

REPORT ARCHIVE COPY

**JOINT STOCK COMPANY
KAZKOMMERTSBANK**

**Condensed Interim Consolidated Financial
Information (Unaudited)**
For the nine months ended 30 September 2008

JOINT STOCK COMPANY KAZKOMMERTSBANK

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 2008 (UNAUDITED)	1
INDEPENDENT AUDITORS' REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION	2-3
CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (UNAUDITED):	
Condensed interim consolidated income statement	4
Condensed interim consolidated balance sheet	5
Condensed interim consolidated statement of changes in equity	6-7
Condensed interim consolidated statement of cash flows	8-9
Selected explanatory notes to the condensed interim consolidated financial information (unaudited)	10-49

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (UNAUDITED)**

The following statement, which should be read in conjunction with independent auditors' responsibilities stated in the independent auditors' report set out on pages 2-3, is made with a view to distinguish the respective responsibilities of management from those of the independent auditors in relation to the condensed interim consolidated financial information of Joint Stock Company Kazkommertsbank (the "Bank") and its subsidiaries (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 2008 and the results of its operations, cash flows and changes in equity for the nine months then ended, in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

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


- Selecting suitable accounting principles and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Stating whether IAS 34 has been followed; and
- Preparing the condensed interim consolidated financial information on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the condensed interim consolidated financial information of the Group complies with IAS 34;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The condensed interim consolidated financial information for the nine months ended 30 September 2008 was authorised for issue on 15 December 2008 by the Management Board of JSC Kazkommertsbank.

On behalf of the Management Board of the Bank:



Zhusupova N.A.
Chairman of the Board

15 December 2008
Almaty



Shoinbekova G.K.
Chief Accountant

15 December 2008
Almaty

INDEPENDENT AUDITORS' REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders of JSC Kazkommertsbank:

We have reviewed the accompanying condensed interim consolidated financial information of JSC "Kazkommertsbank" and its subsidiaries (collectively – the "Group"), which comprise the condensed interim consolidated balance sheet as at 30 September 2008, the condensed interim consolidated income statement for the three month and nine month periods then ended and the condensed interim consolidated statements of changes in equity and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

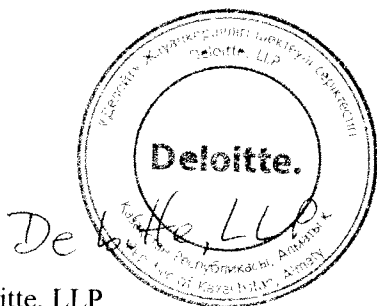
Scope of Review

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

Conclusion

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

As discussed in Notes 24 and 25, the accompanying condensed interim consolidated financial information has been restated.



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

Handwritten signature of Andrew Weekes.

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

Handwritten signature of Nurlan Bekenov.

Nurlan Bekenov
General Director
Deloitte, LLP

15 December 2008

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2008 (UNAUDITED)

	Notes	Three months ended 30 September 2008 (unaudited) (KZT million)	Three months ended 30 September 2007 (unaudited) (KZT million)	Nine months ended 30 September 2008 (unaudited) (KZT million)	Nine months ended 30 September 2007 (unaudited) (KZT million)
Interest income	5, 21	97,299	87,278	289,048	224,657
Interest expense	5, 21	(48,066)	(45,880)	(138,279)	(122,511)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		49,233	41,398	150,769	102,146
Provisions for impairment losses on interest bearing assets	6, 21	(18,760)	(20,412)	(56,660)	(49,717)
NET INTEREST INCOME		30,473	20,986	94,109	52,429
Net (loss)/gain on financial assets and liabilities at fair value though profit or loss	7	(29,797)	6,914	(30,182)	15,266
Net gain/(loss) on foreign exchange and precious metals operations	8	28,831	(7,389)	14,735	(11,770)
Fee and commission income		5,199	5,887	15,875	17,887
Fee and commission expense		(1,361)	(665)	(2,596)	(1,783)
Net realized gain on investments available- for-sale		99	69	106	69
Dividends received		(56)	80	174	136
Other income	9	1,478	2,759	7,994	5,184
NET NON-INTEREST INCOME		4,393	7,655	6,106	24,989
OPERATING INCOME		34,866	28,641	100,215	77,418
OPERATING EXPENSES	10, 21	(8,724)	(7,696)	(26,198)	(20,747)
PROFIT BEFORE OTHER OPERATING PROVISIONS AND RESULTS OF ASSOCIATES		26,142	20,945	74,017	56,671
Provision for impairment losses on other assets and insurance provisions	6, 21	(226)	(368)	(957)	(992)
Provision for guarantees and other off- balance sheet contingencies	6, 21	(2,237)	(534)	(22)	(1,255)
Share of results of associates	21	(1,252)	522	(1,101)	726
OPERATING PROFIT BEFORE INCOME TAX		22,427	20,565	71,937	55,150
Income tax expense	11	(6,657)	(4,695)	(22,042)	(12,373)
NET PROFIT		15,770	15,870	49,895	42,777
Attributable to:					
Ordinary shareholders of the parent		13,487	13,021	41,027	33,931
Preference shareholders of the parent		2,780	2,666	8,463	6,905
Minority interest		(497)	183	405	1,941
EARNINGS PER SHARE *					
Basic and diluted (KZT)	12	23.46	22.65	71.36	59.03

* As restated, see note 24

On behalf of the Management Board of the Bank:

Zhusupova N.A.
Chairman of the Board

15 December 2008
Almaty



Shoinbekova G.K.
Chief Accountant

15 December 2008
Almaty

The notes on pages 10-49 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Notes	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
ASSETS:			
Cash and balances with national (central) banks	13	183,053	168,148
Precious metals		271	-
Financial assets at fair value through profit or loss	14	68,771	188,776
Loans and advances to banks	16	253,593	212,823
Loans to customers	17, 21	2,253,651	2,366,335
Investments available-for-sale	15	16,723	3,036
Investments held to maturity		613	375
Investments in associates	21	2,413	3,222
Goodwill		2,405	2,405
Property, equipment and intangible assets		35,179	34,259
Other assets		17,951	17,853
TOTAL ASSETS		2,834,623	2,997,232
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and advances from banks	18	345,075	723,431
Customer accounts	21	1,096,229	895,083
Financial liabilities at fair value through profit or loss	14	23,983	7,730
Debt securities issued		702,793	739,688
Other borrowed funds		136,076	148,934
Provisions	6	11,205	10,638
Deferred income tax liabilities	11	41,026	30,496
Dividends payable		457	2
Other liabilities		18,351	13,845
Subordinated debt		2,375,195	2,569,847
Total liabilities		108,765	108,166
TOTAL LIABILITIES		2,483,960	2,678,013
EQUITY:			
Equity attributable to equity holders of the parent:			
Share capital		6,996	6,998
Share premium reserve		152,805	152,855
Property and equipment revaluation reserve		5,715	6,020
Reserves		181,536	140,794
Total equity attributable to equity holders of the parent		347,052	306,667
Minority interest		3,611	12,552
Total equity		350,663	319,219
TOTAL LIABILITIES AND EQUITY		2,834,623	2,997,232

On behalf of the Management Board of the Bank:

Zhusupova N.A.
Chairman of the Board

15 December 2008
Almaty



Shoinbekova G.K.
Chief Accountant

15 December 2008
Almaty

The notes on pages 10-49 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (UNAUDITED)

	Share capital (KZT million)	Treasury shares (KZT million)	Share premium reserve (KZT million)	Investments available-for- sale fair value reserve/ (deficit) ¹ (KZT million)	Cumulative translation reserve ¹ (KZT million)	Property and equipment revaluation reserve (KZT million)	Retained earnings ¹ (KZT million)	Total equity attributable to equity holders of the parent (KZT million)	Minority interest (KZT million)	Total equity (KZT million)
31 December 2006	6,999	(4)	152,534	40	76	2,436	84,748	246,829	15,272	262,101
Unrealized loss on revaluation of available-for-sale investments	-	-	-	(144)	-	-	-	(144)	-	(144)
Revaluation of property and equipment	-	-	-	-	-	5,267	-	5,267	-	5,267
Exchange differences on translation of foreign operations	-	-	-	-	(54)	-	(3,361)	(3,415)	(7,494)	(10,909)
<i>Net loss recognized directly in equity</i>	-	-	-	(144)	(54)	5,267	(3,361)	1,708	(7,494)	(5,786)
Transfers (net of any related tax):	-	-	-	-	-	-	-	-	-	-
Depreciation of property and equipment revaluation reserve	-	-	-	-	-	(1,667)	1,667	-	-	-
Profit from investments available for sale	-	-	-	41	-	-	-	41	-	41
<i>Net profit</i>	-	-	-	-	-	-	-	-	-	-
Total recognized income and expense	-	-	-	-	-	-	40,836	40,836	1,941	42,777
Share capital increase of ordinary shares issue	1	-	-	41	-	(1,667)	42,503	40,877	1,941	42,818
Sale of treasury shares	-	1	329	-	-	-	-	330	-	330
	-	-	111	-	-	-	-	112	-	112
30 September 2007 (unaudited)	7,000	(3)	152,974	(63)	22	6,036	123,890	289,856	9,719	299,575


**JOINT STOCK COMPANY KAZKOMMERTSBANK
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (UNAUDITED)**

	Share capital	Treasury shares	Share premium reserve	Investments available-for-sale fair value deficit ¹	Cumulative translation reserve ¹	Hedging reserve	Property and equipment revaluation reserve	Retained earnings ¹	Total equity attributable to equity holders of the parent (KZT million)	Minority interest (KZT million)	Total equity (KZT million)
31 December 2007	7,000	(2)	152,855	(70)	58	-	6,020	140,806	306,667	12,552	319,219
Unrealized loss on revaluation of available-for-sale investments	-	-	-	(2,299)	-	-	-	-	(2,299)	(1)	(2,300)
Revaluation of property and equipment	-	-	-	-	-	-	(362)	-	(362)	-	(362)
Deferred income tax recognized on revaluation of property and equipment	-	-	-	-	-	-	131	(131)	-	-	-
Loss on cash flow hedges	-	-	-	-	-	(11,239)	-	-	(11,239)	-	(11,239)
Deferred income tax recognized on loss on investments available-for-sale and on cash flow hedges	-	-	-	-	-	-	-	-	-	-	-
Change in minority share as a result of purchase	-	-	-	560	-	2,311	-	-	2,871	-	2,871
Parent Share from revaluation of associate reserves	-	-	-	330	-	-	-	-	330	(10,252)	(10,252)
Exchange differences on translation of foreign operations	-	-	-	-	(1,307)	-	-	-	(1,307)	-	(1,307)
<i>Net loss recognized directly in equity</i>	-	-	-	(1,409)	(1,307)	(8,928)	(231)	(608)	(12,483)	(9,346)	(21,829)
Transfers (net of related tax)	-	-	-	-	-	-	-	-	-	-	-
Depreciation of property and equipment revaluation reserve	-	-	-	-	-	-	(74)	74	-	-	-
Net gain transferred to earnings	-	-	-	-	-	3,536	-	-	3,536	-	3,536
Net realized gain on sale of available-for-sale investments	-	-	-	(106)	-	-	-	-	(106)	-	(106)
<i>Net profit</i>	-	-	-	(106)	-	-	-	49,490	49,490	405	49,895
Total recognized income and expense	-	-	-	(106)	-	3,536	(74)	49,564	52,920	405	53,325
Purchase of treasury shares	-	(4)	(173)	-	-	-	-	-	(177)	-	(177)
Sale of treasury shares	-	2	123	-	-	-	-	-	125	-	125
30 September 2008 (unaudited)	7,000	(4)	152,805	(1,585)	(1,249)	(5,392)	5,715	189,762	347,052	3,611	350,663

¹ The amounts include the amounts available-for-sale fair value deficit, Cumulative translation reserve, Hedging reserve and Retained earnings, in the above table, are included within "Reserves" in the condensed interim consolidated balance sheet.

