Joint Stock Company Trust-Bank

Financial Statements
For the year ended 31 December 2007

and Independent Auditors’ Report

JOINT STOCK COMPANY TRUST-BANK

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JOINT STOCK COMPANY TRUST-BANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report set out on pages 2-3, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the financial statements of Joint Stock Company Trust-Bank (the "Bank")

Management is responsible for the preparation of the financial statements that present fairly the financial position of the Bank at 31 December 2007, the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Bank 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 Bank;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Bank, and which enable them to ensure that the financial statements of the Bank comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Bank; and
- Detecting and preventing fraud, errors and other irregularities.

The financial statements for the year ended 31 December 2007 were authorized for issue on 26 March 2008 by the Management Board of the Bank.

On behalf of the Management Board:

Gupalo E.A. **Chairwoman**	**Seitova R.S.** **Chief Accountant**
26 March 2008 **Ekibastuz**	**26 March 2008** **Ekibastuz**

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Joint Stock Company Trust-Bank:

Report on the financial statements

We have audited the accompanying financial statements of Joint Stock Company Trust-Bank (the "Bank"), which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management of the Bank is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Bank as at 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Arman Chingilbayev
Engagement Partner
Qualified auditor
Qualification certificate №0000487,
Republic of Kazakhstan

Deloitte, LLP
State license on auditing of the Republic of Kazakhstan
№0000015, type MFU - 2, issued by the Ministry of
Finance of the Republic of Kazakhstan dated
13 September 2006

Nurlan Bekenov
General Director
Deloitte, LLP

26 March 2008
Almaty

JOINT STOCK COMPANY TRUST-BANK

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

(in thousands of Kazakhstani tenge)

	Notes	Year ended 31 December 2007	Year ended 31 December 2006
Interest income	4, 19	180,435	140,256
Interest expense	4, 19	(7,328)	(6,491)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		173,107	133,765
Provision for impairment losses on interest bearing assets	5	(30,563)	(4,617)
NET INTEREST INCOME		142,544	129,148
Net gain on foreign exchange operations	6	8,982	7,220
Fee and commission income	7, 19	29,493	20,460
Fee and commission expense	7	(1,786)	(1,678)
Net realized loss on investments available-for-sale		(1,574)	(44)
Other income		127	44
NET NON-INTEREST INCOME		35,242	26,002
OPERATING INCOME		177,786	155,150
OPERATING EXPENSES	8, 19	(128,114)	(67,578)
OPERATING PROFIT		49,672	87,572
Recovery of provision/(provision) for impairment losses on other transactions	5	3	(3)
Recovery of provision/(provision) for impairment losses on guaranties and other off-balance liabilities	5	14,928	(30,303)
PROFIT BEFORE INCOME TAX		64,603	57,266
Income tax expense	9	(18,614)	(17,110)
NET PROFIT		45,989	40,156

On behalf of the Management Board:

Gupalo E.A.
Chairwoman

26 March 2008
Ekibastuz

Seitova R.S.
Chief Accountant

26 March 2008
Ekibastuz

The notes on pages 9-40 form an integral part of these financial statements.

JOINT STOCK COMPANY TRUST-BANK

BALANCE SHEET
AS AT 31 DECEMBER 2007
(in thousands of Kazakhstani tenge)

	Notes	31 December 2007	31 December 2006
ASSETS:			
Cash and balances with the National Bank of the Republic of Kazakhstan	10	34,690	96,758
Due from banks	11	57,843	34,889
Loans to customers	12, 19	1,450,286	1,117,169
Investments available-for-sale	13	24,910	49,939
Property, equipment and intangible assets	14	14,845	15,647
Deferred income tax assets	9	3,283	-
Other assets		2,466	985
TOTAL ASSETS		1,588,323	1,315,387
LIABILITIES AND EQUITY			
LIABILITIES:			
Customer accounts	15, 19	23,405	82,072
Provisions	5	15,375	30,303
Deferred income tax liabilities	9	-	95
Other liabilities	16	16,757	6,954
Total liabilities		55,537	119,424
EQUITY:			
Share capital	17	1,336,043	1,005,000
Investments available-for-sale fair value reserve		-	(40)
Retained earnings		196,743	191,003
Total equity		1,532,786	1,195,963
TOTAL LIABILITIES AND EQUITY		1,588,323	1,315,387

On behalf of the Management Board:

Gupalo E.A.	**Seitova R.S.**
Chairwoman	**Chief Accountant**
26 March 2008	26 March 2008
Ekibastuz	Ekibastuz

The notes on pages 9-40 form an integral part of these financial statements.

JOINT STOCK COMPANY TRUST-BANK

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

(in thousands of Kazakhstani tenge)

	Share capital	Investments available-for-sale fair value reserve	Retained earnings	Total equity
31 December 2005	884,631	(11)	150,847	1,035,467
Share capital increase through issue of ordinary shares	120,369	-	-	120,369
Net profit	-	-	40,156	40,156
Unrealized loss on revaluation of investments available-for-sale	-	(73)	-	(73)
Loss on sale of investments available-for-sale	-	44	-	44
31 December 2006	1,005,000	(40)	191,003	1,195,963
Share capital increase through issue of ordinary shares	331,043	-	-	331,043
Net profit	-	-	45,989	45,989
Unrealized loss on revaluation of investments available-for-sale	-	(1,534)	-	(1,534)
Loss on sale of investments available-for-sale	-	1,574	-	1,574
Dividends declared on ordinary shares	-	-	(40,249)	(40,249)
31 December 2007	1,336,043	-	196,743	1,532,786

On behalf of the Management Board:

Gupalo E.A.
Chairwoman

26 March 2008
Ekibastuz

Seitova R.S.
Chief Accountant

26 March 2008
Ekibastuz

The notes on pages 9-40 form an integral part of these financial statements.

JOINT STOCK COMPANY TRUST-BANK

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2007
(in thousands of Kazakhstani tenge)

	Notes	Year ended 31 December 2007	Year ended 31 December 2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		64,603	57,266
Adjustments for:			
Provision for impairment losses on interest bearing assets	5	30,563	4,617
(Recovery of provision)/provision for impairment losses on other transactions	5	(3)	3
(Recovery of provision)/provision for impairment losses on guarantees and other off-balance liabilities	5	(14,928)	30,303
Amortization of discount on investments available- for-sale		(10)	(278)
Unrealized (gain)/loss on foreign exchange operations		(38)	118
Depreciation and amortization of property, equipment and intangible assets	14	3,065	3,199
Change in interest accruals, net		(7,080)	3,654
Loss on sale of fixed assets and intangible assets		99	60
Cash flow from operating activities before changes in operating assets and liabilities		76,271	98,942
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Due from banks		(22,797)	42,026
Loans to customers		(356,619)	(80,872)
Other assets		(3,461)	(175)
(Decrease) /increase in operating liabilities:			
Customer accounts		(58,667)	(158,210)
Other liabilities		9,803	2,087
Cash outflow from operating activities before taxation		(355,470)	(96,202)
Income tax paid		(20,009)	(16,968)
Net cash outflow from operating activities		(375,479)	(113,170)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets		(2,362)	(2,703)
Net proceeds on sale of investments available-for-sale		25,079	35,194
Net cash inflow from investing activities		22,717	32,491

JOINT STOCK COMPANY TRUST-BANK

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2007
(in thousands of Kazakhstani tenge)

	Notes	Year ended 31 December 2007	Year ended 31 December 2006
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issue of ordinary share capital		331,043	120,369
Dividends paid		(40,249)	-
Net cash inflow from financing activities		290,794	120,369
Effect of changes in foreign exchange rate on cash and cash equivalent		(5)	(10)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(61,968)	39,690
CASH AND CASH EQUIVALENTS, beginning of year	10	101,935	62,255
CASH AND CASH EQUIVALENTS, end of year	10	39,962	101,935

Interest paid and received by the Bank in cash during the year ended 31 December 2007 amounted to KZT 7,328 thousand and KZT 173,355 thousand, respectively.

