average number of common shares and the weighted average number of potential common shares for the three and nine month period ended 30 September is as follows:

	<i>Three-month period ended 30 September 2008 (unaudited)</i>	<i>Three-month period ended 30 September 2007 (unaudited)</i>	<i>Nine-month period ended 30 September 2008 (unaudited)</i>	<i>Nine-month period ended 30 September 2007 (unaudited)</i>
Weighted average number of common shares for basic earnings per share	8,370,625	7,972,349	8,370,406	7,259,086
Weighted average number of common shares resulting from the potential conversion of the non-redeemable convertible preferred shares into common shares	–	–	–	–
	8,370,625	7,972,349	8,370,406	7,259,086

22. Fair values of financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

	<i>30 September 2008 (unaudited)</i>			<i>31 December 2007</i>		
	<i>Carrying value</i>	<i>Fair value</i>	<i>Unrecognised gain/(loss)</i>	<i>Carrying value</i>	<i>Fair value</i>	<i>Unrecognised gain/(loss)</i>
Financial assets						
Cash and cash equivalents	136,040	136,040	–	99,723	99,723	–
Obligatory reserves	160,804	160,804	–	168,242	168,242	–
Financial assets at fair value through profit or loss	170,018	170,018	–	112,175	112,175	–
Amounts due from credit institutions	108,726	108,726	–	107,589	107,589	–
Derivative financial assets	44,001	44,001	–	31,397	31,397	–
Loans to customers	2,814,163	2,894,905	80,742	2,379,810	2,385,763	5,953
Available-for-sale investment securities	70,051	70,051	–	26,422	26,422	–
Financial liabilities						
Amounts due to the Government, the National and the Central Banks	7,663	7,663	–	913	913	–
Amounts due to credit institutions	907,387	929,351	(21,964)	835,304	848,660	(13,356)
Derivative financial liabilities	6,272	6,272	–	5,528	5,528	–
Amounts due to customers	1,052,999	1,052,999	–	652,508	652,508	–
Debt securities issued	1,165,613	980,057	185,556	1,084,445	1,016,976	67,469
Total unrecognised change in unrealised fair value			244,334			60,066

(Millions of Kazakh Tenge)

23. 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 four main business segments:

Corporate banking – representing other than small and medium size legal entities direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and trade finance products.

Small and medium business – representing individual entrepreneurs and small enterprises current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and trade finance products.

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.

Investment activity - representing financial assets and liabilities used for trading or investment purposes, financing, and merger and acquisitions transaction support.

*(Millions of Kazakh Tenge)***23. Segment analysis (continued)**

Segment information for the main reportable business segments of the Group for the nine-month periods ended 30 September 2008 and 2007 on the results of segment operations and as at 30 September 2008 and 31 December 2007 on the segment financial positions is set out below:

<i>Nine months ended 30 September 2008</i>	<i>Corporate banking</i>	<i>Small and medium business</i>	<i>Retail banking</i>	<i>Investment activity</i>	<i>Unallocated amounts</i>	<i>Elimination</i>	<i>Total</i>
External interest income	175,008	31,585	59,666	31,895	–	–	298,154
Internal interest income	36,843	6,385	26,855	184,081	3,588	(257,752)	–
External interest expense	(19,863)	(2,535)	(26,541)	(111,483)	–	–	(160,422)
Internal interest expense	(147,273)	(18,787)	(34,076)	(57,616)	–	257,752	–
Net interest income before impairment	44,715	16,648	25,904	46,877	3,588	–	137,732
Impairment charge	(65,480)	(1,595)	(12,493)	(451)	–	–	(80,019)
Net interest (loss)/income after impairment	(20,765)	15,053	13,411	46,426	3,588	–	57,713
Net commission and non-interest income	23,185	8,115	4,300	2,494	220	(10,370)	27,944
Non-interest expenses	(22,523)	(8,935)	(15,286)	(10,103)	(847)	10,370	(47,324)
Other provisions	(435)	(271)	(51)	(33)	314	–	(476)
Income from associate organizations	–	–	–	4,193	–	–	4,193
Income before income tax expense	(20,538)	13,962	2,374	42,977	3,275	–	42,050
Income tax expense	–	–	–	–	(6,838)	–	(6,838)
Net income after income tax	(20,538)	13,962	2,374	42,977	(3,563)	–	35,212
Total assets as at 30 September 2008	2,119,624	257,372	507,663	1,761,405	304,678	(1,279,689)	3,671,053
Total liabilities as at 30 September 2008	661,158	192,705	407,347	2,984,230	38,319	(1,109,218)	3,174,541