On behalf of the Board of Directors of the Bank:


Zhushupova N. A.
Chairman of the Board


Shoinbekova G.K.
Chief Accountant

15 December 2008
Almaty

The notes on pages 10-49 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Notes	Nine months ended 30 September 2008 (unaudited) (KZT million)	Nine months ended 30 September 2007* (unaudited) (KZT million)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating profit before income tax		71,937	55,150
Adjustments for:			
Provision for impairment losses on interest bearing assets	6	56,660	49,717
Provision for impairment losses on other assets and insurance provisions	6	957	992
Provision for guarantees and other off-balance sheet contingencies	6	22	1,255
Amortization of discount on investments held to maturity		(2)	(9)
Amortization of discount on debt securities issued		236	190
Depreciation and amortization	10	2,454	1,857
Change in interest accruals, net		(21,784)	(6,742)
Unrealized foreign exchange (gain)/loss		(18,465)	7,701
Share of results of associates		1,431	(726)
Gain from acquisition of subsidiaries		3,137	1,386
Net loss/(gain) on sale of property, equipment and intangible assets		57	(19)
Net change in fair value of financial assets and liabilities at fair value though profit or loss		23,423	20,871
Cash inflow from operating activities before changes in operating assets and liabilities		120,063	131,623
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Minimum reserve deposit with National Bank of the Republic of Kazakhstan		5,676	3,900
Minimum reserve deposit with Central Bank of Russian Federation		124	(1,787)
Minimum reserve deposit with National Bank of the Kyrgyz Republic		(19)	(31)
Minimum reserve deposit with National Bank of the Tajikistan		(10)	-
Precious metals		(271)	807
Financial assets and liabilities at fair value through profit or loss		89,468	100,379
Loans and advances to banks		(60,213)	88,823
Loans to customers		72,556	(736,404)
Other assets		(263)	110
Increase/(decrease) in operating liabilities:			
Loans and advances from banks		(375,601)	(56,338)
Customer accounts		205,456	100,435
Other borrowed funds		(12,011)	69,834
Other liabilities		4,744	(5,916)
Cash inflow/(outflow) from operating activities before taxation		49,699	(304,565)
Income tax paid		(8,641)	(1,726)
Net cash inflow/(outflow) from operating activities		41,058	(306,291)

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Notes	Nine months ended 30 September 2008 (unaudited) (KZT million)	Nine months ended 30 September 2007* (unaudited) (KZT million)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets		(5,009)	(11,363)
Proceeds on sale of property, equipment and intangible assets		590	862
Dividends received		174	-
Proceeds on sale of investments available-for-sale		2,438	3,737
Purchase of investments available-for-sale		(3,251)	(4,191)
Proceeds on maturity of investments held to maturity		39	1,088
Purchase of investments held to maturity		(264)	(1,128)
Purchase of shares in subsidiaries		(1,402)	-
Purchase of subsidiaries, less funds of acquired companies		(2,929)	(7,785)
Investments to subordinated debt in LLP Commercial bank Moskommertsbank		-	(7,402)
Net cash outflow from investing activities		(9,614)	(26,182)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from sale of ordinary shares		-	330
Purchase of treasury shares		(177)	-
Proceeds from sale of treasury shares		125	112
Proceeds from debt securities issued		58,451	338,636
Repayment of debt securities issued		(84,694)	(38,100)
Proceeds from subordinated debt		1	27,431
Repayment of subordinated debt		-	(3,008)
Net cash (outflow)/inflow from financing activities		(26,294)	325,401
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,150	(7,072)
CASH AND CASH EQUIVALENTS, beginning of period	13	144,346	59,403
<i>Effect of changes in foreign exchange rate on cash and cash equivalents</i>		(508)	563
CASH AND CASH EQUIVALENTS, end of period	13	148,988	52,894

* As restated, see note 25

Interest paid and received by the Group in cash during the nine months ended 30 September 2008 amounted to KZT 136,344 million (2007: KZT 97,196 million) and KZT 265,328 million (2007: KZT 192,601 million).

On behalf of the Management Board of the Bank:

Zhusupova N.A.
Chairman of the Board

15 December 2008
Almaty



Shoinbekova G.K.
Chief Accountant

15 December 2008
Almaty

The notes on pages 10-49 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (UNAUDITED)

1. ORGANIZATION

JSC Kazkommertsbank (the “Bank”, or “Kazkommertsbank”) is a joint stock bank, which has operated in the Republic of Kazakhstan since 1990. The Bank’s activities are regulated by the Agency of the Republic of Kazakhstan on regulation and supervision of the financial market and financial organizations (“FMSA”) in accordance with license № 48 and by the National Bank of the Republic of Kazakhstan (“NBRK”). The Bank’s primary business consists of commercial banking activities, operations with securities, foreign currencies and derivative instruments and originating loans and guarantees.

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

The Bank has 23 branches in the Republic of Kazakhstan.

Kazkommertsbank is the parent company of the banking group (the “Group”). The enterprises consolidated in the interim financial information are consistent with those presented in the consolidated financial statements for the year ended 31 December 2007.

Name	Country of operation	Proportion or ownership interest/voting rights		Type of operation
		30 September 2008	31 December 2007	
JSC Kazkommerts Securities	Republic of Kazakhstan	100%	100%	Securities market transactions
LLP Processing Company	Republic of Kazakhstan	100%	100%	Payment card and related services
Kazkommerts International B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
Kazkommerts Finance II B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
Kazkommerts Capital II B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
JSC OCOPAIM Grantum Asset Management	Republic of Kazakhstan	100%	100%	Investment management of pension assets
LLP Kazkommertsbank RFCA	Republic of Kazakhstan	100%	100%	Operations with financial instruments on Regional financial centre of Almaty
JSC Kazkommerts Life	Republic of Kazakhstan	100%	100%	Life insurance
CJSC Kazkommertsbank Tajikistan	Republic of Tajikistan	100%	100%	Commercial bank
JSC Kazkommertsbank Kyrgyzstan	Kyrgyz Republic	93.58%	93.58%	Commercial bank
JSC Grantum APF	Republic of Kazakhstan	80.01%	80.01%	Pension fund
JSC Insurance Company Kazkommerts-Policy	Republic of Kazakhstan	100%	65%	Insurance
LLP Commercial bank Moskommertsbank	Russia	100%	52.11%	Commercial bank
LLP Investment Company East Kommerts	Russia	50%	50%	Securities market transactions

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

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

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

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

The purchase consideration for JSC “Insurance Company “Kazkommerts-Policy” was determined as at 31 December 2007, while the actual transaction took place on 28 April 2008. The negative goodwill arose due to the change in the net assets between the date of the pricing and the date the transaction took place.

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

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

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

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

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

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

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

On 8 August 2008, the Bank acquired 50,000 treasury shares of JSC OCOPAIM Grantum Asset Management within the parameters of a privileged acquisition program. The amount of the transaction was KZT 500 million.

On 10 September 2008, the Bank has paid a premium on the existing shares held of Kazkommerts Capital II B.V. by contributing cash of KZT 132 million.

2. BASIS OF PRESENTATION

Accounting basis

The condensed interim consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. Accordingly, certain information and disclosures normally required to be included in the notes to the annual financial statements have been omitted or condensed. The condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements and with selective notes to the consolidated financial statements of the Group for the year ended 31 December 2007.

The condensed interim consolidated financial information has been prepared on the accrual basis of accounting under the historical cost convention, except for the revaluation of property and the measurement at fair value of investments available-for-sale, financial assets and liabilities at fair value through profit or loss, and derivative financial instruments.

The preparation of the condensed interim consolidated financial information in conformity with International Financial Reporting Standards (“IFRS”) requires management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities of the Group, and disclosure of contingent assets and liabilities at the date of the financial information, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the allowance for impairment of loans and receivables and determination of the fair value of financial instruments.

The condensed interim consolidated financial information reflects all adjustments that, in the opinion of management of the Group, are necessary for a fair presentation of the results of operations for the interim period. All such adjustments to the financial information are of a normal, recurring nature. Because the results from common banking activities are so closely related and responsive to changes in market conditions, the results for any interim period are not necessarily indicative of the results that can be expected for the year.

Functional currency

Items included in the financial statements of each entity of the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”). The reporting currency of this condensed interim consolidated financial information is the Kazakhstan tenge.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Hedge accounting

From 1 January 2008, the Group implemented a hedge accounting policy to designate certain hedging instruments as cash flow hedges in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”.

At inception of the hedge relationship, the Group documents the relationship between hedging instruments and hedged items, along with its risk management objectives and the way in which effectiveness will be assessed at inception and during the period of the hedge. Furthermore, at inception of the hedge and on an ongoing basis, the Group documents whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. If the hedge is not highly effective in offsetting changes in cash flows attributable to the hedged risk, consistent with the documented risk management strategy, hedge accounting is discontinued.

With cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the “Net gain on financial assets and liabilities at fair value through profit or loss” line of the consolidated income statement. Amounts deferred in equity are recycled in profit or loss in the same periods when the hedged item is recognised in profit or loss, in the same line of the consolidated income statement as the recognised hedged item. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. On the discontinuance of hedge accounting (except where a forecast transaction is no longer expected to occur), any cumulative unrealized gain or loss recognised in equity is recognised in profit or loss when the hedged cash flow occurs or, if the forecast transaction results in the recognition of a financial asset or financial liability, in the same periods during which the asset or liability affects profit or loss. Where a forecast transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in profit or loss immediately.

Reclassification of financial assets

On 13 October 2008, International Accounting Standards Board (the “IASB”) issued amendments to IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosure” which permits certain reclassification of non-derivative financial assets (other than those designated as at fair value through profit or loss at initial recognition under the ‘fair value option’) out of the fair value through profit or loss category in particular circumstances. The amendments to IFRS 7 introduces additional disclosure requirements as the Group has reclassified financial assets in accordance with the amendments to IAS 39. The amendments are effective as of 13 October 2008 and due to rare market circumstances, in accordance with the amendment, the Group applied the reclassification retrospectively from 1 July 2008.

4. RECLASSIFICATIONS

Certain reclassifications have been made to the condensed interim consolidated financial information for the three and nine months ended 30 September 2007 to conform to the presentation for the three and nine months ended 30 September 2008. The current period presentation provides a better view of the consolidated financial position of the Group. These reclassifications include reclassifying of net gain on financial assets and liabilities at fair value through profit or loss and net gain on foreign exchange operations and precious metals operations. These reclassifications are not material in nature and have no impact on the financial results of the Group.