Interest paid and received by the Bank in cash during the year ended 31 December 2006 amounted to KZT 6,491 thousand and KZT 139,080 thousand, respectively.

On behalf of the Management Board:

Gupalo E.A.
Chairwoman

26 March 2008
Ekibastuz

Seitova R.S.
Chief Accountant

26 March 2008
Ekibastuz

The notes on pages 9-40 form an integral part of these financial statements.

1. ORGANISATION

JSC Zaman-Bank (the "Bank") is a joint-stock bank and operates in the Republic of Kazakhstan since 1991. The Bank is regulated by the Agency of the Republic of Kazakhstan on Regulation and Supervision of the financial market and financial organizations (the "FMSA") in accordance with license #11 issued 24 December 2007.

The Bank's primary business consists of commercial activities, trading with securities, foreign currencies and derivative instruments, originating loans and guarantees.

The registered office of the Bank is located at 111A Lenin Avenue, Ekibastuz, 141206, the Republic of Kazakhstan.

As at 31 December 2007 the Bank has 1 branch operating in Almaty.

The number of employees of the Bank as of 31 December 2007 and 2006 was 43 and 38, respectively.

As of 31 December 2007 and 2006, the following shareholders owned the outstanding shares.

Shareholder	**31 December 2007**	**31 December 2006**
Abguzhinov B.S.	21.4%	7.1%
Alan-A LLP	20.7%	20.0%
NTC-DIRECT INVESTMENTS RICMF - NTC-NEW TRUST COMPANY JSC Investment Fund	7.5%	-
Vershina LLP	6.4%	8.5%
Abguzhinov T.S.	5.3%	2.3%
Energotaktika LLP	5.1%	3.5%
Ekibastuz regional Business Centre LLP	3.7%	4.9%
Solteko-Kazakhstan LLP	3.7%	4.9%
Other shareholders (individually hold less than 4%)	26.2%	48.8%
Total	100%	100%

Shareholder of LLP Ekibastuz regional

As at 31 December 2007 and 2006 Beisembayev S.M. (100%) is sole participant of Ekibastuz regional Business Centre LLP, Voronov A.S. (100%) is sole participant of Energotaktika LLP, Piyanzov A.A. – (0.1%) and Gamma LLP (99.9%), which in turn is owned by Abguzhinov B.S. (100%). Kashaganov B.Z. (100%) is sole participant of Solteko-Kazakhstan LLP, participants of Alan-A LLP are Gabdulin S.A. (41.65%), Kuanyshev A.V. (41.65%) and Sigma LLP (16.7%). Sigma LLP is owned by Kuanyshev A.V. (49.5%), Gabduliny S.A. (41.2%) and Alnur & K LLP. Information on shareholders of NTC-DIRECT INVESTMENTS RIMCF - NTC-NEW TRUST COMPANY JSC Investment Fund is not disclosed.

These financial statements were authorized for issue by the Management Board of the Bank on 26 March 2008.

2. BASIS OF PRESENTATION

Accounting basis

These financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements are presented in thousand of Kazakhstani tenge ("KZT thousands"), unless otherwise indicated. These financial statements have been prepared under the historical cost conversion, except for the measurement at fair value of certain financial instruments.

The Bank maintains its accounting records in accordance with IFRS. These financial statements have been prepared based on the accounting records of the Bank. The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the provisions for impairment losses and the fair value of financial instruments.

Functional currency

The functional currency of these financial statements is Kazakhstani tenge ("KZT").

3. SIGNIFICANT ACCOUNTING POLICIES

Recognition and measurement of financial instruments

The Bank recognizes financial assets and liabilities on its balance sheet when it becomes a party to the contractual obligation of the instrument. Regular way purchase and sale of the financial assets and liabilities are recognized using settlement date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as for acquired instruments.

Financial assets and liabilities are initially recognized at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are directly attributable to acquisition or issue of the financial asset or financial liability. The accounting policies for subsequent re-measurement of these items are disclosed in the respective accounting policies set out below.

Cash and balances with the National Bank of the Republic of Kazakhstan

Cash and balances with the National Bank of the Republic of Kazakhstan include cash on hand and unrestricted balances on correspondent and time deposit accounts with the National Bank of the Republic of Kazakhstan with maturity within 90 days.

Cash and cash equivalents includes advances to cash on hand, unrestricted balances on correspondent accounts with the National Bank of the Republic of Kazakhstan, and advances to banks in countries included in the Organization for Economic Co-operation and Development ("OECD") with maturity within 90 days.

Due from banks

In the normal course of business, the Bank maintains advances or deposits for various periods of time with other banks. Due from banks with a fixed maturity term are subsequently measured at amortized cost using the effective interest method. Those that do not have fixed maturities are carried at cost based on expected maturities.

Repurchase and reverse repurchase agreements

The Bank enters into sale and purchase back agreements ("repos") and purchase and sale back agreements ("reverse repos") in the normal course of its business. Repos and reverse repos are utilized by the Bank as an element of its liquidity management and trading business.

A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus accrued interest. These agreements are accounted for as financing transactions. Financial assets collateralized under repo are retained in the financial statements and consideration received under these agreements is recorded as collateralized deposit received within due from banks balances.

Assets purchased under reverse repos are recorded in the financial statements as cash placed on deposit which is collateralized by securities and other assets and are classified as received funds backed by assets.

In the event that assets purchased under reverse repo are sold to third parties, the results are recorded with the gain or loss included in net gains/(losses) on respective assets. Any related income or expense arising from the pricing difference between purchase and sale of the underlying assets is recognized as interest income or expense.

As at 31 December 2007 and 2006 the fair value of securities received as collateral under reverse repurchase agreements amounted to KZT 55,194 thousand and KZT 26,328 thousand, respectively.

Loans to customers

Loans to customers are non-derivative assets with fixed or determinable payments that are not quoted in an active mark other than those classified in other categories of financial assets.

Loans granted by the Bank with fixed maturities are initially recognized at fair value plus transaction costs related to acquisition of the financial assets. Where the fair value of consideration given does not equal the fair value of the loan, for example where the loan is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the loan is recognized as a loss on initial recognition of the loan and included in the income statement according to nature of these losses. Subsequently, loans are carried at amortized cost using the effective interest method. Loans to customers are carried net of any allowance for impairment losses.

Write off of loans and advances

Loans and advances to banks and customers are written off against allowance for impairment losses in case of uncollectability of loans and advance. Loans and advances are written off after management has exercised all possibilities available to collect amounts due to the Bank and after the Bank has sold all available collateral. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the income statement in the period of recovery.

Allowance for impairment losses

The Bank establishes an allowance for impairment losses of financial assets when there is objective evidence that a financial asset or group of financial assets is impaired. The allowance for impairment losses is measured as the difference between carrying amounts and the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the financial asset's original effective interest rate, for financial assets which are carried at amortized cost.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusted an allowance account. For financial assets carried at cost the allowance for impairment losses is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

The determination of the allowance for impairment losses is based on an analysis of the risk assets and reflects the amount which, in the judgment of management, is adequate to provide for losses incurred. Provisions are made as a result of an individual appraisal of risk for financial assets that are individually significant, and an individual or collective assessment for financial assets that are not individually significant.

The change in the allowance for impairment losses is charged to the profit and loss and the total of the allowance for impairment losses is deducted in arriving at assets as shown in balance sheet. Factors that the Bank considers in determining whether it has objective evidence that an impairment loss has been incurred include information about the debtors' or issuers' liquidity, solvency and business and financial risk exposures, levels of and trends in delinquencies for similar financial assets, general economic trends and conditions, and the fair value of collateral and guarantees. These and other factors may, either individually or taken together, provide sufficient objective evidence that an impairment loss has been incurred in a financial asset or group of financial assets.