*(Millions of Kazakh Tenge)***23. Segment analysis (continued)**

<i>Nine months ended 30 September 2007</i>	<i>Corporate banking</i>	<i>Small and medium business</i>	<i>Retail banking</i>	<i>Investment activity</i>	<i>Unallocated amounts</i>	<i>Elimination</i>	<i>Total</i>
External interest income	120,824	27,283	54,366	22,634	(21)	–	225,086
Internal interest income	16,635	2,202	21,296	151,223	124,705	(316,061)	–
External interest expense	(10,179)	(1,044)	(20,048)	(96,733)	–	–	(128,004)
Internal interest expense	(90,896)	(14,269)	(26,906)	(60,697)	(123,293)	316,061	–
Net interest income before impairment	36,384	14,172	28,708	16,427	1,391	–	97,082
Impairment charge	(15,301)	(3,021)	(7,852)	(55)	–	–	(26,229)
Net interest (loss)/income after impairment	21,083	11,151	20,856	16,372	1,391	–	70,853
Net commission and non-interest income	12,468	2,662	7,449	21,159	1,298	(10,300)	34,736
Non-interest expenses	(7,039)	(3,454)	(11,075)	(26,776)	(876)	10,300	(38,920)
Other provisions	(2,641)	(506)	(661)	(3)	32	–	(3,779)
Income from associate organizations	–	–	–	3,569	–	–	3,569
Income before income tax expense	23,871	9,853	16,569	14,321	1,845	–	66,459
Income tax expense	–	–	–	–	(7,375)	–	(7,375)
Net income after income tax	23,871	9,853	16,569	14,321	(5,530)	–	59,084
Total assets as at 31 December 2007	1,642,359	295,840	526,287	1,526,106	245,376	(1,171,351)	3,064,617
Total liabilities as at 31 December 2007	329,158	140,980	346,719	2,836,257	10,840	(1,051,368)	2,612,586

*(Millions of Kazakh Tenge)***23. Segment analysis (continued)**

Segment operations for the main geographical segments of the Group for the nine-month periods ended 30 September 2008 and 2007 and the segment financial position as of 30 September 2008 and 31 December 2007 is set out below:

	<i>Kazakhstan</i>	<i>OECD</i>	<i>Non OECD</i>	<i>Total</i>
2008				
Segment assets	2,098,066	638,247	1,125,634	3,861,947
External revenues	332,402	128,805	166,424	627,631
Capital expenditure	6,335	–	–	6,335
Commitments to extend credit	207,953	124,126	128,769	460,848
2007				
Segment assets	2,003,504	208,669	976,537	3,188,710
External revenues	166,871	81,441	110,557	358,869
Capital expenditure	5,900	–	–	5,900
Commitments to extend credit	256,166	20,476	57,529	334,171

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

24. Related party transactions

In accordance with IAS 24 "Related Party Disclosures", 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, except those, who are subject to the restriction of the legislation, 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.

*(Millions of Kazakh Tenge)***24. Related party transactions (continued)**

As of 30 September 2008 and 31 December 2007 the Group had the following transactions with related parties:

	<i>30 September 2008</i>				<i>31 December 2007</i>			
	<i>Share-holders</i>	<i>Associates</i>	<i>Key management personnel</i>	<i>Other related parties</i>	<i>Share-holders</i>	<i>Associates</i>	<i>Key management personnel</i>	<i>Other related parties</i>
Loans outstanding at 1 January, gross	–	–	8,210	1,352	–	–	8,683	6,510
Loans issued during the period	–	–	1,353	1	–	–	7,742	5,790
Loan repayments during the period	–	–	(7,950)	(1,346)	–	–	(8,215)	(10,948)
Loans outstanding at the end of the period	–	–	1,613	7	–	–	8,210	1,352
Less: allowance for impairment	–	–	–	–	–	–	–	–
Loans outstanding at the end of the period, net	–	–	1,613	7	–	–	8,210	1,352
Amounts due from credit institutions (deposits)								
Deposits at 1 January	–	5,096	–	5,582	–	2,246	–	6,570
Deposits placed during the period	–	12,691	–	–	–	8,307	–	19,887
Deposits withdrawn during the period	–	(8,677)	–	(5,582)	–	(5,457)	–	(20,875)
Deposits at the end of the period	–	9,110	–	–	–	5,096	–	5,582
Amounts due from credit institutions (loans)								
Loans at 1 January	–	9,497	–	8,398	–	12,625	–	3,190
Loans issued during the period	–	12,779	–	–	–	17,892	–	9,374
Loans repaid during the period	–	(10,026)	–	(8,398)	–	(21,020)	–	(4,166)
Loans at the end of the period	–	12,250	–	–	–	9,497	–	8,398
Amounts due to credit institutions								
Loans at 1 January	–	430	–	558	7,312	3,529	–	17,481
Loans received during the period	–	182,645	–	–	–	79,809	–	329,572
Loans repaid during the period	–	(179,438)	–	(558)	(7,312)	(82,908)	–	(346,495)
Loans at the end of the period	–	3,637	–	–	–	430	–	558

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24. Related party transactions (continued)

	<i>30 September 2008</i>			<i>31 December 2007</i>				
	<i>Share-holders</i>	<i>Associates</i>	<i>Key management personnel</i>	<i>Share-holders</i>	<i>Associates</i>	<i>Key management personnel</i>	<i>Other related parties</i>	
Financial assets at fair value through profit or loss								
Deposits at 1 January	–	1,619	–	–	1,620	–	–	
Deposits received during the period	–	124	–	–	336	–	–	
Deposits repaid during the period	–	(178)	–	–	(337)	–	–	
Deposits at the end of the period	–	1,565	–	–	1,619	–	–	
Cash and cash equivalents								
Deposits at 1 January	–	1	–	1,281	–	128	–	617
Deposits received during the period	–	32,376	–	–	48,639	–	–	358,894
Deposits repaid during the period	–	(30,091)	–	(1,281)	(48,766)	–	–	(358,230)
Deposits at the end of the period	–	2,286	–	–	1	–	–	1,281
Amounts due to customers								
Deposits at 1 January	18	–	4,151	4,796	4,583	–	982	500
Deposits received during the period	360	–	47,574	1,282	55,158	–	78,375	18,901
Deposits repaid during the period	(371)	–	(51,224)	(5,768)	(59,723)	–	(75,206)	(14,605)
Deposits at the end of the period	7	–	501	310	18	–	4,151	4,796
Commitments and guarantees issued	–	4,107	3	–	–	3,796	4,824	9,158
Commitments and guarantees received	–	451	–	–	–	503	8	1,456

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24. Related party transactions (continued)

	<i>Nine months ended 30 September</i>							
	<i>2008 (unaudited)</i>				<i>2007 (unaudited)</i>			
	<i>Share-holders</i>	<i>Associates</i>	<i>Key management personnel</i>	<i>Other related parties</i>	<i>Share-holders</i>	<i>Associates</i>	<i>Key management personnel</i>	<i>Other related parties</i>
Interest income on deposits up to 90 days	–	55	–	9	–	24	–	2
Interest income on loans	–	–	534	2	–	–	1,333	2,293
Interest income on due from credit institutions	–	1,130	–	1,721	–	1,302	–	837
Interest expense on due to credit institutions	–	(138)	–	(17)	–	(23)	–	(8)
Interest expense on due to customers	–	–	(93)	(24)	–	–	(11)	(149)
Interest income on financial assets held at fair value through profit or loss	–	110	–	–	–	112	–	–
Fee and commission income	–	169	–	68	–	38	–	117
Other income	–	58	1	–	–	–	–	7
Other expenses	–	(38)	–	–	–	(30)	–	(82)

The aggregate remuneration and other benefits paid to members of the Management Board and Board of Directors for the nine month period ended 30 September 2008 was KZT 490 million (30 September 2007 - KZT 378 million).