	Nine months ended 30 September 2007 As previously reported (KZT million)	Nine months ended 30 September 2007 As reclassified (KZT million)	Effect on financial statement's line as per current report (KZT million)
Net gain on financial assets and liabilities at fair value through profit or loss	15,084	15,266	182
Net loss on foreign exchange and precious metals operations and net realized gain on investments available-for-sale	(11,519)	(11,701)	(182)
	Three months ended 30 September 2007 As previously reported (KZT million)	Three months ended 30 September 2007 As reclassified (KZT million)	Effect on financial statement's line as per current report (KZT million)
Net gain on financial assets and liabilities at fair value through profit or loss	8,493	6,914	(1,579)
Net loss on foreign exchange and precious metals operations and net realized gain on investments available-for-sale	(8,899)	(7,320)	1,579

5. NET INTEREST INCOME

	Three months ended 30 September 2008 (unaudited) (KZT million)	Three months ended 30 September 2007 (unaudited) (KZT million)	Nine months ended 30 September 2008 (unaudited) (KZT million)	Nine months ended 30 September 2007 (unaudited) (KZT million)
Interest income comprises:				
Interest income on assets recorded at amortized cost:				
- interest income on impaired assets	48,164	38,314	159,948	87,321
- interest income on unimpaired assets	47,716	47,337	124,861	130,643
Interest income on assets at fair value through profit or loss	1,039	1,596	3,817	6,628
Interest income on investments available-for-sale	380	31	422	65
Total interest income	97,299	87,278	289,048	224,657
Interest income on assets recorded at amortized cost comprises:				
Interest on loans to customers	92,130	83,780	274,966	210,107
Interest on loans and advances to banks	3,527	1,659	8,981	7,122
Interest on investments held to maturity	33	6	84	24
Amortization of discount on loans	190	206	778	711
Total interest income on financial assets recorded at amortized cost	95,880	85,651	284,809	217,964
Interest income on assets at fair value through profit or loss:				
Interest income on financial assets held-for-trading	1,039	1,596	3,817	6,628
Total interest income on assets at fair value through profit or loss	1,039	1,596	3,817	6,628
Interest income on investments available-for-sale	380	31	422	65
Total interest income	97,299	87,278	289,048	224,657
Interest expense comprises:				
Interest on liabilities recorded at amortized cost	48,066	45,880	138,279	122,511
Total interest expense	48,066	45,880	138,279	122,511
Interest expense on liabilities recorded at amortized cost comprise:				
Interest on debt securities issued	17,490	17,917	53,469	47,600
Interest on customer accounts	19,527	14,821	53,538	37,429
Interest on loans and advances from banks	9,099	10,373	24,399	30,734
Interest on securitization program	1,299	2,320	4,887	5,529
Preference share dividends	150	163	451	462
Other interest expense	501	286	1,535	757
Total interest expense on liabilities recorded at amortized cost	48,066	45,880	138,279	122,511
Net interest income before provision for impairment losses on interest bearing assets	49,233	41,398	150,769	102,146

In the above disclosure, interest income on loans, which are categorized based on the Bank's internal rating categories as watch, sub standard, doubtful and loss categories, as well as loans, which are overdue, but categorized as standard, is included in the line item "interest income on impaired assets". The provision against these loans ranges from 2% to 100%.

6. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

The movements in allowance for impairment losses on interest bearing assets were as follows:

	Loans and advances to banks (KZT million)	Loans to customers (KZT million)	Total (KZT million)
30 June 2007 (unaudited)	892	100,780	101,672
Additional provision recognized	24	20,388	20,412
Write-off of assets	-	(322)	(322)
Recovery of assets previously written off	-	70	70
Exchange rate difference	(1)	(79)	(80)
30 September 2007 (unaudited)	<u>915</u>	<u>120,837</u>	<u>121,752</u>
30 June 2008 (unaudited)	1,076	178,253	179,329
(Recovery of provision)/additional provision recognized	(772)	19,532	18,760
Write-off of assets	-	(28)	(28)
Exchange rate difference	(7)	(1,464)	(1,471)
30 September 2008 (unaudited)	<u>297</u>	<u>196,293</u>	<u>196,590</u>
	Loans and advances to banks (KZT million)	Loans to customers (KZT million)	Total (KZT million)
31 December 2006	857	73,936	74,793
Additional provision recognized	89	49,628	49,717
Write-off of assets	-	(730)	(730)
Recovery of assets previously written off	-	78	78
Exchange rate difference	(31)	(2,075)	(2,106)
30 September 2007 (unaudited)	<u>915</u>	<u>120,837</u>	<u>121,752</u>
31 December 2007	1,276	140,363	141,639
(Recovery of provision)/additional provision recognized	(976)	57,636	56,660
Write-off of assets	-	(922)	(922)
Exchange rate difference	(3)	(784)	(787)
30 September 2008 (unaudited)	<u>297</u>	<u>196,293</u>	<u>196,590</u>

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

	Insurance provisions (KZT million)	Other assets (KZT million)	Total (KZT million)
30 June 2007 (unaudited)	3,274	161	3,435
Additional provision recognized	189	179	368
Write-off of assets	-	(127)	(127)
Recovery of assets previously written off	-	19	19
Exchange rate difference	-	(1)	(1)
	<u>3,463</u>	<u>231</u>	<u>3,694</u>
30 June 2008 (unaudited)	3,912	525	4,437
Additional provision recognized	90	136	226
Write-off of assets	-	(42)	(42)
Exchange rate difference	-	40	40
	<u>4,002</u>	<u>659</u>	<u>4,661</u>
	Insurance provisions (KZT million)	Other assets (KZT million)	Total (KZT million)
31 December 2006	2,703	117	2,820
Additional provision recognized	760	232	992
Write-off of assets	-	(156)	(156)
Recovery of assets previously written off	-	37	37
Exchange difference	-	1	1
	<u>3,463</u>	<u>231</u>	<u>3,694</u>
30 September 2007 (unaudited)	3,463	231	3,694
31 December 2007	3,422	323	3,745
Additional provision recognized	580	377	957
Write-off of assets	-	(72)	(72)
Exchange difference	-	31	31
	<u>4,002</u>	<u>659</u>	<u>4,661</u>

Insurance provisions comprised:

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Property	1,357	978
Life insurance	751	207
Accidents	717	487
Vehicles	393	785
Railway transport	276	-
Civil liability for damage	121	91
Freight	54	462
Financial loss insurance	37	-
Civil liability for owners of vehicles	33	241
Other	263	171
	<u>4,002</u>	<u>3,422</u>
Total insurance provisions	<u>4,002</u>	<u>3,422</u>

Other insurance provisions include provisions for insurance of civil liability to passengers, liability of private notaries, auditors and audit organizations, ecological, medical, air and marine transport and others.

The movements in provision for guarantees and other off-balance sheet contingencies were as follows:

	Guarantees and other off-balance sheet contingencies 2008 (KZT million)	Guarantees and other off-balance sheet contingencies 2007 (KZT million)
30 June	5,087	4,676
Additional provision recognized	2,237	534
Exchange difference	(121)	53
30 September (unaudited)	<u>7,203</u>	<u>5,263</u>
	Guarantees and other off-balance sheet contingencies 2008 (KZT million)	Guarantees and other off-balance sheet contingencies 2007 (KZT million)
1 January	7,216	4,055
Additional provision recognized	22	1,255
Exchange difference	(35)	(47)
30 September (unaudited)	<u>7,203</u>	<u>5,263</u>
	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Insurance provisions	4,002	3,422
Reserves on guarantees and other off-balance sheet liabilities	7,203	7,216
	<u>11,205</u>	<u>10,638</u>

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

	Three months ended 30 September 2008 (unaudited) (KZT million)	Three months ended 30 September 2007 (unaudited) (KZT million)	Nine months ended 30 September 2008 (unaudited) (KZT million)	Nine months ended 30 September 2007 (unaudited) (KZT million)
Net (loss)/gain on financial assets and liabilities held-for-trading	(29,797)	6,914	(30,182)	15,266
Total net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(29,797)	6,914	(30,182)	15,266
Net gain on operations with financial assets and liabilities held-for-trading comprise:				
Realized (loss)/gain on trading operations	(142)	(281)	12	(919)
Unrealized (loss)/gain on fair value adjustment	(3,072)	(319)	(3,051)	841
Hedge ineffectiveness	1,249	-	(831)	-
Net (loss)/gain on operations with derivative financial instruments	(27,832)	7,514	(26,312)	15,344
Total net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(29,797)	6,914	(30,182)	15,266

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

	Three months ended 30 September 2008 (unaudited) (KZT million)	Three months ended 30 September 2007 (unaudited) (KZT million)	Nine months ended 30 September 2008 (unaudited) (KZT million)	Nine months ended 30 September 2007 (unaudited) (KZT million)
Dealing, net	1,096	(739)	5,574	1,066
Translation differences, net	27,735	(6,650)	9,161	(12,836)
Total net gain/(loss) on foreign exchange operations and precious metals	28,831	(7,389)	14,735	(11,770)

Translation differences for the nine months ended 30 September 2008 amounted to gain of KZT 9,161 million (30 September 2007: loss of KZT 12,836 million). This comprised gain/(loss) on the revaluation of liabilities and assets denominated in non-functional currencies such as the Japanese Yen, Euro, Pound and Singaporean dollar.

9. OTHER INCOME

	Three months ended 30 September 2008 (unaudited) (KZT million)	Three months ended 30 September 2007 (unaudited) (KZT million)	Nine months ended 30 September 2008 (unaudited) (KZT million)	Nine months ended 30 September 2007 (unaudited) (KZT million)
Insurance premium	1,088	1,197	3,497	3,325
Income from purchase of subsidiaries	-	1,386	3,137	1,386
Fines and penalties received	209	103	448	199
Income from repurchase of debt securities	110	-	110	-
Net gain on disposal of fixed assets	1	22	22	33
Other	70	51	780	241
	<u>1,478</u>	<u>2,759</u>	<u>7,994</u>	<u>5,184</u>

10. OPERATING EXPENSES

	Three months ended 30 September 2008 (unaudited) (KZT million)	Three months ended 30 September 2007 (unaudited) (KZT million)	Nine months ended 30 September 2008 (unaudited) (KZT million)	Nine months ended 30 September 2007 (unaudited) (KZT million)
Staff costs	4,089	3,801	13,057	10,777
Operating lease payments	793	611	2,681	1,539
Depreciation and amortization	868	637	2,454	1,857
Property and equipment maintenance	757	430	1,678	894
Payments to the Individuals' Deposit Insurance Fund	310	513	1,280	1,287
Advertising costs	383	375	1,079	876
Value added tax	303	279	581	608
Communications	183	192	579	494
Taxes, other than income tax	193	77	515	233
Bank card services	149	77	378	200
Security services	110	76	325	225
Business trips expenses	121	125	312	377
Consulting and audit services	84	157	265	279
Vehicle maintenance	74	74	219	204
Training	40	25	126	204
Printing and stationery	41	48	123	137
Charity and sponsorship expenses	5	37	98	76
Courier expenses	20	29	73	63
Representative expenses	42	12	68	39
Cash collection expenses	16	6	38	18
Expenses on periodicals	6	4	16	11
Legal services	1	4	10	14
Fines and fees	2	8	9	9
Other expenses	134	99	234	326
	<u>8,724</u>	<u>7,696</u>	<u>26,198</u>	<u>20,747</u>

11. INCOME TAX

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Group and its subsidiaries operate and which may differ from IFRS.