The Bank accounts for impairment losses on financial assets at amortised cost using allowance account, for financial assets measured at cost through direct write off.

It should be understood that estimates of losses involve an exercise of judgment. While it is possible that in particular periods the Bank may sustain losses, which are substantial relative to the allowance for impairment losses, it is the judgment of management that the allowance for impairment losses is adequate to absorb losses incurred on the risk assets.

Investments available-for-sale

Investments available-for-sale represent debt and equity investments that are intended to be held for an indefinite period of time. Such securities are initially recorded at fair value. Subsequently the securities are measured at fair value, with such re-measurement recognized directly in equity until sold when gain/loss previously recorded in equity recycles through the income statement, except for impairment losses, foreign exchange gains or losses and interest income accrued using the effective interest method, which are recognized directly in the income statement. The Bank uses quoted market prices to determine the fair value for the Bank's investments available-for-sale. If the market for investments is not active, the Bank establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and other applicable methods. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Bank uses that technique.

Property, plant and equipment and intangible assets

Property, equipment and intangible assets are carried at historical cost less accumulated depreciation and any recognized impairment loss, if any.

Depreciation of property, equipment and intangible assets is charged on the carrying value of property and equipment and is designed to allocate depreciable amount of asset on a systematic basis over its useful life. It is calculated on a straight line basis at the following annual prescribed rates:

Computers	29%
Other fixed assets	15%
Intangible assets	10%

The carrying amounts of property, equipment and intangible assets are reviewed by the Bank at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount. An impairment loss is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation charge for property and equipment is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

Expenses related to repairs and renewals are charged in the income statement when incurred and included in operating expenses unless they qualify for capitalization.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The current income tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's current tax expense is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The current income tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's current tax expense is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred income tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred income tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred income tax is also dealt with in equity.

Deferred income tax assets and deferred income tax liabilities are offset and reported net on the balance sheet if:

- The Bank has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
- Deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

The Republic of Kazakhstan where the Bank operates also has various other taxes, which are assessed on the Bank's activities. These taxes are included as a component of operating expenses in the income statement.

Deposits from customers

Customer deposits are initially recognized at fair value equalling to amounts received less transaction costs. Subsequently amounts due are stated at amortized cost and any difference between carrying and redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation (determined by norm) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Financial guarantee contracts issued and letters of credit

Financial guarantee contracts and letters of credit issued are not recognised in the balance sheet unless the possibility of an outflow of resources is remote. The Bank does not recognize a contingent asset in the balance sheet, but disclose the contingent asset where an inflow of economic benefits is probable.

Financial guarantee contracts and letters of credit issued by the Bank provide for specified payments to be made in order to reimburse the holder for a loss incurred such that payments are made when a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. Such financial guarantee contracts and letters of credit issued are initially recognized at fair value. Subsequently they are measured at the higher of (a) the amount recognized as a provision in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (b) the amount initially recognized less (where appropriate) cumulative amortization of initial premium revenue received over the financial guarantee contracts or letter of credit issued.

Share capital

Share capital is recognized at cost.

Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared.

External costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

Retirement and other benefit obligations

In accordance with the requirements of the legislation of the Republic of Kazakhstan, certain amounts of pension payments are withheld from total disbursements to staff and transferred to pension funds by the Bank. Existing state pension system provides for the calculation of current payments by the employer as a percentage of current total payments to staff. Upon retirement all retirement benefit payments are made by pension funds selected by employees. The Bank does not have any pension arrangements separate from the state pension system of the Republic of Kazakhstan. In addition, the Bank has no post-retirement benefits or other significant compensated benefits requiring accrual.

Recognition of income and expense

Interest income and expense are recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interests earned on assets at fair value are classified within interest income.

Loan origination fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the loan. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred (together with the related direct costs) and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in the income statement over the remaining period of the loan commitment. Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognized in the income statement on expiry. Loan servicing fees are recognized as revenue as the services are provided. All other commissions are recognized when services are provided.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Kazakhstani tenge at the appropriate spot rates of exchange ruling at the balance sheet date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Profits and losses arising from these translations are included in net gain on foreign exchange operations.

Rates of exchange

The exchange rates at the year-end used by the Bank in the preparation of the financial statements are as follows:

	31 December 2007	**31 December 2006**
KZT/1 US Dollar	120.30	127.00
KZT/1 Euro	177.17	167.12
KZT/1 Russian Rouble	4.92	4.82

Offset of financial assets and liabilities

Financial assets and liabilities are offset and reported net on the balance sheet when the Bank has a legally enforceable right to set off the recognized amounts and the Bank intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In case of transfer of a financial asset that does not qualify for derecognition, the Bank does not offset the transferred asset and the associated liability.

Areas of significant management judgment and sources of estimation uncertainty

The preparation of the Bank's financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the balance sheet date and the reported amount of income and expenses during the period ended. Actual results may differ from these estimates under different assumptions or conditions. Estimates that are particularly susceptible to change relate to the provisions for losses and impairment and the fair value of financial instruments.

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

	31 December 2007 (KZT thousand)	31 December 2006 (KZT thousand)
Loans to customers	1,450,286	1,117,169
Investments available for sale	24,910	49,939

Loans to customers are measured at amortised cost less allowance for impairment losses. The estimation of allowances for impairments involves the exercise of significant judgment. The Bank estimates allowances for impairment with the objective of maintaining balance sheet provisions at a level believed by management to be sufficient to absorb losses incurred in the Bank's loan portfolio. The calculation of provisions on impaired loans is based on the likelihood of the asset being written off and the estimated loss on such a write-off. These assessments are made using statistical techniques based on historic experience. These determinations are supplemented by the application of management judgment.

Investments available-for-sale are measured at fair value. The fair value of such financial instruments is the estimated amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for an instrument, the fair value is calculated based on the market price.

Adoption of new and revised standards

In the current year, the Bank has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for reporting periods beginning on 1 January 2007. The adoption of these new and revised Standards and Interpretations has not resulted in significant changes to the Bank's accounting policies that have affected the amounts reported for the current or prior years.

IFRS 7 – During 2007, the Bank adopted IFRS 7 "Financial Instruments: Disclosure" ("IFRS 7"). The standard replaces IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" and the disclosure provisions in IAS 32 "Financial Instruments: Disclosure and Presentation". IFRS 7 requires disclosure of the significance of financial instruments for an entity's financial position and performance and of qualitative and quantitative information about exposure to risks arising from financial instruments. Adoption of IFRS 7 did not affect the classification and measurement of the Bank's financial instruments in the financial statements. The required disclosures are included in these financial statements.

Amendment to IAS 1 – "Capital Disclosures" - On 18 August 2005, the IASB issued an amendment to IAS 1, which requires certain disclosures to be made regarding the entity's objectives, policies and processes for managing capital. Additional information was disclosed in the financials statements for the current and comparative reporting periods as required by amended IAS 1.

Standards and interpretations issued and not yet adopted

At the date of authorization of these financial statements, other than the Standards and Interpretations adopted by the Bank in advance of their effective dates, the following Interpretations were in issue but not yet effective.

IFRS 8 – The IASB issued IFRS 8 "Operating Segments" in December 2006. This will replace IAS 14 "Segment Reporting" for accounting periods beginning on or after 1 January 2009. IFRS 8 requires segmental analysis reported by an entity to be based on information used by management. Management is currently assessing the impact of the adoption of IFRS 8.

The IASB issued a revised IAS 23 "Borrowing Costs" in March 2007. Entities are required to capitalize borrowing costs attributable to the development or construction of intangible assets or property, plant or equipment. The standard is effective for accounting periods beginning on or after 1 January 2009 and is not expected to have a material effect on the Bank.

Amendment to IAS 1 "Presentation of Financial Statements" – On 6 September 2007, the IASB issued an amendment to IAS 1 which changes the way in which non-owner changes in equity are required to be presented. It also changes the titles of primary financial statements as they will be referred to in IFRS but does not require that these be renamed in an entity's financial statements. The Bank does not expect the adoption of the amendment to IAS 1 to have an impact on the financial statements. The amendment to IAS 1 is effective for periods beginning on or after 1 January 2009.

IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions" - On 30 November 2006 IFRIC issued IFRIC 11 which requires that treasury share transactions are treated as equity- settled, and share-based payments involving equity instruments of the parent should be treated as cash-settled. The Bank does not expect the adoption of IFRIC 11 to have a material impact on the Bank's income statement or financial position. IFRIC 11 is effective for periods beginning on or after 1 March 2007.

4. NET INTEREST INCOME

	Year ended 31 December 2007 (KZT thousand)	Year ended 31 December 2006 (KZT thousand)
Interest income comprises:		
Interest income on assets recorded at amortized cost:		
- interest income on impaired assets	35,882	56,191
- interest income on unimpaired assets	144,553	84,065
Total interest income	180,435	140,256
Interest income on assets recorded at amortized cost comprises:		
Interest on loans to customers	177,918	139,501
Interest on due from banks	486	506
Interest on investments available-for-sale	2,031	249
Total interest income on financial assets recorded at amortized cost	180,435	140,256
Interest expense comprises:		
Interest on liabilities recorded at amortized cost	(7,328)	(6,491)
Total interest expense	(7,328)	(6,491)
Interest expense on liabilities recorded at amortized cost comprise:		
Interest on customer accounts	(7,328)	(6,491)
Total interest expense on financial liabilities recorded at amortized cost	(7,328)	(6,491)
Net interest income before provision for impairment losses on interest bearing assets	173,107	133,765

5. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

The movements in allowance for impairment losses on interest bearing assets, guarantees and other off-balance sheet contingencies and other assets were as follows:

	Loans to customers (KZT thousand)	Guarantees and other off-balance sheet contingencies (KZT thousand)	Other assets (KZT thousand)	Total (KZT thousand)
31 December 2005	119,543	-	-	119,543
Additional provision recognized	4,617	30,303	3	34,923
Write-off of assets	(24,915)	-	-	(24,915)
31 December 2006	99,245	30,303	3	129,551
Additional provision recognized/(recovery of provision)	30,563	(14,928)	(3)	15,632
Recovery of assets previously written off	694	-	-	694
31 December 2007	130,502	15,375	-	145,877

6. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

	Year ended 31 December 2007 (KZT thousand)	Year ended 31 December 2006 (KZT thousand)
Dealing, net	8,645	6,805
Translation differences, net	337	415
	8,982	7,220

7. FEE AND COMMISSION INCOME AND EXPENSE

	Year ended 31 December 2007 (KZT thousand)	Year ended 31 December 2006 (KZT thousand)
Fee and commission income:		
Cash operations	10,062	4,855
Guarantee issuance	9,295	6,393
Transfer operations	4,596	4,716
Foreign exchange operations	4,581	3,470
Customer accounts maintenance	301	374
Other	658	652
Total fee and commission income	29,493	20,460
Fee and commission expense on:		
Cash operations	904	749
Transfer operations	852	909
Correspondent banks services	16	11
Other	14	9
Total fee and commission expense	1,786	1,678

8. OPERATING EXPENSES

	Year ended 31 December 2007 (KZT thousand)	Year ended 31 December 2006 (KZT thousand)
Staff costs and other payments	53,976	23,197
Operating lease expenses	19,824	12,905
Professional services	18,925	6,363
Taxes, other than income tax	7,176	3,549
Administrative expensess	4,619	2,430
Communication expenses	4,375	4,716
Security expenses	3,620	3,314
Other expenses on non-banking activity	3,260	2,553
Depreciation and amortization	3,065	3,199
Advertising and marketing costs	1,865	848
Business trip expensess	1,786	863
Cash collection expenses	1,202	779
Other	4,421	2,862
	128,114	67,578

9. INCOME TAXES

The Bank provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of and the Republic of Kazakhstan, which may differ from International Financial Reporting Standards. For the year ended 31 December 2007 and 2006, income tax rate for the legal entities was 30% on the territory of Republic of Kazakhstan.

The Bank 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 31 December 2006 and 2005 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Temporary differences as at 31 December 2007 and 2006 comprise:

	31 December 2007 (KZT thousand)	**31 December 2006 (KZT thousand)**
Deductible temporary differences:		
Accrued audit and consulting expense	11,650	-
Taxes and other payments to the budget	559	-
Other assets	13	58
Total deductible temporary differences	12,222	58
Taxable temporary differences:		
Property, equipment and intangible assets	(1,279)	(325)
	-	(50)
Total taxable temporary differences	(1,279)	(375)
Net deferred taxable/(deductible) temporary differences	10,943	(317)
Net deferred tax asset/(liability) at the statutory tax rate (30%)	3,283	(95)

Relationships between tax expenses and accounting profit for the years ended 31 December 2007 and 2006 are explained as follows:

	Year ended 31 December 2007 (KZT thousand)	**Year ended 31 December 2006 (KZT thousand)**
Profit before income tax	64,603	57,266
Tax at the statutory tax rate (30%)	19,381	17,180
Tax effect of permanent differences:		
Tax exempt interest income on mortgage loans	(1,121)	-
Tax exempt interest income and other related income on state and quoted securities listed with “A” and “B” ratings	(677)	(307)
Non-deductible expenses on state and quoted securities listed with “A” and “B” ratings	468	16
Representative expenses	51	50
Prior period expenses	60	100
Other non-deductible expenses	452	71
Income tax expense	18,614	17,110

	Year ended 31 December 2007 (KZT thousand)	Year ended 31 December 2006 (KZT thousand)
Current income tax expense	21,992	16,993
Change in the deferred tax liabilities	(3,378)	117
Income tax expense	18,614	17,110

Deferred income tax assets/(liabilities)	31 December 2007 (KZT thousand)	31 December 2006 (KZT thousand)
Beginning of the period	(95)	22
Change in deferred income tax	3,378	(117)
End of the period	3,283	(95)

10. CASH AND BALANCES WITH THE NATIONAL BANK OF THE REPUBLIC OF KAZAKHSTAN

	31 December 2007 (KZT thousand)	31 December 2006 (KZT thousand)
Cash on hand	13,302	4,855
Balances with the National Bank of the Republic of Kazakhstan	21,388	91,903
	34,690	96,758

Cash and cash balances with the National Bank of the Republic of Kazakhstan as at 31 December 2007 and 2006 include KZT 1,438 thousand and KZT 4,945 thousand, respectively, which represent the obligatory minimum reserve deposits with the National Bank of Kazakhstan of the Republic of Kazakhstan. The Bank is required to maintain the reserve balance at the National Bank of Kazakhstan of the Republic of Kazakhstan at all times. However, the Bank has the right to use those reserves in case of meeting certain requirements.

Cash and cash equivalents for the purposes of the statement of cash flows comprise the following:

	31 December 2007 (KZT thousand)	31 December 2006 (KZT thousand)
Cash and balances with the National Bank of the Republic of Kazakhstan	34,690	96,758
Due from banks in OECD countries	5,272	5,177
	39,962	101,935

11. DUE FROM BANKS

	31 December 2007 (KZT thousand)	31 December 2006 (KZT thousand)
Correspondent accounts with other banks	7,821	9,886
Loans under reverse repurchase agreements	50,022	25,003
	57,843	34,889

Included in due from banks is accrued interest income in the amount of KZT 24 thousand and KZT 5 thousand as at 31 December 2007 and 2006, respectively.

As at 31 December 2007 and 2006 the maximum credit risk exposure amounted to KZT 57,843 thousand and 34,889 thousand, respectively.