Included in the table above are the following transactions with related parties outstanding as at 30 September 2008 and 31 December 2007:

- Operations with associates such as: loans - including provisioning matters, due from credit institutions (loans issued and deposits placed) with the Group and guarantees and letters of credit to investees, and mutual investments.
- Shareholders: loans - including provisioning matters, deposits placed with the Group.
- Members of Board of Directors: loans - including provisioning matters, deposits attracted with the Group, total remuneration paid during the period.

25. Capital adequacy

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group’s capital is monitored using, among other measures, the ratios established by the Basel Capital Accord 1988 and the ratios established by the FMSA in supervising the Bank.

During the past year, the Group had complied in full with all its externally imposed capital requirements.

The primary objectives of the Group’s capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders’ value.

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25. Capital adequacy (continued)

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

FMSA capital adequacy ratio

FMSA requires banks to maintain a tier 1 capital adequacy ratio of 6% of assets and general capital adequacy of 12% of risk-weighted assets. In 2008 and 2007 risk-weighted assets calculated in accordance with the FMSA requirements were derived from the Bank’s stand-alone financial statements prepared in accordance with Kazakhstani Accounting Standards. As at 30 September 2008 and 31 December 2007, the Bank’s capital adequacy ratio on this basis was as follows:

	<i>30 September 2008 (unaudited)</i>	<i>31 December 2007</i>
Tier 1 capital	450,361	401,831
Tier 2 capital	176,126	136,818
Less: deductions from capital	(73,326)	(64,356)
Total capital	553,161	474,293
Total assets	3,083,242	2,648,603
Risk weighted assets	4,252,104	3,436,493
Less: deductions from assets	(382)	(1,700)
Capital adequacy ratio tier 1	13.1%	13.6%
General capital adequacy ratio	13.0%	13.8%

Capital adequacy ratio under Basel Capital Accord 1988

The Group’s international risk based capital adequacy ratio, computed in accordance with the Basle Accord guidelines, as of 30 September 2008 and 31 December 2007 exceeded the minimum ratio of 8% recommended by the Basle Accord for Tier 1 and Tier 2 capital adequacy ratio and assessed based on credit risks approach.

	<i>Balance Sheet</i>		<i>Risk Weighted</i>	
	<i>Notional Amount</i>		<i>Amount</i>	
	<i>30 September 2008</i>	<i>31 December 2007</i>	<i>30 September 2008</i>	<i>31 December 2007</i>
Total assets	4,377,454	3,575,462	3,292,805	2,730,706
	<i>Capital</i>		<i>BIS%</i>	
	<i>30 September 2008</i>	<i>31 December 2007</i>	<i>30 September 2008</i>	<i>31 December 2007</i>
	<i>30 September 2008</i>	<i>31 December 2007</i>	<i>30 September 2008</i>	<i>31 December 2007</i>
Tier 1 capital	493,175	462,320	14.98%	16.93%
Tier 2 capital	149,650	85,168		
Gross available capital	642,825	547,488	–	–
Less investments	(59,915)	(67,767)	–	–
Tier 1 + Tier 2 capital	582,910	479,721	17.70%	17.57%

26. Subsequent events

In November 2008 the Bank acquired additional 50.35% equity interest in BTA Bank CJSC (Belarus) (formerly Astanaeximbank CJSC) for KZT 3,502 million. As a result of the acquisition the Bank’s interest in BTA Bank CJSC (Belarus) increased to 99.29%, which provided the Bank with effective.

In November 2008 BTA Bank LLC Russia has increased its statutory funds by RUR 7,200 million equivalent of KZT 31,968 million. BTA Bank JSC has not exercised its right to buy new emission in proportion to current share in equity, but acquired a call option with new equity participants of BTA Bank LLC Russia. In accordance with the option the Group has preemptive right to purchase back new shares at any time at the Group’s discretion. As a result the Group’s share in BTA Bank LLC Russia has decreased to 22.26%. The Bank continues to control BTA Bank LLC Russia and appointed Chief Executive Officer and the majority of the Board of Directors of BTA Bank LLC.