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 30 September 2008 and 31 December 2007 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

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

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Deferred income tax assets:		
Unrealised loss on trading securities and derivatives	1,400	1,462
Loss on revaluation of securities	3,038	-
Unrealised loss on revaluation of financial instruments treated as cash flow hedges	2,311	-
Bonuses accrued	1,016	706
Other assets	278	136
	<hr/>	<hr/>
Total deferred income tax assets	8,043	2,304
Deferred income tax liabilities:		
Allowance for losses on loans and advances to banks and customers	42,840	20,147
Property, equipment and intangible assets and accumulated depreciation	3,582	2,795
Unrealised gain on revaluation of financial instruments treated as cash flow hedges	648	-
Investments in associates	917	946
Unrealised gain on trading securities and derivatives	1,060	7,714
Provision on guarantees and letters of credit	22	1,198
	<hr/>	<hr/>
Total deferred income tax liabilities	49,069	32,800
	<hr/>	<hr/>
Net deferred income tax liabilities	41,026	30,496

Relationships between tax expenses and accounting profit for the three and nine months ended 30 September 2008 and 2007 are explained as follows:

	Three months ended 30 September 2008 (unaudited) (KZT million)	Three months ended 30 September 2007 (unaudited) (KZT million)	Nine months ended 30 September 2008 (unaudited) (KZT million)	Nine months ended 30 September 2007 (unaudited) (KZT million)
Profit before income tax	22,427	20,565	71,937	55,150
Tax at the statutory tax rate (30%)	6,728	6,169	21,581	16,545
Tax effect of permanent differences:	(71)	(1,474)	461	(4,172)
Income tax expense net of permanent differences	6,657	4,695	22,042	12,373
Current income tax expense	3,258	(89)	8,641	2,677
Deferred income tax expense	3,399	4,784	13,401	9,696
Income tax expense	6,657	4,695	22,042	12,373
			Nine months ended 30 September 2008 (unaudited) (KZT million)	Year ended 31 December 2007 (KZT million)
Deferred income tax liabilities				
1 January			30,496	16,851
Change in property and equipment revaluation reserve			-	1,536
Deferred income tax expense			13,401	12,109
Change in available-for-sale reserve			(560)	-
Change in hedging reserve			(2,311)	-
Net deferred income tax liabilities			41,026	30,496

12. EARNINGS PER SHARE

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

As described in note 24, dividend payments per ordinary shares cannot exceed the dividends per share on preference shares for the same period. Therefore, net profit for the period is allocated to the ordinary shares and the preference shares in accordance with their legal and contractual dividend rights to participate in undistributed earnings:

	Three months ended 30 September 2008 (unaudited) (KZT million)	Three months ended 30 September 2007* (unaudited) (KZT million)	Nine months ended 30 September 2008 (unaudited) (KZT million)	Nine months ended 30 September 2007* (unaudited) (KZT million)
Basic and diluted earnings per share				
Net profit for the period attributable to equity holders of the parent	16,267	15,687	49,490	40,836
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	<u>(2,780)</u>	<u>(2,666)</u>	<u>(8,463)</u>	<u>(6,905)</u>
Net profit for the period attributable to ordinary shareholders	13,487	13,021	41,027	33,931
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>574,917,907</u>	<u>574,904,440</u>	<u>574,922,274</u>	<u>574,835,864</u>
Earnings per share – basic and diluted (tenge)	<u>23.46</u>	<u>22.65</u>	<u>71.36</u>	<u>59.03</u>

*As restated, see note 24

13. CASH AND BALANCES WITH NATIONAL (CENTRAL) BANKS

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Cash on hand	39,867	41,082
Balances with the national (central) banks	<u>143,186</u>	<u>127,066</u>
	<u>183,053</u>	<u>168,148</u>

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

	30 September 2008 (unaudited) (KZT million)	30 September 2007 (unaudited) (KZT million)	31 December 2007 (KZT million)
Cash and balances with national (central) banks	183,053	210,984	168,148
Loans and advances to banks in Organisation for Economic Co-operation and Development (“OECD”) countries (Note 23) with maturities less than 3 months	123,008	31,354	139,042
Less minimum reserve deposit with the NBRK	(154,541)	(185,731)	(160,217)
Less minimum reserve deposit with the CBR	(2,306)	(3,499)	(2,430)
Less minimum reserve deposit with the NBKR	(216)	(214)	(197)
Less minimum reserve deposit with the NB of Tajikistan	<u>(10)</u>	<u>-</u>	<u>-</u>
	<u>148,988</u>	<u>52,894</u>	<u>144,346</u>

As at 30 September 2008, cash and balances with national (central) banks included accrued interest income of KZT 11 million (31 December 2007: nil).

The balances with the Central Bank of Russian Federation (“CBR”) as at 30 September 2008 include KZT 5,238 million (31 December 2007: KZT 5,246 million, 30 September 2007: KZT 5,378 million), of which KZT 2,306 million (31 December 2007: KZT 2,430 million, 30 September 2007: KZT 3,499 million) represents the obligatory minimum reserve deposits required by the CBR. The Group is required to maintain the reserve balance at the CBR at all times.

The balances with the National Bank of the Republic of Kazakhstan (“NBRK”) as at 30 September 2008 include KZT 137,327 million, of which KZT 117,316 million represent balances with the NBRK (31 December 2007: KZT 121,476 million, 30 September 2007: KZT 163,990 million) and cash on hand of KZT 37,225 million (31 December 2007: KZT 38,741 million, 30 September 2007: KZT 21,741 million), totalling KZT 154,541 million (31 December 2007: KZT 160,217 million, 30 September 2007: KZT 185,731 million), which represent the minimum reserve deposits required by the NBRK.

The balances with the National Bank of the Kyrgyz Republic of (“NBKR”) as at 30 September 2008 include KZT 609 million (31 December 2007: KZT 344 million, 30 September 2007: KZT 335 million), of which KZT 216 million (31 December 2007: KZT 197 million, 30 September 2007: KZT 214 million) represents the minimum reserve deposits required by the NBKR at all times.

The balances with the National Bank of Tajikistan at 30 September 2008 include KZT 12 million (31 December 2007: nil, 30 September 2007: nil), of which KZT 10 million (31 December 2007: nil, 30 September 2007: nil) represents the minimum reserve deposits required by the National Bank of Tajikistan.

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

Financial assets at fair value through profit or loss comprise:

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Debt securities	43,516	130,271
Equity investments	4,778	15,647
Derivative financial instruments	20,477	42,858
	<u>68,771</u>	<u>188,776</u>

Financial liabilities at fair value through profit or loss comprise:

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Derivative financial instruments	23,983	7,730
	<u>23,983</u>	<u>7,730</u>

The financial assets and financial liabilities at fair value through profit or loss relate entirely to financial assets and financial liabilities held for trading.

	30 September 2008 (unaudited)		31 December 2007	
	Nominal interest rate %	Amount (KZT million)	Nominal interest rate %	Amount (KZT million)
	Debt securities:			
Short-term NBRK notes	5.735-6.758%	14,726	4.50%	1,845
Bonds of Kazakhstani companies	8.00-16.50%	13,300	4.90-12.40%	22,684
Bonds of International financial institutions	6.50-18.25%	3,463	1.56-20.09%	87,336
Bonds of Russian companies	7.28-13.80%	3,386	7.28-13.80%	4,030
Bonds of Kazakhstani banks	6.00-12.00%	3,116	6.00-12.00%	4,151
Bonds of Russian banks	7.34-9.90%	2,219	7.34-8.25%	703
Eurobonds of Kazakhstani banks	7.875-8.125%	1,795	7.75-8.13%	2,900
State treasury bonds of the Ministry of Finance of Republic of Kazakhstan	4.05-6.44%	921	3.78-6.68%	926
Bonds of local executive bodies of the Russian Federation	7.25-8.70%	442	7.75-9.20%	607
Bonds of federal loan of the Ministry of Finance of the Russian Federation	9.00%	148	9.00-10.00%	343
Bonds of Russian investment funds	-	-	-	4,273
Eurobonds of OECD countries	-	-	4.75%	253
Bonds of Atyrau local executive bodies	-	-	8.50%	220
		<u>43,516</u>		<u>130,271</u>

	30 September 2008 (unaudited)		31 December 2007	
	Ownership share %	Amount (KZT million)	Ownership share %	Amount (KZT million)
	Equity investments:			
Shares of Russian companies	0.001- 0.5546%	3,584	0.00001-19.559%	7,565
GDR of Russian banks	0.017%	657	0.07%	652
Shares of Kazakhstani companies	0.00115 -0.24%	189	0.007-0.282%	701
GDR of Kazakhstani banks	0.08%	135	0.01%	80
Shares of Kazakhstani banks	0.028%	93	0.0007-0.043%	363
GDR of Russian companies	0.00002 -0.01%	64	-	-
Shares of Russian banks	0.00001%	25	0.00001%	19
Shares of foreign companies	0.0003%	25	-	-
GDR of Kazakhstani companies	0.0007%	6	0.247%	3,771
ADR of Kazakhstani companies	-	-	0.654%	2,496
		<u>4,778</u>		<u>15,647</u>

As at 30 September 2008, financial assets at fair value through profit or loss included accrued interest income on debt securities of KZT 742 million (31 December 2007: KZT 1,506 million).

As at 30 September 2008, financial assets at fair value through profit or loss included State treasury bonds of the Ministry of Finance of the Republic of Kazakhstan, bonds of Kazakhstani companies pledged under repurchase agreements with other banks and customers with fair value of KZT 1,534 million (31 December 2007: KZT 82,147 million). As at 30 September 2008, all of the repurchase agreements are to be settled by October 2008 (31 December 2007: February 2008) (note 18).

	Nominal value	30 September 2008 (unaudited)		Nominal value	31 December 2007	
		Net fair value (KZT million)			Net fair value (KZT million)	
		Assets	Liabilities		Assets	Liabilities
Derivative financial instruments						
<i>Foreign exchange contracts</i>						
Foreign exchange swap	455,206	17,000	(14,642)	381,001	25,724	(2,145)
Interest rate swap	129,184	704	(7,012)	82,740	14,987	(5,133)
Forward contracts	94,368	2,277	(2,249)	64,652	2,105	(381)
Spot	22,907	20	(80)	74,996	19	(25)
Options	24,079	452	-	-	-	-
Futures	3,832	24	-	-	-	-
<i>Securities purchase/sale contracts</i>						
Total return swap	-	-	-	592	23	(46)
		<u>20,477</u>	<u>(23,983)</u>		<u>42,858</u>	<u>(7,730)</u>

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

	Nominal value	30 September 2008 (unaudited)		Nominal value	31 December 2007	
		Net fair value (KZT million)			Net fair value (KZT million)	
		Assets	Liabilities		Assets	Liabilities
<i>Cash flow hedging</i>						
Foreign exchange swap	189,970	10,430	(11,271)	-	-	-
Interest rate swaps	18,301	115	(859)	-	-	-
		<u>10,545</u>	<u>(12,130)</u>		<u>-</u>	<u>-</u>

The Group's cash flow hedges relate to exposure to variability in the anticipated future cash flows on its financial liabilities.

To hedge the cash flows on financial liabilities with floating interest rates, the Group uses interest rate swap contracts to exchange the floating rates for fixed rates. As such, the Group converts its floating rate debt repayments to fixed rate debt repayments and minimizes the effect of change in interest rates on its future cash flows.

To hedge the foreign exchange risk on financial liabilities the Group uses cross-currency swap contracts to convert, partially or in-full, its repayments on foreign currency denominated liabilities to the functional currency of the subsidiary which issued these liabilities.

For the nine months ended 30 September 2008, hedge ineffectiveness recognized in net loss on financial assets and liabilities at fair value through profit or loss comprised cash flow hedging ineffectiveness of KZT 831 million (2007: Nil).

As at 30 September 2008, the aggregate amount of unrealized losses under foreign exchange swap contracts deferred in the hedging reserve relating to the exposures amounted to KZT 6,172 million (31 December 2007: Nil). The cash flows under these contracts will occur quarterly, for periods up to February 2017. These contracts are designated as hedge instruments to hedge the exchange rate risk arising from the future cash flows of the funds raised by the Group from international financial organizations in currencies other than tenge.

As at 30 September 2008, the aggregate amount of unrealized losses under interest rate swap contracts deferred in the hedging reserve relating to the exposures amounted to KZT 1,531 million (31 December 2007: nil). The cash flows under these contracts will occur biannually, for periods up to January 2018. These contracts are designated as hedge instruments to hedge the interest rate risk arising from the future cash flows of the funds raised by the Group from international financial organizations in currencies other than tenge.

As at 30 September 2008, the fair value of the hedging instruments is KZT (1,585) million.