Fair value of collateral and carrying value of loans under reverse repurchase agreements as at 31 December 2007 and 2006 comprised:

	31 December 2007 (KZT thousand)		31 December 2006 (KZT thousand)	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
Treasury notes issued by the Ministry of Finance	50,022	55,194	-	-
Notes of the National Bank of the Republic of Kazakhstan	-	-	25,003	26,328
	50,022	55,194	25,003	26,328

12. LOANS TO CUSTOMERS

	31 December 2007 (KZT thousand)	31 December 2006 (KZT thousand)
Loans to customers	1,580,788	1,216,414
Less allowance for impairment losses	(130,502)	(99,245)
	1,450,286	1,117,169

Movements in allowances for impairment losses on loans to customers for the years ended 31 December 2007 and 2006 are disclosed in Note 5.

As at 31 December 2007 and 2006 accrued interest income included in loans to customers amounted to KZT 8,232 thousand and KZT 1,171 thousand, respectively.

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

	31 December 2007 (KZT thousand)	31 December 2006 (KZT thousand)
Analysis by type of collateral:		
Loans collateralized by inventories	854,933	691,771
Loans collateralized by real estate	381,530	213,738
Loans collateralized by equipment	256,090	255,963
Loans collateralized by vehicles	14,395	9,980
Loans collateralized by mixed collateral	2,500	44,065
Loans collateralized by guarantees of financial institutions	841	897
Unsecured loans	70,499	-
	1,580,788	1,216,414
Less allowance for impairment losses	(130,502)	(99,245)
	1,450,286	1,117,169

The table below summarizes the amount of loans by sectors, where the customers operate:

	31 December 2007 (KZT thousand)	31 December 2006 (KZT thousand)
Analysis by sector:		
Trade	1,205,476	987,589
Coal mining	97,751	97,751
Individuals	74,055	41,943
Wooden goods manufacturing	65,751	44,065
Construction and maintenance	44,995	12,700
Transport	41,020	12,600
Agriculture	23,164	1,033
Metal manufacturing	21,180	11,000
Food	-	7,733
Other	7,396	-
	1,580,788	1,216,414
Less allowance for impairment losses	(130,502)	(99,245)
	1,450,286	1,117,169

As at 31 December 2007 and 2006 the Bank provided loan to one customer totaling KZT 154,835 thousand and KZT 139,500 thousand, respectively, which individually exceeded 10% of the Bank's equity.

As at 31 December 2007 and 2006 loans to customers, included non accrual loans amounting to KZT 68,078 thousand and KZT 4,306 thousand, respectively.

Loans to individuals comprise the following products:

	31 December 2007 (KZT thousand)	31 December 2006 (KZT thousand)
Individual entrepreneurs	39,4	14,9
Mortgage loans	25,8	22,2
Consumer loans	6,5	4,2
Car loans	2,2	456
	74,0	41,9
Less allowance for impairment losses	(37,0	(4,7
	37,0	37,1

As at 31 December 2007 and 2006 a maximum credit risk exposure on loans to customers amounted to KZT 1,450,286 thousand and KZT 1,117,169 thousand, respectively.

As at 31 December 2007 and 2006 a maximum credit risk exposure on loan commitments and overdrafts extended by the Bank to its customers amounted to KZT 99,229 thousand and KZT 19,166 thousand, respectively.

As at 31 December 2007 and 2006 loans to customers included loans in amount of KZT 211,100 thousand and KZT 74,176 thousand, respectively, whose terms have been renegotiated. Otherwise, these loans would be past due or impaired.

As at 31 December 2007, the loan portfolio is granted to companies operating on the territory of the Republic of Kazakhstan, which represents a significant geographical concentration.

13. INVESTMENTS AVAILABLE-FOR-SALE

	Interest to nominal %	31 December 2007 (KZT thousand)	Interest to nominal %	31 December 2006 (KZT thousand)
Debt securities:				
Notes issued by the National Bank of the Republic of Kazakhstan	3.80-5.41	24,910	1.50-2.49	49,939
		24,910		49,939

Investments available-for-sale represent notes issued by the National Bank of the Republic of Kazakhstan freely tradable on Kazakhstani market.

14. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

	Computers (KZT thousand)	Other (KZT thousand)	Intangible assets (KZT thousand)	Total (KZT thousand)
At cost				
31 December 2005	4,818	7,367	15,899	28,084
Additions	1,524	1,179	-	2,703
Disposals	(210)	(191)	(69)	(470)
31 December 2006	6,132	8,355	15,830	30,317
Additions	1,068	1,294	-	2,362
Disposals	(507)	(932)	-	(1,439)
31 December 2007	6,693	8,717	15,830	31,240
Accumulated depreciation				
31 December 2005	3,698	4,158	4,025	11,881
Charge for the year	878	937	1,384	3,199
Disposals	(208)	(156)	(46)	(410)
31 December 2006	4,368	4,939	5,363	14,670
Charge for the year	689	994	1,382	3,065
Disposals	(494)	(846)	-	(1,340)
31 December 2007	4,563	5,087	6,745	16,395
Net book value				
31 December 2007	2,130	3,630	9,085	14,845
31 December 2006	1,764	3,416	10,467	15,647

As at 31 December 2007 and 2006 included in property, plant and equipment were fully depreciated assets of KZT 4,918 thousand and KZT 4,071 thousand, respectively.

Intangible assets include software and licenses.

15. CUSTOMER ACCOUNTS

	31 December 2007 (KZT thousand)	31 December 2006 (KZT thousand)
Demand deposits	22,988	81,477
Cash received as collateral to pledge the customers' debt	417	-
Term deposits	-	595
	23,405	82,072

As at 31 December 2007 customer accounts amounting to KZT 417 thousand were held as collateral against the guarantees issued by the Bank.

	31 December 2007 (KZT thousand)	31 December 2006 (KZT thousand)
Analysis by industry:		
Coal mining industry	9,587	19,027
Trade	4,655	36,639
Construction	1,907	3,753
Individuals	1,748	1,596
Services	1,366	1,221
Medicine	1,025	1,437
Transportation and communication	937	-
Furniture and other production	870	-
Computer engineering	390	17,022
Machinery and equipment production	253	-
Culture and art	108	140
Agriculture	30	-
Other	112	642
	22,988	81,477

16. OTHER LIABILITIES

	31 December 2007 (KZT thousand)	31 December 2006 (KZT thousand)
Accrued audit and consulting expenses	11,650	5,500
Taxes payable, other than income tax	3,618	885
Settlements with employees	594	156
Other operating expenses	298	154
Accrued operating expenses	164	77
Other	433	182
	16,757	6,954

17. SHARE CAPITAL

As of 31 December 2007 and 2006 authorized share capital comprised 3,000,000 and 1,000,000 ordinary shares with par value KZT 1,005 each. Issued and fully paid share capital comprised 1,329,396 and 1,000,000 ordinary shares amounting to KZT 1,336,043 thousand and KZT 1,005,000 thousand, respectively. All ordinary shares are ranked equally and carry one vote.

As at 31 December 2007 share capital of the Bank comprised of the following number of shares with par value of KZT 1,005 each:

	Authorized share capital	Unpaid share capital	Repurchased share capital	Total share capital
	Number of shares	Number of shares	Number of shares	Number of Shares
Ordinary shares	3,000,000	1,670,604	-	1,329,396

As at 31 December 2006 share capital of the Bank comprised of the following number of shares with par value of KZT 1,005 each:

	Authorized share capital	**Unpaid share capital**	**Repurchased share capital**	**Total share capital**
	Number of shares	**Number of shares**	**Number of shares**	**Number of Shares**
Ordinary shares	3,000,000	2,000,000	-	1,000,000

The table below provides a reconciliation of the number of shares outstanding as of 31 December 2007 and 2006:

	Ordinary shares Number of shares
31 December 2005	880,230
Issue of shares	119,770
31 December 2006	1,000,000
Issue of shares	329,396
31 December 2007	1,329,396

During 2007 and 2006 the shareholders of the Bank approved increase in share capital of KZT 331,043 thousand and KZT 120,369 thousand, respectively.