15. INVESTMENTS AVAILABLE-FOR-SALE

Investments available-for-sale comprise:

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Debt securities	11,341	3,034
Equity investments	5,382	2
	<u>16,723</u>	<u>3,036</u>

	30 September 2008 (unaudited)		31 December 2007	
	Nominal interest rate %	Amount (KZT million)	Nominal interest rate %	Amount (KZT million)
Debt securities:				
Bonds of Kazakhstani companies	8.00-16.70%	6,533	8.00-12.20%	1,342
Bonds of the Ministry of Finance of the Republic of Kazakhstan	3.35-17.94%	2,825	3.75-11.08%	1,400
Bonds of Kazakhstani banks	8.50-12.00%	1,807	8.50-12.00%	290
Short-term notes of NBRK	3.14-5.60%	176	3.03%	2
		<u>11,341</u>		<u>3,034</u>

	30 September 2008 (unaudited)		31 December 2007	
	Ownership share %	Amount (KZT million)	Ownership share %	Amount (KZT million)
Equity securities:				
GDR of Kazakhstani companies	0.263%	2,268	-	-
ADR of Kazakhstani companies	0.646%	2,125	-	-
Shares of Kazakhstani companies	0.029-0.078%	527	-	-
Shares of Kazakhstani banks	0.020-1.33%	185	-	-
GDR of Kazakhstani banks	0.53-0.577%	277	-	-
Kazakhstan stock exchange	-	-	1.33%	2
		<u>5,382</u>		<u>2</u>

As at 30 September 2008, investments available-for-sale included accrued interest income on debt securities of KZT 651 million (31 December 2007: KZT 168 million).

In October 2008 the International Accounting Standards Board issued amendments to IAS 39 “Financial Instruments: Recognition and Measurement” (“IAS 39”) to permit the reclassification of financial assets out of the held-for-trading and available-for-sale categories, subject to certain restrictions. In accordance with these amendments, the Group reclassified certain debt and equity securities with total fair value as at 30 September 2008 of KZT 12,412 million from the held-for-trading category of financial assets at fair value through profit or loss into investments available-for-sale. Total fair value of debt and equity securities reclassified amounted to KZT 14,799 million as at the reclassification date.

The reclassifications were made for those securities for which there was no market existed in 2008 as a result of the world financial crisis. In the current situation the Group has revised its investment strategy and has the intention and ability to hold those securities for the foreseeable future. Those debt and equity securities which were reclassified are presented in the tables below. Reclassifications implemented before 1 November 2008 have been backdated to 01 July 2008, 01 August 2008 and 1 September 2008, as permitted by the revision to IAS 39.

	On reclassification			30 September 2008 (unaudited)		After reclassification	
	Effective interest rate %	Fair value	Estimated cash flows expected to be recovered	Nominal value	Fair value	Movement in investments available-for-sale reserve/(deficit)	
		(KZT million) (unaudited)		(KZT million) (unaudited)		(KZT million) (unaudited)	
Debt securities						Gains	Losses
Bonds of Kazakhstani banks	5.5054%	1,556	1,828	1,504	1,562	6	-
Bonds of Kazakhstani companies	17.6453%	<u>6,419</u>	<u>5,989</u>	<u>5,514</u>	<u>5,471</u>	<u>138</u>	<u>(1,086)</u>
Total debt securities:		<u>7,975</u>	<u>7,817</u>	<u>7,018</u>	<u>7,033</u>	<u>144</u>	<u>(1,086)</u>

	On reclassification		30 September 2008 (unaudited)		After reclassification	
	Ownership share %	Fair value	Nominal value	Fair value	Movement in investments available-for-sale reserve/(deficit)	
		(KZT million) (unaudited)	(KZT million) (unaudited)		(KZT million) (unaudited)	
Equity securities					Gains	Losses
GDR of Kazakhstani banks	0.06%- 0.08%	484	515	276	78	(286)
Shares of Kazakhstani banks	0.0001%- 0.04%	286	369	183	67	(170)
GDR of Kazakhstani companies	0.26%	3,232	2,454	2,268	36	(1,000)
ADR of Kazakhstani companies	0.65%	2,201	735	2,125	68	(144)
Shares of Kazakhstani companies	0.03%- 0.08%	<u>621</u>	<u>790</u>	<u>527</u>	<u>4</u>	<u>(98)</u>
Total equity securities:		<u>6,824</u>	<u>4,863</u>	<u>5,379</u>	<u>253</u>	<u>(1,698)</u>

Unrealized loss from fair value revaluation for the period from reclassification date to 30 September 2008 recognized in the condensed interim consolidated statement of changes in equity as a result of the reclassification of the debt and equity securities amounted to KZT 2,387 million which is included in the line "Unrealized loss on revaluation of available-for-sale investments". This represents the amount that would have been recognized in operating profit had reclassification not occurred.

Unrealized loss from fair value revaluation on the debt and equity securities reclassified recognized in the condensed interim consolidated income statement for the period from 1 January 2008 to the reclassification date amounted to KZT 1,133 million. Unrealized gain from fair value revaluation on the debt and equity securities reclassified recognized in the condensed interim consolidated income statement for the period from 1 January 2007 to 30 September 2007 amounted to KZT 1,085 million.

From the date of reclassification to 30 September 2008, the Group did not have realized gains or losses on the reclassified securities, as there were no sales, maturities or impairment losses related to the reclassified financial assets. From the date of reclassification to 30 September 2008, the total

amount of interest income on debt securities reclassified comprised KZT 103 million and for the 9 months period ended 30 September 2008 comprised KZT 676 million.

16. LOANS AND ADVANCES TO BANKS

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Recorded as loans and receivables:		
Loans and advances to banks	237,667	173,759
Correspondent accounts with other banks	16,211	39,661
Loans under reverse repurchase agreements	12	679
	<u>253,890</u>	<u>214,099</u>
Less allowance for impairment losses	(297)	(1,276)
	<u>253,593</u>	<u>212,823</u>

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

As at 30 September 2008 loans and advances to banks included accrued interest of KZT 1,099 million (31 December 2007: KZT 1,327 million).

As at 30 September 2008, and 31 December 2007, the Group had the following loans and advances to the banks, which individually exceeded 10% of the Group's equity.

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Unicredit CAIB AT, VIENNA	<u>54,932</u>	<u>-</u>
	<u>54,932</u>	<u>-</u>

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

	30 September 2008 (unaudited) (KZT million)		31 December 2007 (KZT million)	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Bonds of Ministry of Finance of the Republic of Kazakhstan	14	12	12	11
Shares of Russian companies	<u>-</u>	<u>-</u>	<u>756</u>	<u>668</u>
	<u>14</u>	<u>12</u>	<u>768</u>	<u>679</u>

As at 30 September 2008, the guarantee deposit of KZT 2,397 million (31 December 2007: KZT 2,406 million) placed with JP Morgan Chase Bank London was included in loans and advances to banks as collateral for letter of credit.

17. LOANS TO CUSTOMERS

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Accounted as loans given and accounts receivable:		
Originated loans	2,405,311	2,480,059
Net investments in finance lease	5,116	6,090
Loans under reverse repurchase agreements	39,517	20,549
	<hr/>	<hr/>
	2,449,944	2,506,698
Less allowance for impairment losses	(196,293)	(140,363)
	<hr/>	<hr/>
	<u>2,253,651</u>	<u>2,366,335</u>

As at 30 September 2008, accrued interest income included in loans to customers amounted to KZT 90,368 million (31 December 2007: KZT 66,827 million).

Movements in allowances for impairment losses for the nine months ended 30 September 2008 and 2007 are disclosed in Note 6.

The table below summarizes the amount of loans secured by type of collateral, rather than the fair value of the collateral itself:

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Analysis by type of collateral:		
Loans collateralized by real estate	990,294	1,039,685
Loans collateralized by equipment	277,366	209,168
Loans collateralized by shares of the banks and other companies	219,787	226,603
Loans collateralized by guarantees of enterprises	176,596	176,004
Loans collateralized by mixed types of collateral	171,854	209,980
Loans collateralized by accounts receivable	94,495	86,872
Loans with collateral under the registration process (land, building, shares, guarantee, etc.)	65,858	152,707
Loans collateralized by inventories	62,646	41,014
Loans collateralized by cash or Kazakhstani Government guarantees	59,946	80,232
Loans collateralized by securities	7,094	3,675
Loans collateralized by guarantees of financial institutions	2,625	8,031
Unsecured loans	125,090	132,364
	<hr/>	<hr/>
	<u>2,253,651</u>	<u>2,366,335</u>

Mixed collateral consists of multiple types of collateral including real estate, guarantees and inventories. Loans are classified as being collateralized by mixed collateral where it is impractical to split this collateral into the categories disclosed above.

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Analysis by sector:		
Individuals	385,015	452,330
Trade	371,842	442,181
Housing construction	279,425	246,546
Commercial real estate construction	192,463	228,165
Real estate	162,424	165,825
Investments and finance	142,557	122,744
Hotel business	125,434	133,635
Transport and communication	104,691	106,576
Energy	72,851	66,179
Food industry	59,843	62,661
Agriculture	43,588	52,906
Machinery construction	40,583	43,935
Industrial and other construction	29,934	40,115
Production of construction materials	20,304	31,468
Mining and metallurgy	12,687	11,577
Medicine	6,265	4,239
Culture and art	2,414	4,945
Other	201,331	150,308
	<u>2,253,651</u>	<u>2,366,335</u>

Loans to individuals represent following products:

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Mortgage loans	210,717	247,478
Consumer loans	123,266	133,108
Business loans	30,259	42,817
Car loans	15,424	19,422
Other	5,349	9,505
	<u>385,015</u>	<u>452,330</u>

As at 30 September 2008 and 31 December 2007, the Group granted loans to the borrowers, shown below, respectively, which individually exceeded 10% of the Group's equity. Although loans to borrowers disclosed in 2007 may continue to be outstanding in 2008, only those borrowers which exceed 10% of equity are disclosed below.

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Korporatsiya "GAS" LLP	79,240	-
Visor Solution Holding	55,565	43,122
Alibi Holding	45,701	48,327
Ken-Sary LLP	-	69,714
	<u>180,506</u>	<u>161,163</u>

As at 30 September 2008, a significant portion of loans to customers ((80.58%) (31 December 2007: 78.42%) of the total portfolio) is granted to companies operating in the Republic of Kazakhstan, which represents a significant geographical concentration.

The fair value of collateral assets and carrying value of loans under reverse repurchase agreements as at 30 September 2008 and 31 December 2007, comprised:

	30 September 2008 (unaudited) (KZT million)		31 December 2007 (KZT million)	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Shares of Kazakhstani companies	24,437	19,024	614	636
Shares of Russian companies	12,465	7,380	15,998	15,081
Bonds of Russian companies	5,321	3,330	-	-
ADR of Kazakhstani companies	3,894	4,151	-	-
Bonds of Kazakhstani companies	2,660	3,110	2,534	2,871
Shares of Russian banks	2,188	1,290	499	480
Bonds of Kazakhstani banks	287	375	669	805
Bonds of the Ministry of Finance of the Republic of Kazakhstan	271	279	-	-
Shares of Kazakhstani banks	235	578	419	676
	<u>51,758</u>	<u>39,517</u>	<u>20,733</u>	<u>20,549</u>

18. LOANS AND ADVANCES FROM BANKS

	30 September 2008 (unaudited) (KZT million)	31 December 2007 (KZT million)
Recorded at amortized cost:		
Correspondent accounts of other banks	23,968	72,028
Correspondent accounts of organizations that serve certain types of banking operations	296	5
Loans from banks and financial institutions, including:		
Syndicated loan from a group of banks maturing in December, 2008 and interest rate of 3.718%	8,257	33,147
Syndicated loan from a group of banks maturing in December, 2008 and interest rate of 3.40%	13,183	13,235
Syndicated loan from a group of banks maturing in December, 2009 and interest rate of 3.39%	36,043	36,255
Syndicated loan from a group of banks maturing in September, 2008 and interest rate of 5.815%	-	72,834
Syndicated loan from a group of banks maturing in February, 2008 and interest rate of 5.51%	-	54,838
Loan maturing in December, 2008	30	4,143
Loan maturing in June, 2014	36,207	40,138
Loans with other banks and financial establishments	220,655	284,267
Term deposits of banks	5,567	34,780
Loans under repurchase agreements	869	77,761
	<u>345,075</u>	<u>723,431</u>

As at 30 September 2008, loans and advances from banks included accrued interest expense in the amount of KZT 3,532 million (31 December 2007: KZT 5,272 million).

As at 30 September 2008, loans with other banks and financial establishments for KZT 192,756 million (87% of total loans with other banks and financial establishments) (31 December 2007: KZT 247,667 million (87% of total loans with other banks and financial establishments)) consisted of 34 (31 December 2007: 45) banks and financial institutions of such countries as Great Britain, the Netherlands, Switzerland, Austria, Russia, Luxemburg, Korea, Kazakhstan, Germany, Belgium, Hong Kong, UAE and China. Maturities of these loans range from 1 day to 101 months (31 December 2007: 3 days to 101 months). Interest rates on loans with other banks and financial establishments varied from 2% to 10.5% (31 December 2007: from 2.33% to 10.16%).

As at 30 September 2008, included in loans and advances from banks are loans under repurchase agreements amounting to KZT 869 million (31 December 2007: KZT 77,761 million) with maturity in October 2008 (31 December 2007: in February 2008).

Fair value of collateral and carrying value of loans under repurchase agreements as at 30 September 2008 and 31 December 2007 are presented as follows:

	30 September 2008 (unaudited) (KZT million)		31 December 2007 (KZT million)	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Bonds of Kazakhstani companies	1,044	869	1,750	1,501
Bonds of international financial establishments	-	-	75,749	72,501
Bonds of Russian companies	-	-	2,064	1,489
Notes of the NBRK	-	-	843	802
Bonds of Ministry of Finance of the Republic of Kazakhstan	-	-	776	702
Bonds of local executive bodies of the Russian Federation	-	-	504	547
Bonds of Russian banks	-	-	249	219
	<u>1,044</u>	<u>869</u>	<u>81,935</u>	<u>77,761</u>

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

As at 30 September 2008 and 31 December 2007, the Group was in compliance with the covenants of the various debt agreements the Group has with other banks and financial institutions.

19. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk are not reflected in the balance sheet.

The Group's maximum exposure to credit loss under contingent liabilities and credit commitments, in the event of non-performance or in the event of impairment by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Group's uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

As at 30 September 2008 the provision for losses on contingent liabilities amounted to KZT 7,203 million (31 December 2007: KZT 7,216 million).

The risk-weighted amount is obtained by applying credit conversion factors and counterparty risk weightings according to the principles employed by the Basle Committee on Banking Supervision.

As at 30 September 2008 and 31 December 2007, the nominal or contract amounts and risk-weighted amounts were:

	30 September 2008 (unaudited)		31 December 2007	
	Nominal amount (KZT million)	Risk weighted amount (KZT million)	Nominal amount (KZT million)	Risk weighted amount (KZT million)
Contingent liabilities and credit commitments				
Guarantees issued and similar commitments	107,012	107,012	94,582	94,582
Letters of credit and other transaction related to contingent obligations	58,611	10,389	65,449	10,241
Commitments on loans and unused credit lines	13,093	13,093	10,382	10,382
Reimbursement liability	249	50	25,061	5,012
Commitments on loans sold to JSC Kazakhstan Mortgage Company with recourse	75	75	114	114
	<u>179,040</u>	<u>130,619</u>	<u>195,588</u>	<u>120,331</u>

Capital commitments

As at 30 September 2008, capital commitments amounted to KZT 1,833 million (31 December 2007: KZT 2,789 million). Such capital commitments relate to the development of property, including the construction of a new office building.

Specific volatility in global and Kazakhstani financial markets

In recent months a number of major economies around the world have experienced volatile capital and credit markets. A number of major global financial institutions have either been placed into bankruptcy, taken over by other financial institutions and/or supported by government funding. As a consequence of the recent market turmoil in capital and credit markets both globally and in the Republic of Kazakhstan, notwithstanding any potential economic stabilization measures that may be put into place by the Government of the Republic of Kazakhstan, there exists economic uncertainties surrounding the continual availability, and cost, of credit both for the Group and its counterparties, the potential for economic uncertainties to continue in the foreseeable future and, as a consequence, the potential that assets may not be recovered at their carrying amount in the regular course of business, and a corresponding impact on the Group's profitability.

Recoverability of financial assets

As a result of recent economic turmoil in capital and credit markets globally, and the consequential economic uncertainties existing as at balance sheet date, there exists the potential that assets may not be recovered at their carrying amount in the regular course of business.

As at 30 September 2008, the Group has financial assets amounting to KZT 2,593,351 million (as at 31 December 2007: KZT 2,771,345 million). The recoverability of these financial assets depends to a large extent on the efficacy of the fiscal measures and other measures and other actions, beyond the Group's control, undertaken within various countries to achieve economic stability and recovery. The recoverability of the Group's financial assets is determined based on conditions prevailing and information available as at balance sheet date. It is the management's opinion that no additional provisions on financial assets is needed at present, based on prevailing conditions and available information.

20. SUBSEQUENT EVENTS

On 3 October and 24 November 2008, the Board of Directors of JSC "Pension Fund "Ular Umit" decided to issue additional 20,000 of common shares for the amount of KZT 110 thousand per share. On 5 November and 28 November 2008, the Bank paid KZT 1,086 million for 9,870 additional shares of the Fund in accordance with its prevailing purchase right. As a result the share of the Bank did not change and comprised 49.35% of ownership interest. The total amount of investment of the Bank in the share capital of JSC "Pension Fund "Ular Umit" at 28 November 2008 was KZT 2,172 million.

OJSC "Kazkommertsbank Kyrgyzstan" increased share capital by 20.5% (or KZT 71 million) through the placement of an additional 41,000 shares. On 24 October 2008, the Bank bought 38,368 shares of this new emission in accordance with its prevailing purchase right for KZT 163 million. The share of the Bank of 93.58% did not change.

On 9 December 2008, the Bank, JSC Central Asian Investment Company ("CAIC") and the Government of the Republic of Kazakhstan, represented by the Ministry of Finance of the Republic of Kazakhstan, the NBRK, the FMSA and SamrukKazyna National Welfare Fund ("SamrukKazyna") signed a Memorandum of Understanding (the "Memorandum"). In accordance with the Memorandum, the parties agreed to use all possibilities to provide additional financial resources to the real sector of economy and also cooperate on the stability of the financial system, including maintenance of adequate liquidity and loan portfolio quality. According to the Memorandum, SamrukKazyna will provide not less than KZT 35,952 million (equivalent of USD 300 million at the exchange rate as at balance sheet date) in total to the Bank. The shares will be placed in full compliance with the current legislation of the Republic of Kazakhstan, listing rules of Kazakhstan and London stock exchanges, pre-emptive rights of current holders of the Bank's shares and GDRs, and the terms and conditions of all international agreements to which the Bank is a party. In accordance with the Memorandum, SamrukKazyna's share will not exceed 25% of the total outstanding common stock of the Bank, and the Bank's major shareholders (CAIC, Mr. Subkhanberdin and the European Bank for Reconstruction and Development) will continue to maintain control of the Bank. SamrukKazyna will not participate in the day-to-day management of the Bank. It is expected that, in case the major shareholders will not execute their pre-emptive rights they will have an option to buy back SamrukKazyna's shares within a four-year period starting on the first anniversary of the Implementation Documents.

On 10 December 2008, amendments to the Tax Code were enacted. In accordance to the amendments, the corporate income tax rate effective on 1 January 2009 will decrease from 30% to 20%. The corporate income tax rate effective for the period from 1 January 2010 to 1 January 2011 will be 17.5%. This change in the corporate income tax rate will result in a significant effect on current and deferred tax assets and liabilities.

21. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties are assessed in accordance with IAS 24 "Related party disclosures".

In considering each possible related party relationship, special attention is directed to the substance of the relationship, and not merely the legal form. Transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

	30 September 2008 (unaudited) (KZT million)		31 December 2007 (KZT million)	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers	1,140	2,449,944	895	2,506,698
- entities with joint control or significant influence over the entity	29		117	
- key management personnel of the entity or its parent	1,111		778	
Allowance for impairment losses	57	196,293	33	140,363
- entities with joint control or significant influence over the entity	1		17	
- key management personnel of the entity or its parent	56		16	
Investments in associates	2,413	2,413	3,222	3,222
- to associates	2,413		3,222	
Customer accounts	4,619	1,096,229	5,495	895,083
- parent company	1,112		-	
- entities with joint control or significant influence over the entity	31		1,087	
- associates	364		22	
- key management personnel of the entity or its parent	3,085		4,385	
- other related parties	27		1	
Commitments on loans and unused credit lines	213	13,093	482	10,382
- key management personnel of the entity or its parent	213		482	
Guarantees issued and similar commitments	18	107,012	18	94,582
- key management personnel of the entity or its parent	18		18	

Included in the interim condensed consolidated income statement for the nine months ended 30 September 2008 and 2007 are the following amounts which arose due to transactions with related parties:

	Nine months ended 30 September 2008 (unaudited) (KZT million)		Nine months ended 30 September 2007 (unaudited) (KZT million)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	123	289,048	14	224,657
Interest expense	(333)	(138,279)	(143)	(122,511)
Operating expenses	(676)	(26,198)	(547)	(20,747)
- Short-term employee benefits	(676)	(13,057)	(547)	(10,777)
Provisions for impairment losses on interest bearing assets, other assets and insurance operations, guarantees and other off-balance sheet contingencies	(7)	(57,639)	19	(51,964)
Share of results in associates	(1,101)	(1,101)	726	726

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

22. SEGMENT REPORTING

Business segments

The Group is organized on the basis of four main business segments:

- Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Corporate banking – representing current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency products, guarantees and letters of credit and derivative products.
- Investment banking – representing financial instruments trading, structured financing, and merger and acquisitions advice.
- Other – representing insurance operations and other activities.

Transactions between the business segments are conducted on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments. Internal charges and transfer pricing adjustments have been reflected in the performance of each segment. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Segment information about these businesses is presented below.

	Retail banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	For the nine months ended 30 September 2008 (unaudited) (KZT million)
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
External interest income	47,345	227,135	13,941	627	-	-	289,048
Internal interest income	26,767	37,216	113,698	-	48,869	(226,550)	-
External interest expense	(22,235)	(32,702)	(83,342)	-	-	-	(138,279)
Internal interest expense	(28,722)	(113,089)	(36,429)	-	(48,310)	226,550	-
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	23,155	118,560	7,868	627	559	-	150,769
Provisions for impairment losses on interest bearing assets	(18,290)	(39,364)	994	-	-	-	(56,660)
NET INTEREST INCOME	4,865	79,196	8,862	627	559	-	94,109
Net loss on financial assets and liabilities at fair value though profit or loss	-	-	(30,015)	(167)	-	-	(30,182)
Net gain on foreign exchange and precious metals operations	383	106	14,255	13	(22)	-	14,735
Fee and commission income	5,049	8,844	1,982	-	-	-	15,875
Fee and commission expense	(769)	(464)	(622)	(620)	(121)	-	(2,596)
Net realized gain on investments available-for- sale	-	-	83	23	-	-	106
Dividends received	-	-	156	18	-	-	174
Other income	179	504	3,682	3,609	20	-	7,994
NET NON-INTEREST INCOME	4,842	8,990	(10,479)	2,876	(123)	-	6,106
OPERATING INCOME	9,707	88,186	(1,617)	3,503	436	-	100,215
OPERATING EXPENSES	(12,024)	(9,876)	(2,912)	(1,344)	(42)	-	(26,198)
PROFIT BEFORE OTHER OPERATING PROVISIONS AND RESULTS OF ASSOCIATES	(2,317)	78,310	(4,529)	2,159	394	-	74,017
Provisions for impairment losses on other assets and insurance provisions	-	(334)	(17)	(606)	-	-	(957)
Provisions for guarantees and other off-balance sheet contingencies	-	(22)	-	-	-	-	(22)
Share of results of associates	-	-	(1,101)	-	-	-	(1,101)
OPERATING PROFIT BEFORE INCOME TAX	(2,317)	77,954	(5,647)	1,553	394	-	71,937
Income tax expense	-	-	-	-	(22,042)	-	(22,042)
NET PROFIT	(2,317)	77,954	(5,647)	1,553	(21,648)	-	49,895
Segment assets	385,015	1,868,636	584,956	15,123	831,233	(850,340)	2,834,623
Segment liabilities	287,262	808,967	1,352,367	6,648	796,852	(809,162)	2,442,934