During 2007 dividends declared and paid amounted to KZT 40,249 thousand. During 2006 dividends have not been declared.

18. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank 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 consolidated balance sheet.

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

As at 31 December 2007 and 2006 provision for losses on contingent liabilities amounted to KZT 15,375 million and KZT 30,303 thousand, respectively.

As at 31 December 2007 and 2006, the nominal or contract amounts and risk-weighted amounts were:

	31 December 2007		31 December 2006	
	Nominal amount (KZT thousand)	Risk weighted amount (KZT thousand)	Nominal amount (KZT thousand)	Risk weighted amount (KZT thousand)
Contingent liabilities and credit commitments				
Guarantees issued and similar commitments	308,782	308,782	151,515	151,515
Commitments on loans and unused credit lines	99,229	99,229	19,166	19,166
	408,011	408,011	170,681	170,681

All guarantees issued and similar commitments issued as at 31 December 2007 and 2006 have maturities within 1 year.

Capital commitments **-** The Bank had no material capital commitments as at 31 December 2007 and 2006.

Operating lease commitments – The Bank's future minimum operating lease payments under non cancelable operating leases of buildings as at 31 December 2007 and 2006 are as follows:

	31 December 2007 (KZT thousand)	31 December 2006 (KZT thousand)
Within 1 year	19,824	8,705
Between 1 year and 5 years	-	4,200
Longer than 5 years	-	-
	19,824	12,905

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

Taxation **–** Due to the presence in Kazakhstan commercial legislation, and tax legislation in particular, of provisions allowing more than one interpretation, and also due to the practice developed in a generally unstable environment by the tax authorities of making arbitrary judgment of business activities, if a particular treatment based on management's judgment of the Bank's business activities was to be challenged by the tax authorities, the Bank may be assessed additional taxes, penalties and interest. Such uncertainty may relate to the valuation of financial instruments, loss and impairment provisions and the market level for the pricing of deals. The Bank's management believes that it has already made all tax payments, and therefore no allowance has been made in the financial statements. Tax years remain open to review by the tax authorities for five years.

Pensions and retirement plans - Employees receive state pension benefits in accordance with the laws and regulations of the Republic of Kazakhstan. As at 31 December 2007 and 2006, the Bank was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment – The Bank's principal business activities are within the Republic of Kazakhstan. Laws and regulations affecting the business environment in the Republic of Kazakhstan are subject to rapid changes and the Bank's assets and operations could be at risk due to negative changes in the political and business environment.

19. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties, as defined by IAS 24 "Related party disclosures", represent:

(a) Parties that directly, or indirectly through one or more intermediaries: control, or are controlled by, or are under common control with, the Bank (this includes parents, subsidiaries and fellow subsidiaries); have an interest in the Bank that gives then significant influence over the Bank; and that have joint control over the Bank;
(b) Associates – enterprises on which the Bank has significant influence and which is neither a subsidiary nor a joint venture of the investor;
(c) Joint ventures in which the Bank is a venturer;
(d) Members of key management personnel of the Bank or its parent;
(e) Close members of the family of any individuals referred to in (a) or (d);
(f) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Bank had the following transactions outstanding as at 31 December 2007 and 2006 with related parties:

	31 December 2007 (KZT thousand)		**31 December 2006 (KZT thousand)**	
	Related party balances	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Loans to customers	204,030	1,580,788	83,141	1,216,414
Allowance for impairment losses on loans to customers	-	130,502	50	99,245
Customer accounts	11,082	23,405	20,607	82,072

	31 December 2007 (KZT thousand)		**31 December 2006 (KZT thousand)**	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Key management personnel compensation:				
Staff costs and other payments	17,221	53,976	9,364	23,197
	17,221	53,976	9,364	23,197

Included in the income statement for the years ended 31 December 2007 and 2006 are the following amounts, which arose due to transactions with related parties:

	Year ended 31 December 2007 (KZT thousand)		Year ended 31 December 2006 (KZT thousand)	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Interest income				
-related companies	19,165	180,435	10,679	140,256
Fee and commission income				
-related companies	4,633	29,493	-	20,460
Operating expenses				
-related companies	24,534	128,114	16,265	67,578

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair value disclosures of financial instruments are made in accordance with the requirements of IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement". Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Bank could realize in a market exchange from the sale of its full holdings of a particular instrument.

The fair value of financial assets and liabilities compared with the corresponding carrying amount in the balance sheet of the Bank is presented below:

	31 December 2007		31 December 2006	
	Carrying value (KZT thousand)	**Fair value (KZT thousand)**	**Carrying value (KZT thousand)**	**Fair value (KZT thousand)**
Cash and balances with the National Bank of the Republic of Kazakhstan	34,690	34,690	96,758	96,758
Due from banks	57,843	57,843	34,889	34,889
Investments available-for-sale	24,910	24,910	49,939	49,939
Customer accounts	23,405	23,405	82,072	82,072

Investments available-for-sale are carried at fair value in the consolidated balance sheet. The carrying amounts of cash and balances with the National Bank of the Republic of Kazakhstan, due from banks and customer accounts approximates fair value due to the short-term nature of such financial instruments. It was not practicable to the Bank to estimate the fair value of its loans to customers.

21. REGULATORY MATTERS

Quantitative measures established by regulation to ensure capital adequacy, require the Bank to maintain minimum amounts and ratios of total (8%) and tier 1 capital (4%) to risk weighted assets.

The ratio was calculated according to the principles employed by the Basle Committee by applying the following risk estimates to the assets and off-balance sheet commitments net of allowances for impairment losses.

The Bank's capital amounts and ratios are presented in the following table:

	Actual amount	For capital adequacy purposes	Ratio for capital adequacy purposes	Minimum required ratio
As at 31 December 2007				
Total capital	1,532,786	1,532,786	80.54%	>8%
Tier 1 capital	1,532,786	1,532,786	80.54%	>4%
As at 31 December 2006				
Total capital	1,195,963	1,195,963	87.87%	>8%
Tier 1 capital	1,195,923	1,195,923	87.87%	>4%

22. RISK MANAGEMENT POLICY

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

- Credit risk,
- Liquidity risk,
- Market risk,
- Interest rate risk,
- Foreign currency risk;

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

Credit risk

The Bank is exposed to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Risk management and monitoring is performed within set limits of authority by the Board of Directors, the Management Board, the Credit Committee and the Risk Management Department. Before any application is made by the Management Board, all recommendations on credit processes are reviewed and approved by the specialist of the Risk Management Department. Daily risk management is performed by the Head of the Credit Department.

The Bank structures the level of credit risk it undertakes by placing limits on the maximum amount of risk accepted in relation to one borrower, groups of similar borrowers and total loan portfolio. Limits on the level of credit risk are set by types of loans, by borrowers or group of related borrowers, by industry sectors, by credit areas with the highest risks, such as granting long-term loans, granting loans denominated in foreign currencies, etc. Limits are also used to set the approval limits for various levels of credit employees in relation to the amounts of granted loans. Limits on the level of credit risk by borrowers, products, sectors and regions are approved by the Board of Directors and the Management Board of the Bank on regular basis.

Monitoring of the level of credit risk is performed in relation to one borrower, as well as the groups of similar borrowers and the total loan portfolio.

Monitoring of the level of credit risk in relation to one borrower is performed by the specialists of the Credit division of the Bank on permanent basis in accordance with Bank's internal instructions approved by the Board of Directors.

Monitoring of the level of credit risk in relation to the group of similar borrowers and total loan portfolio of the Bank is performed by the risk manager of the Risk Management Department on permanent basis.

The Bank uses credit risk level detection system in order to monitor the level of credit risk in relation to the loan portfolio, as well as the group of similar loans; the system's indicators, theoretically or empirically, relate to the level of the credit risk accepted by the Bank. The Bank uses such indicators as the quality of the loans, quality of assets, portion of overdue loans in total loan portfolio and amount of allowance for impairment losses to determine the level of credit risk. Monitoring of the level of credit risk is performed on regular basis by daily analysis of the credit risk indicators. When any of the indicators changes, the heads of the related departments of the Bank immediately inform the Risk Management Department.