	Retail banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	For the nine months ended 30 September 2007
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
External interest income	33,949	176,782	13,356	402	168	-	224,657
Internal interest income	21,747	26,767	105,262	-	49,002	(202,778)	-
External interest expense	(16,882)	(20,564)	(85,412)	1	346	-	(122,511)
Internal interest expense	(25,590)	(99,224)	(29,016)	-	(49,000)	202,830	-
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	13,224	83,761	4,190	403	516	52	102,146
Provisions for impairment losses on interest bearing assets	(6,618)	(43,303)	204	-	-	-	(49,717)
NET INTEREST INCOME	6,606	40,458	4,394	403	516	52	52,429
Net gain on financial assets and liabilities at fair value through profit or loss	-	-	15,244	22	-	-	15,266
Net loss on foreign exchange and precious metals operations	(306)	5,179	(16,495)	(10)	18	(156)	(11,770)
Fee and commission income	8,403	6,420	2,233	831	-	-	17,887
Fee and commission expense	(528)	(319)	(470)	(426)	(40)	-	(1,783)
Net realized gain on investments available-for-sale	-	-	66	3	-	-	69
Dividends received	-	-	127	9	-	-	136
Other income	108	317	2,361	2,385	13	-	5,184
NET NON-INTEREST INCOME	7,677	11,597	3,066	2,814	(9)	(156)	24,989
OPERATING INCOME	14,283	52,055	7,460	3,217	507	(104)	77,418
OPERATING EXPENSE	(7,922)	(11,179)	(840)	(858)	(52)	104	(20,747)
PROFIT BEFORE OTHER OPERATING PROVISIONS AND RESULTS OF ASSOCIATES	6,361	40,876	6,620	2,359	455	-	56,671
Provision for impairment losses on other assets and insurance provisions	-	(66)	(113)	(813)	-	-	(992)
Provision for guarantees and other off-balance sheet contingencies	-	(1,255)	-	-	-	-	(1,255)
Share of results of associates	-	-	726	-	-	-	726
OPERATING PROFIT BEFORE INCOME TAX	6,361	39,555	7,233	1,546	455	-	55,150
Income tax expense	-	-	-	-	(12,373)	-	(12,373)
NET PROFIT	6,361	39,555	7,233	1,546	(11,918)	-	42,777
Segment assets and liabilities as at 31 December 2007							
Segment assets	452,330	1,914,005	625,716	9,717	999,782	(1,004,318)	2,997,232
Segment liabilities	309,679	585,404	1,758,867	4,120	961,153	(971,706)	2,647,517

23. RISK MANAGEMENT POLICIES

Management of risks is fundamental to the Group's business. The risk management functions include:

- Risks identification: The risks, which the Group is exposed to in its daily activities, are identified by the risk management system.
- Measuring risks: The Group measures the risks using various methodologies, which include risk based profitability analysis, calculation of possible loss amounts, and utilization of specialized models. Measurement models and associated assumptions are periodically reviewed to ensure that the tools represent the risks adequately and reasonably.
- Risk monitoring: Group's policies and procedures determine the processes on mitigating and decreasing the risks and set the limits on various types of operations. Such limits are reviewed on a periodic basis specified by internal documents of the Group.
- Risk reporting: Risk reporting is performed on a line of business and on a consolidated basis. This information is periodically presented to the management.

The main risks inherent to the Group's operations are those related to:

- Credit risk;
- Operational risk;
- Liquidity risk;
- Market risk.

The Group has opted to present geographical concentration, liquidity risk and currency risk as at 30 September 2008. The Group believes this information to be useful to users of this condensed interim consolidated financial information. The remaining risk management policies, which include credit risk, interest rate risk and operational risk are not significantly different from the Group's risk management policies disclosed in the audited consolidated financial statements for the year ended 31 December 2007.

From 1 January 2008, the Group implemented a hedge accounting policy as part of its risk management strategy. Prior to this date, the Group opted not to designate its economic hedges as hedging relationships. The Group has designated cross currency swaps and interest swaps as hedging instruments against various currency and interest rate exposures, the details of which are disclosed in Note 14.

Geographical concentration

The relevant Credit Committees exercise control over the country risk and risk in the legislation and regulatory arena and assesses its influence on the Group's activity. The Group sets country limits for all countries with ratings below A- according to the Standard and Poor's classification.

The Management of the Group considers the main segment to be the Republic of Kazakhstan.

The geographical concentration of assets and liabilities is set out in tables below:

	Kazakhstan	CIS	OECD countries	Non-OECD countries	30 September 2008
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	Total (unaudited) (KZT million)
ASSETS:					
Cash and balances with national (central) banks	159,277	8,378	15,083	315	183,053
Precious metals	-	-	271	-	271
Financial assets at fair value through profit or loss	3,862	1,685	62,981	243	68,771
Loans and advances to banks	52,356	35,907	165,330	-	253,593
Loans to customers	1,816,132	276,954	26,385	134,180	2,253,651
Investments available-for-sale	16,723	-	-	-	16,723
Investments held to maturity	594	19	-	-	613
Investments in associates	2,413	-	-	-	2,413
Goodwill	2,405	-	-	-	2,405
Property, equipment and intangible assets	32,977	2,202	-	-	35,179
Other assets	10,818	5,433	1,279	421	17,951
TOTAL ASSETS	2,097,557	330,578	271,329	135,159	2,834,623
LIABILITIES:					
Loans and advances from banks	29,267	16,297	291,942	7,569	345,075
Customer accounts	1,057,835	23,415	10,958	4,021	1,096,229
Financial liabilities at fair value through profit or loss	6,056	27	17,667	233	23,983
Debt securities issued	-	50,550	651,909	334	702,793
Other borrowed funds	58	2	136,016	-	136,076
Provisions	11,134	71	-	-	11,205
Deferred income tax liability	40,910	116	-	-	41,026
Dividends payable	452	5	-	-	457
Other liabilities	14,792	2,531	1,026	2	18,351
Subordinated debt	29,754	-	79,011	-	108,765
TOTAL LIABILITIES	1,190,258	93,014	1,188,529	12,159	2,483,960
NET POSITION	907,299	237,564	(917,200)	123,000	
ASSETS:					
Cash and balances with national (central) banks	144,174	7,868	16,106	-	168,148
Financial assets at fair value through profit or loss	66,429	11,261	110,923	163	188,776
Loans and advances to banks	28,401	45,380	139,042	-	212,823
Loans to customers	1,855,687	303,936	46,011	160,701	2,366,335
Investments available-for-sale	3,036	-	-	-	3,036
Investments held to maturity	317	58	-	-	375
Investments in associates	3,222	-	-	-	3,222
Goodwill	2,405	-	-	-	2,405
Property, equipment and intangible assets	31,974	2,285	-	-	34,259
Other assets	10,211	3,239	4,312	91	17,853
TOTAL ASSETS	2,145,856	374,027	316,394	160,955	2,997,232
LIABILITIES:					
Loans and advances from banks	118,412	46,844	551,534	6,641	723,431
Customer accounts	770,799	32,548	82,248	9,488	895,083
Financial liabilities at fair value through profit or loss	3,078	37	4,445	170	7,730
Debt securities issued	-	70,142	667,372	2,174	739,688
Other borrowed funds	12,928	2	136,004	-	148,934
Provisions	10,550	88	-	-	10,638
Deferred income tax liability	30,486	10	-	-	30,496
Dividends payable	-	2	-	-	2
Other liabilities	9,309	1,679	2,851	6	13,845
Subordinated debt	29,125	-	79,041	-	108,166
TOTAL LIABILITIES	984,687	151,352	1,523,495	18,479	2,678,013
NET POSITION	1,161,169	222,675	(1,207,101)	142,476	

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments of the Group associated with financial instruments as they actually fall due as a result of decrease possibilities of the Group to raise appropriate funds.

The ALMC controls these types of risks by means of maturity analysis prepared by the Department of Financial Control, determining the Group's strategy for the next financial period. Current liquidity is managed by the Treasury Department through the deals in the money markets, placement of available funds in liquid securities within limits set by the ALMC.

With the purpose of managing the liquidity risk, the Group performs daily monitoring of future expected cash flows on clients' and banking operations, which is a part of assets and liabilities management process.

The Group maintains the compliance of liquidity requirements, such as current and short-term liquidity ratios and foreign exchange liquidity limits, set by the regulatory bodies. In the management's opinion limits described above are strict, and that measure guarantees maintaining appropriate liquidity level.

The following table shows how management monitors the liquidity and interest risks. The table is based on the time period to maturity or contractual repricing of the financial instruments.

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	30 September 2008 Total
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
ASSETS:							
Cash and balances with national (central) banks	20,000	-	-	-	-	-	20,000
Financial assets at fair value through profit or loss	11,614	2,277	32,300	16,610	450	-	63,251
Loans and advances to banks	180,862	16,306	45,271	8,809	1,246	-	252,494
Loans to customers	164,728	153,668	431,150	850,993	562,744	-	2,163,283
Investments available-for-sale	176	119	916	4,241	5,241	-	10,693
Investments held to maturity	19	-	-	105	469	-	593
Total interest bearing assets	377,399	172,370	509,637	880,758	570,150	-	2,510,314
Cash and balances with national (central) banks	163,042	-	-	-	-	-	163,042
Precious metals	271	-	-	-	-	-	271
Equity instruments in the financial assets at fair value through profit or loss	-	-	-	-	-	4,778	4,778
Equity instruments in the investments available-for-sale	-	-	-	-	-	5,379	5,379
Investments in associates	-	-	-	-	-	2,413	2,413
Goodwill	-	-	-	-	-	2,405	2,405
Property, equipment and intangible assets	-	-	-	-	-	35,179	35,179
Accrued interest income on interest-bearing assets	34,994	28,291	19,851	9,594	161	-	92,891
Other assets	6,685	3,237	7,444	585	-	-	17,951
TOTAL ASSETS	582,391	203,898	536,932	890,937	570,311	50,154	2,834,623
LIABILITIES:							
Loans and advances from banks	44,482	81,196	55,500	140,173	20,192	-	341,543
Customer accounts	323,889	198,426	306,980	246,646	3,113	-	1,079,054
Debt securities issued	2,998	827	37,161	336,186	301,997	-	679,169
Other borrowed funds	-	-	8,437	59,563	67,812	-	135,812
Subordinated debt	-	-	-	3,297	103,255	-	106,552
Total interest bearing liabilities	371,369	280,449	408,078	785,865	496,369	-	2,342,130
Financial liabilities at fair value through profit or loss	2,297	3,350	3,761	14,499	76	-	23,983
Provisions	768	1,095	3,931	797	612	4,002	11,205
Deferred income tax liability	2,900	47	12,750	14,316	11,013	-	41,026
Dividends payable	-	457	-	-	-	-	457
Accrued interest expense on interest-bearing liabilities	11,759	10,611	21,821	2,552	65	-	46,808
Other liabilities	7,217	4,940	5,911	283	-	-	18,351
TOTAL LIABILITIES	396,310	300,949	456,252	818,312	508,135	4,002	2,483,960
Liquidity gap	186,081	(97,051)	80,680	72,625	62,176	-	-
Interest sensitivity gap	6,030	(108,079)	101,559	94,893	73,781	-	-
Cumulative interest sensitivity gap	6,030	(102,049)	(490)	94,403	168,184	-	-
Cumulative interest sensitivity gap as a percentage of total assets	0.21%	(3.60%)	(0.02%)	3.33%	5.93%	-	-
Contingent liabilities and credit commitments	11,926	3,372	42,848	99,689	7,150	6,852	-

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2007 Total
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
ASSETS:							
Financial assets at fair value through profit or loss	10,459	129,347	31,817	-	-	-	171,623
Loans and advances to banks	158,420	26,415	6,918	18,572	1,171	-	211,496
Loans to customers	121,342	160,508	449,367	858,742	709,549	-	2,299,508
Investments available-for-sale	-	3	179	1,535	1,147	-	2,864
Investments held to maturity	-	24	34	104	208	-	370
Total interest bearing assets	290,221	316,297	488,315	878,953	712,075	-	2,685,861
Cash and balances with national (central) banks	168,148	-	-	-	-	-	168,148
Equity instruments	-	-	-	-	-	15,649	15,649
Investments in associates	-	-	-	-	-	3,222	3,222
Goodwill	-	-	-	-	-	2,405	2,405
Property, equipment and intangible assets	-	-	-	-	-	34,259	34,259
Accrued interest income on interest-bearing assets	34,227	19,371	10,687	5,219	331	-	69,835
Other assets	3,012	8,143	5,125	1,573	-	-	17,853
TOTAL ASSETS	495,608	343,811	504,127	885,745	712,406	55,535	2,997,232
LIABILITIES:							
Loans and advances from banks	141,216	160,676	230,012	166,715	19,540	-	718,159
Customer accounts	320,227	127,509	203,474	225,057	2,300	-	878,567
Debt securities issued	1,964	11,060	35,288	280,996	389,255	-	718,563
Other borrowed funds	-	585	-	43,231	104,498	-	148,314
Subordinated debt	-	-	-	3,293	103,080	-	106,373
Total interest bearing liabilities	463,407	299,830	468,774	719,292	618,673	-	2,569,976
Financial liabilities at fair value through profit or loss	331	7,399	-	-	-	-	7,730
Provisions	950	3,022	1,770	1,471	3	3,422	10,638
Deferred income tax liability	2,339	1,362	8,651	10,251	7,893	-	30,496
Dividends payable	-	2	-	-	-	-	2
Accrued interest expense on interest-bearing liabilities	7,111	20,614	14,321	1,445	1,835	-	45,326
Other liabilities	10,415	1,601	1,717	112	-	-	13,845
TOTAL LIABILITIES	484,553	333,830	495,233	732,571	628,404	3,422	2,678,013
Liquidity gap	11,055	9,981	8,894	153,174	84,002	-	-
Interest sensitivity gap	(173,186)	16,467	19,541	159,661	93,402	-	-
Cumulative interest sensitivity gap	(173,186)	(156,719)	(137,178)	22,483	115,885	-	-
Cumulative interest sensitivity gap as a percentage of total assets	(5.78%)	(5.23%)	(4.58%)	0.75%	3.87%	-	-
Contingent liabilities and credit commitments	208	66,057	69,709	45,883	-	6,515	-

The tables include the maturity dates for financial assets and financial liabilities, as they fall due. Based on prior experience, the Group considers it highly unlikely that all customer accounts seek repayment on maturity. Historically the majority of such deposits are rolled over. The Group is aware of the importance of maintaining the stability of these deposits. In order to achieve this it is essential that the Group ensures depositor confidence in the Group's liquidity, by continuing to position itself as the depositor of choice in local markets and a leading financial institution in both the Republic of Kazakhstan and abroad. The Group does not use undiscounted contractual maturity information when managing its operations.

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The ALMC controls currency risk by management of the open currency position on the estimated basis of KZT devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rates fluctuations toward its national currency. The Treasury Department performs daily monitoring of the Group's open currency position with the aim to match the requirements of regulatory bodies.

As at 30 September 2008, the Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD	EUR	RUR	Other CCY	30 September 2008 Total (unaudited) (KZT million)
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
ASSETS:						
Cash and balances with national (central) banks	83,633	10,130	6,168	6,147	76,975	183,053
Precious metals	-	-	-	-	271	271
Financial assets at fair value through profit or loss	46,631	2,194	6,032	10,039	3,875	68,771
Loans and advances to banks	22,713	151,164	51,440	21,228	7,048	253,593
Loans to customers	810,187	1,330,245	14,867	97,095	1,257	2,253,651
Investments available-for-sale	12,053	4,670	-	-	-	16,723
Investments held to maturity	594	-	-	-	19	613
Investments in associates	2,413	-	-	-	-	2,413
Goodwill	2,405	-	-	-	-	2,405
Property, equipment and intangible assets	32,978	-	-	2,041	160	35,179
Other assets	10,295	2,368	281	4,927	80	17,951
TOTAL ASSETS	1,023,902	1,500,771	78,788	141,477	89,685	2,834,623
LIABILITIES:						
Loans and advances from banks	14,483	294,866	13,314	21,602	810	345,075
Customer accounts	561,291	475,649	38,355	18,445	2,489	1,096,229
Financial liabilities at fair value through profit or loss	20,605	3,353	-	-	25	23,983
Debt securities issued	-	372,945	186,516	26,976	116,356	702,793
Other borrowed funds	6,522	129,554	-	-	-	136,076
Provisions	5,107	5,284	672	137	5	11,205
Deferred income tax liabilities	40,909	-	-	112	5	41,026
Dividends payable	451	-	-	-	6	457
Other liabilities	13,325	1,469	34	3,484	39	18,351
Subordinated debt	29,179	79,586	-	-	-	108,765
TOTAL LIABILITIES	691,872	1,362,706	238,891	70,756	119,735	2,483,960
OPEN BALANCE SHEET POSITION	332,030	138,065	(160,103)	70,721	(30,050)	

Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above. The following table presents further analysis of currency risk on derivative financial instruments and spot contracts as at 30 September 2008:

	KZT	USD	EUR	RUR	Other CCY	30 September 2008 Total (unaudited) (KZT million)
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
Accounts payable on forward contracts	(93,129)	(337,287)	(190)	(35,584)	(107,210)	(573,400)
Accounts receivable on forward contracts	50,690	229,340	156,710	4,079	145,510	586,329
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(42,439)	(107,947)	156,520	(31,505)	38,300	

As at 31 December 2007, the Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD	EUR	RUR	Other CCY	31 December 2007 Total (KZT million)
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
ASSETS:						
Cash and balances with national (central) banks	57,840	46,588	3,465	6,171	54,084	168,148
Financial assets at fair value through profit or loss	59,371	97,047	8,445	17,896	6,017	188,776
Loans and advances to banks	12,968	125,370	56,086	11,527	6,872	212,823
Loans to customers	891,041	1,369,863	24,955	79,548	928	2,366,335
Investments available-for-sale	3,036	-	-	-	-	3,036
Investments held to maturity	317	-	-	-	58	375
Investments in associates	3,222	-	-	-	-	3,222
Goodwill	2,405	-	-	-	-	2,405
Property, equipment and intangible assets	31,974	-	-	2,146	139	34,259
Other assets	9,568	3,791	1,555	2,318	621	17,853
TOTAL ASSETS	1,071,742	1,642,659	94,506	119,606	68,719	2,997,232
LIABILITIES:						
Loans and advances from banks	31,993	576,394	22,682	14,721	77,641	723,431
Customer accounts	542,353	290,241	33,372	27,808	1,309	895,083
Financial liabilities at fair value through profit or loss	2,831	4,861	-	25	13	7,730
Debt securities issued	-	363,358	194,526	57,120	124,684	739,688
Other borrowed funds	18,929	130,005	-	-	-	148,934
Provisions	7,235	2,528	804	60	11	10,638
Deferred income tax liabilities	30,486	-	-	-	10	30,496
Dividends payable	-	-	-	-	2	2
Other liabilities	8,934	1,389	1,149	1,670	703	13,845
Subordinated debt	28,929	79,237	-	-	-	108,166
TOTAL LIABILITIES	671,690	1,448,013	252,533	101,404	204,373	2,678,013
OPEN BALANCE SHEET POSITION	400,052	194,646	(158,027)	18,202	(135,654)	

Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above. The following table presents further analysis of currency risk on derivative financial instruments and spot contracts as at 31 December 2007:

	KZT	USD	EUR	RUR	Other CCY	31 December 2007 Total
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
Accounts payable on spot and derivative contracts	(200,473)	(312,485)	(1,240)	(6,992)	(605)	(521,795)
Accounts receivable on spot and derivative contracts	70,626	159,739	160,870	14,846	140,394	546,475
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(129,847)	(152,746)	159,630	7,854	139,789	

24. RESTATEMENT OF EARNINGS PER SHARE

Basic and diluted earnings per share for the three months and nine months ended 30 September 2007 have been restated due to errors identified after the issuance of the consolidated financial statements. According to Kazakhstan legislation on Joint Stock Companies, dividend payments per ordinary shares cannot exceed the dividends per share on preference shares for the same period. The updated calculation of earnings per share reflects the additional dividends that would be paid to preference shareholders on full distribution of profits.

	Nine months ended 30 September 2007 (unaudited) (As previously reported)	Nine months ended 30 September 2007 (unaudited) (Restated)
Basic and diluted earnings per share		
Net profit for the nine month period attributable to equity holders of the parent	40,836	40,836
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	-	(6,905)
Net profit for the nine month period attributable to ordinary shareholders of the parent per consolidated income statement	40,836	33,931
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	574,835,864	574,835,864
Earnings per share – basic and diluted (tenge)	71.04	59.03
	Three months ended 30 September 2007 (unaudited) (As previously reported)	Three months ended 30 September 2007 (unaudited) (Restated)
Basic and diluted earnings per share		
Net profit for the three month period attributable to equity holders of the parent	15,687	15,687
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	-	(2,666)
Net profit for the three month period attributable to ordinary shareholders of the parent per consolidated income statement	15,687	13,021
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	574,904,440	574,904,440
Earnings per share – basic and diluted (tenge)	27.29	22.65

25. RESTATEMENT OF CASH FLOWS

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

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

	Nine months ended 30 September 2007 (unaudited) As previously reported (KZT million)	Nine months ended 30 September 2007 (unaudited) Restated (KZT million)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Adjustments for:		
Change in interest accruals, net	55,113	(6,742)
Unrealized foreign exchange loss	11,356	7,701
Gain from acquisition of subsidiaries	-	1,386
Cash inflow from operating activities before changes in operating assets and liabilities	<u>195,747</u>	<u>131,623</u>
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Minimum reserve deposit with National Bank of the Republic of Kazakhstan	(50,730)	3,900
Minimum reserve deposit with National Bank of the Kyrgyz Republic	-	(31)
Financial assets at fair value through profit or loss	101,712	100,379
Loans and advances to banks	85,886	88,823
Loans to customers	(797,614)	(736,404)
Increase/(decrease) in operating liabilities:		
Loans and advances from banks	(55,311)	(56,338)
Cash outflow from operating activities before taxation	<u>(356,827)</u>	<u>(304,565)</u>
Net cash outflow from operating activities	<u>(358,553)</u>	<u>(306,291)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and intangible assets	(14,223)	(11,363)
Proceeds on sale of property, equipment and intangible assets	-	862
Gain from acquisition of subsidiaries	1,386	-
Net cash outflow from investing activities	<u>(28,518)</u>	<u>(26,182)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(61,670)	(7,072)
CASH AND CASH EQUIVALENTS, beginning of period	<u>114,215</u>	<u>59,403</u>
CASH AND CASH EQUIVALENTS, end of period	<u>53,108</u>	<u>52,894</u>
Interest paid by the Group in cash during the nine months ended 30 September 2007	97,659	97,196