Based on the information received from the related departments of the Bank, the risk manager of the Risk Management Department generates the reports with regard to total loan portfolio and presents it to the Management Board of the Bank on monthly basis, generates the reports with regard to the group of similar loans and presents it to the Credit Committee. In case when any of the indicators exceeds the limit set, the risk manager of the Risk Management Department informs the Management Board immediately.

Off-balance sheet credit commitments represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk of off-balance sheet financial instruments is defined as the probability of losses due to the inability of the counterparty to comply with the contractual terms and conditions. With respect to credit risk on off-balance sheet instruments, the Bank is potentially exposed to a loss in an amount equal to the total unused commitments. The actual amount of this loss is likely to be less than the total unused commitments since the commitments are contingent upon customers maintaining certain credit standards. The Bank applies the same credit policy to contingent liabilities as it does to the on-balance sheet financial instruments, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring. The Bank monitors the term to maturity of off balance sheet contingencies because longer term commitments generally have a greater degree of credit risk than short-term commitments.

Maximum Exposure

The Bank's maximum exposure to credit risk varies significantly and is dependant on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk of financial assets and contingent liabilities. For financial assets the maximum exposure equals to a carrying value of those assets prior to any offset or collateral. For financial guarantees and other contingent liabilities the maximum exposure to credit risk is the maximum amount the Bank would have to pay if the guarantee was called on or in the case of commitments, if the loan amount was called on. The information in relation to financial guarantees and other contingent liabilities is disclosed in Note 18.

	Maximum exposure (KZT thousand)	**Offset** (KZT thousand)	**Net exposure after offset** (KZT thousand)	**Collateral pledged** [1] (KZT thousand)	**31 December 2007 Net exposure after offset and collateral** (KZT thousand)
Due from banks	57,843	-	57,843	50,022	7,821
Loans to customers	1,450,286	-	1,450,286	1,379,787	70,499
Investments available-for-sale	24,910	-	24,910	-	24,910

	Maximum exposure (KZT thousand)	Offset (KZT thousand)	Net exposure after offset (KZT thousand)	Collateral pledged [1] (KZT thousand)	31 December 2006 Net exposure after offset and collateral (KZT thousand)
Due from banks	34,889	-	34,889	25,003	9,886
Loans to customers	1,117,169	-	1,117,169	1,117,169	-
Investments available-for-sale	49,939	-	49,939	-	49,939

[1] A description of the collateral presented on loans to customers is included in Note 12.

In instances where one party to a financial instrument fails to fully or partially discharge a credit obligation, the Bank has the right to ensure fulfilment of these obligations through the joint sale of the pledged assets, transfer of ownership rights on pledged assets in accordance with the established law, disposal of pledged assets through extrajudicial procedures through a tendering process and exercising of the charge on pledged assets through judicial procedures.

As at 31 December 2007 and 2006 due from banks also include loans under reverse repurchase agreements amounting to KZT 50,022 thousand and KZT 25,003 thousand.

Financial assets are graded according to the current credit rating of international rating agencies. The highest possible rating is AAA. Investment grade of the financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classified as a speculative grade.

The following table details the credit ratings of financial assets held by the Bank:

	AAA	AA	A	BBB	<BBB	Not rated	31 December 2007 Total (KZT thousand)
Due from banks	-	-	5,272	2,549	50,022	-	57,843
Loans to customers	-	-	-	-	-	1,450,286	1,450,286
Investments available-for-sale	-	-	-	-	24,910	-	24,910

	AAA	AA	A	BBB	<BBB	Not rated	31 December 2006 Total (KZT thousand)
Due from banks	-	-	5,176	4,710	25,003	-	34,889
Loans to customers	-	-	-	-	-	1,117,169	1,117,169
Investments available-for-sale	-	-	-	-	49,939	-	49,939

The banking industry is generally exposed to credit risk through its financial assets and contingent liabilities. Main credit risk exposure of the Bank is concentrated within the Republic of Kazakhstan. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Bank’s risk management policy are not breached.

As the Bank enters into numerous transactions where the counterparties are not rated by international rating agencies, the Bank has developed internal instruments, which allow it to determine the rating of counterparties, which are comparable to ratings of international rating agencies, such as analytical models.

The Bank applies internal analytical models to assess credit risk of loans to corporate borrowers, groups of loans to individuals and loans to small business enterprises, and those models use various rating scales and scores, different from those used by the international rating agencies. As a result, it is not possible to make a cross-product score comparison, which would agree to the outstanding balance of loans to customers per the balance sheet. As such, more detailed information is not being presented.

The following table details the carrying value of assets that are impaired and the ageing of those that are past due but not impaired:

	Neither past due nor impaired	Financial assets past due but not impaired 0-3 months	3-6 months	6 months to 1 year	Greater than 1 year	31 December 2007 Financial assets that have been impaired	Total (KZT thousand)
Due from banks	57,843	-	-	-	-	-	57,843
Loans to customers	938,655	-	-	-	-	511,631	1,450,286
Investments available-for-sale	24,910	-	-	-	-	-	24,910

	Neither past due nor impaired	Financial assets past due but not impaired 0-3 months	3-6 months	6 months to 1 year	Greater than 1 year	31 December 2006 Financial assets that have been impaired	Total (KZT thousand)
Due from banks	34,889	-	-	-	-	-	34,889
Loans to customers	713,305	-	-	-	-	403,864	1,117,169
Investments available-for-sale	49,939	-	-	-	-	-	49,939

Geographical concentration

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

	Kazakhstan	OECD countries	CIS countries	31 December 2007 Total (KZT thousand)
ASSETS:				
Cash and balances with the National Bank of the Republic of Kazakhstan	34,690	-	-	34,690
Due from banks	50,025	5,272	2,546	57,843
Loans to customers	1,450,286	-	-	1,450,286
Investments available-for-sale	24,910	-	-	24,910
Property, equipment and intangible assets	14,845	-	-	14,845
Deferred income tax assets	3,283	-	-	3,283
Other assets	668	-	1,798	2,466
TOTAL ASSETS	1,578,707	5,272	4,344	1,588,323
LIABILIITES:				
Customer accounts	23,405	-	-	23,405
Provisions	15,375	-	-	15,375
Other liabilities	16,428	59	270	16,757
TOTAL LIABILITIES	55,208	59	270	55,537
NET POSITION	1,523,499	5,213	4,074	1,532,786

	Kazakhstan	OECD countries	CIS countries	31 December 2006 Total (KZT thousand)
ASSETS:				
Cash and balances with the National Bank of the Republic of Kazakhstan	96,758	-	-	96,758
Due from banks	25,991	5,177	3,721	34,889
Loans to customers	1,117,169	-	-	1,117,169
Investments available-for-sale	49,939	-	-	49,939
Property, equipment and intangible assets	15,647	-	-	15,647
Other assets	985	-	-	985
TOTAL ASSETS	1,306,489	5,177	3,721	1,315,387
LIABILITIES:				
Customer accounts	82,072	-	-	82,072
Provisions	30,303	-	-	30,303
Deferred income tax liabilities	95	-	-	95
Other liabilities	6,954	-	-	6,954
TOTAL LIABILITIES	119,424	-	-	119,424
NET POSITION	1,187,065	5,177	3,721	1,195,963

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Treasury Department ("the Treasury') is responsible for management of the current open position of the Bank. The Treasury performs the monitoring of the Bank's balance sheet liquidity and any changes thereof. The Bank's liquidity analysis is performed by the Treasury on quarterly basis, and all members of the Assets and Liabilities Management Committee ("the ALMC") are informed appropriately.

The Bank uses internal methodologies to analyze the Bank's balance sheet liquidity.

The ALMC performs monthly monitoring of liquidity risk by future expected cash flows – gap liquidity analysis. When the liquidity indicators worsen, the ALMC identifies the reasons and determines the strategy to mitigate the risk. The Risk Management Department performs monthly monitoring of compliance with the liquidity requirements determined by the Liquidity Management Policy, such as immediate, current, short-term, common and expected liquidity ratios.

Management of the Bank, mainly the Board of Directors and Management Board of the Bank, receives the information on the Bank's current liquidity at least on monthly basis and, when the current or expected liquidity positions worsen, on immediate basis.

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	Overdue	Maturity undefined	31 December 2007 Total
ASSETS							
Due from banks	57,843	-	-	-	-	-	57,843
Loans to customers	102,210	159,541	568,113	618,859	1,563	-	1,450,286
Investments available-for-sale	24,910	-	-	-	-	-	24,910
Total interest bearing assets	184,963	159,541	568,113	618,859	1,563	-	1,533,039
Cash and balances with National Bank of the Republic of Kazakhstan	34,690	-	-	-	-	-	34,690
Property, equipment and intangible assets	-	-	-	-	-	14,845	14,845
Deferred income tax assets	-	-	-	-	-	3,283	3,283
Other assets	2,466	-	-	-	-	-	2,466
TOTAL ASSETS	222,119	159,541	568,113	618,859	1,563	18,128	1,588,323
LIABILITIES							
Customer accounts	23,405	-	-	-	-	-	23,405
Provisions	-	375	15,000	-	-	-	15,375
Other liabilities	5,107	-	11,650	-	-	-	16,757
Commitments on loans and unused credit lines	-	1,150	68,411	29,668	-	-	99,229
TOTAL LIABILITIE S	28,512	1,525	95,061	29,668	-	-	154,766
Liquidity gap	193,607	158,016	473,052	589,191	1,563		
Interest sensitivity gap	184,963	159,941	568,113	618,859	1,563		
Cumulative interest sensitivity gap	184,963	344,504	912,617	1,531,476	1,533,039		
Cumulative interest sensitivity gap as a percentage of total assets	11.6%	21.7%	57.5%	96.4%	96.5%		

Information on maturity of guarantees issued and other similar commitments is presented in Note 18.

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Overdue	Maturity undefined	31 December 2006 Total
ASSETS							
Due from banks	34,889	-	-	-	-	-	34,889
Loans to customers	40,078	105,885	619,966	297,919	53,321	-	1,117,169
Investments available-for-sale	49,939	-	-	-	-	-	49,939
Total interest bearing assets	124,906	105,885	619,966	297,919	53,321	-	1,201,997
Cash and balances with National Bank of the Republic of Kazakhstan	96,758	-	-	-	-	-	96,758
Property, equipment and intangible assets	-	-	-	-	-	15,647	15,647
Other assets	985	-	-	-	-	-	985
TOTAL ASSETS	222,649	105,885	619,966	297,919	53,321	15,647	1,315,387
LIABILITIES							
Customer accounts	595	-	-	-	-	-	595
Total interest bearing liabilities	595	-	-	-	-	-	595
Customer accounts	81,477	-	-	-	-	-	81,477
Provisions	-	-	30,303	-	-	-	30,303
Deferred income tax liabilities	-	-	-	-	-	95	95
Other liabilities	569	6,385	-	-	-	-	6,954
Commitments on loans and unused credit lines	-	5,015	1,150	13,001	-	-	19,166
TOTAL LIABILITIES	82,641	11,400	31,453	13,001	-	95	138,590
Liquidity gap	140,008	94,485	588,513	284,918	53,321		
Interest sensitivity gap	124,311	105,885	619,966	297,919	53,321		
Cumulative interest sensitivity gap	124,311	230,196	850,162	1,148,081	1,201,402		
Cumulative interest sensitivity gap as a percentage of total assets	9.5%	17.5%	64.6%	87.3%	91.3%		

Information on maturity of guarantees issued and other similar commitments is presented in Note 18.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Bank is exposed to market risks of its products which are subject to general and specific market fluctuations. The Bank manages market risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing and maintaining appropriate stop-loss limits and margin and collateral requirements. With respect to undrawn loan commitments the Bank is potentially exposed to loss in an amount equal to the total amount of such commitments. However, the likely amount of loss is less than that, since most commitments are contingent upon certain conditions set out in the loan agreements.

Interest rate risk

The Bank's exposure to interest rate risk is not significant as the Bank borrows and places its funds with fixed rates.

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 Bank is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

	KZT	**USD USD 1 = 120.30 KZT**	**EUR EUR 1 = 177.17 KZT**	**RUR RUR 1 = 4.92 KZT**	**31 December 2007 Total (KZT thousand)**
ASSETS:					
Cash and balances with National Bank of the Republic of Kazakhstan	33,771	429	315	175	34,690
Due from banks	50,024	4,390	882	2,547	57,843
Loans to customers	1,450,286	-	-	-	1,450,286
Investments available-for-sale	24,910	-	-	-	24,910
Property, equipment and intangible assets	14,845	-	-	-	14,845
Deferred income tax assets	3,283	-	-	-	3,283
Other assets	668	-	-	1,798	2,466
TOTAL ASSETS	1,577,787	4,819	1,197	4,520	1,588,323
LIABILITIES:					
Customer accounts	22,766	249	-	390	23,405
Provisions	15,375	-	-	-	15,375
Other liabilities	16,387	-	100	270	16,757
TOTAL LIABILITIES	54,528	249	100	660	55,537
NET BALANCE SHEET POSITION	1,523,259	4,570	1,097	3,860	1,532,786

	KZT	USD USD 1 = 127.00 KZT	EUR EUR 1 = 167.12 KZT	RUR RUR 1 = 4.82 KZT	31 December 2006 Total (KZT thousand)
ASSETS:					
Cash and balances with National Bank of the Republic of Kazakhstan	96,573	108	53	24	96,758
Due from banks	25,005	4,514	1,650	3,720	34,889
Loans to customers	1,117,169	-	-	-	1,117,169
Investments available-for-sale	49,939	-	-	-	49,939
Property, equipment and intangible assets	15,647	-	-	-	15,647
Other assets	985	-	-	-	985
TOTAL ASSETS	1,305,318	4,622	1,703	3,744	1,315,387
LIABILITIES:					
Customer accounts	78,081	2,307	-	1,684	82,072
Provisions	30,303	-	-	-	30,303
Deferred income tax liabilities	95	-	-	-	95
Other liabilities	6,899	-	55	-	6,954
TOTAL LIABILITIES	115,378	2,307	55	1,684	119,424
NET BALANCE SHEET POSITION	1,189,940	2,315	1,648	2,060	1,195,963

Currency risk sensitivity

The following table details the Bank's sensitivity to a 10% increase and decrease in the USD against the KZT. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 10% change in foreign currency rates. The sensitivity analysis includes foreign currency balances within the Bank at the end of the reporting period, and 10% change of foreign currency exchange rate as compared to existing rates are used.

	31 December 2007 (KZT thousand)		31 December 2006 (KZT thousand)	
	KZT/USD +10%	KZT/USD -10%	KZT/USD +10%	KZT/USD -10%
Impact on profit or loss	454	(454)	229	(229)

	31 December 2007 (KZT thousand)		31 December 2006 (KZT thousand)	
	KZT/EUR +10%	KZT/EUR -10%	KZT/EUR +10%	KZT/EUR -10%
Impact on profit or loss	109	(109)	164	(164)

	31 December 2007 (KZT thousand)		31 December 2006 (KZT thousand)	
	KZT/RUR +10%	KZT/RUR -10%	KZT/RUR +10%	KZT/RUR -10%
Impact on profit or loss	385	(385)	205	(205)

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The financial position of the Bank may vary at the time that any actual market movement occurs. For example, the Bank's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the balance sheet. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholder equity.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Bank's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion