

EURASIAN DEVELOPMENT BANK

**Condensed Interim Financial Information
(unaudited)**

For the six months ended 30 June 2008 and 2007

**and Independent Auditors' Report on Review
of Condensed Interim Financial Information**

EURASIAN DEVELOPMENT BANK

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EURASIAN DEVELOPMENT BANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 2007 (UNAUDITED)

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report on review of condensed interim financial information, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the condensed interim financial information of the Eurasian Development Bank (the "Bank").

Management is responsible for the preparation of the condensed interim financial information that present fairly the financial position of the Bank as at 30 June 2008, the results of its operations, cash flows and changes in equity for the six months ended 30 June 2008 and 2007, in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34").

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

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IAS 34 have been followed, subject to any material departures disclosed and explained in the condensed interim financial information; and
- Preparing the condensed interim financial information 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 condensed interim financial information of the Bank comply with IAS 34;
- 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 condensed interim financial information for the six months ended 30 June 2008 and 2007 was authorized for issue on 5 August 2008 by the management of the Bank.

On behalf of the Management of the Bank:

I.V. Finogenov
Chairman of the Executive Board

5 August 2008
Almaty, Kazakhstan

M.A. Dzhaukenov
Deputy Chairman of the Executive Board – Financial Director

5 August 2008
Almaty, Kazakhstan

EURASIAN DEVELOPMENT BANK

CONDENSED INTERIM INCOME STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 2007 (UNAUDITED) *(in thousands of US dollars)*

	Notes	For the six months ended 30 June 2008 (unaudited)	For the six months ended 30 June 2007 (unaudited)
Interest income	4	47,922	26,254
Interest expense	4	<u>(12,699)</u>	<u>(6,046)</u>
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		35,223	20,208
Reversal of provision for impairment losses on loans to customers	5	<u>95</u>	<u>-</u>
NET INTEREST INCOME		<u>35,318</u>	<u>20,208</u>
Net (loss)/ gain on financial assets and liabilities at fair value through profit or loss	6	(26,015)	332
Net gain on foreign exchange operations		17,410	3,662
Fee and commission income		-	75
Fee and commission expense		(657)	(549)
Other income		<u>318</u>	<u>-</u>
NET NON-INTEREST (EXPENSE)/ INCOME		<u>(8,944)</u>	<u>3,520</u>
OPERATING INCOME		26,374	23,728
OPERATING EXPENSES	7	<u>(12,522)</u>	<u>(4,599)</u>
NET PROFIT		<u><u>13,852</u></u>	<u><u>19,129</u></u>

On behalf of the Management of the Bank:

I.V. Finogenov
Chairman of the Executive Board

5 August 2008
Almaty, Kazakhstan

M.A. Dzhaukenov
Deputy Chairman of the Executive Board
Financial Director

5 August 2008
Almaty, Kazakhstan

Selected explanatory notes on pages 7-26 form an integral part of this condensed interim financial information.

EURASIAN DEVELOPMENT BANK

CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE 2008 (UNAUDITED) AND 31 DECEMBER 2007 (in thousands of US dollars)

	Notes	30 June 2008 (unaudited)	31 December 2007
ASSETS:			
Cash and balances with national (central) banks of the Member-states	8	154	1,533
Financial assets at fair value through profit or loss	9	677,956	490,844
Loans and advances to banks	10	870,706	599,379
Loans to customers	11	246,799	164,673
Financial assets available-for-sale	12	40,122	39,883
Investments held-to-maturity	13	178,838	-
Property, equipment and intangible assets	14	15,440	13,441
Other assets		3,979	3,100
TOTAL ASSETS		2,033,994	1,312,853
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and deposits from banks	15	459,616	450,267
Financial liabilities at fair value through profit or loss	9	2,765	4,392
Other liabilities	16	8,390	4,269
Total liabilities		470,771	458,928
EQUITY:			
Share capital	17	1,500,000	804,787
Reserve fund		4,940	4,940
Investments-available-for-sale fair value reserve		233	-
Retained earnings		58,050	44,198
Total equity		1,563,223	853,925
TOTAL LIABILITIES AND EQUITY		2,033,994	1,312,853

On behalf of the Management of the Bank:

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Chairman of the Executive Board

5 August 2008
Almaty, Kazakhstan

M.A. Dzhaikenov
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Financial Director

5 August 2008
Almaty, Kazakhstan

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EURASIAN DEVELOPMENT BANK

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 2007 (UNAUDITED)

(in thousands of US dollars)

	Share capital	Reserve fund	Investments available-for-sale fair value reserve	Retained earnings	Total equity
30 December 2006	614,016	-	-	9,879	623,895
Share capital increase (unaudited)	190,771	-	-	-	190,771
Net profit (unaudited)	-	-	-	19,129	19,129
30 June 2007 (unaudited)	<u>804,787</u>	<u>-</u>	<u>-</u>	<u>29,008</u>	<u>833,795</u>
31 December 2007	804,787	4,940	-	44,198	853,925
Share capital increase (unaudited)	695,213	-	-	-	695,213
Unrealized gain on revaluation of available-for-sale investments (unaudited)	-	-	233	-	233
Net profit (unaudited)	-	-	-	13,852	13,852
30 June 2008 (unaudited)	<u>1,500,000</u>	<u>4,940</u>	<u>233</u>	<u>58,050</u>	<u>1,563,223</u>

On behalf of the Management of the Bank:

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5 August 2008
Almaty, Kazakhstan

M.A. Dzhaikenov
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Financial Director

5 August 2008
Almaty, Kazakhstan

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EURASIAN DEVELOPMENT BANK

CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 2007 (in thousands of US dollars)

	Notes	For the six months ended 30 June 2008 (unaudited)	For the six months ended 30 June 2007 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received on loans to customers		5,388	2
Interest received on loans and advances to banks		9,354	15,399
Interest received on loans under reverse repurchase agreements		2,206	2,409
Interest and income received from financial assets and liabilities at fair value through profit and loss		1,929	3,660
Interest income on financial assets available-for-sale		2,200	-
Interest paid on loans and deposits from banks		(11,721)	(5,611)
Interest paid on REPO		(8)	-
Fee and commission received		1	51
Fee and commission paid		408	(542)
Other income received		318	-
Operating expenses paid		(10,407)	(4,497)
Cash (outflow)/ inflow from operating activities before changes in operating assets and liabilities		(332)	10,871
Changes in operating assets:			
Increase in loans to customers		(80,146)	(62,970)
Decrease / (increase) in loans and advances to banks		47,632	(58,674)
(Increase)/ decrease in financial assets and liabilities at fair value through profit and loss		(195,185)	47,741
Increase in other assets		(501)	(1,054)
Changes in operating liabilities:			
Increase in deposits from banks		8,481	225,448
Increase in other liabilities		1,381	1,681
Net cash (outflow)/inflow from operating activities		(218,670)	163,043
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of financial assets held-to-maturity		(337,704)	-
Maturity of financial assets held-to-maturity		160,000	-
Purchase of property, equipment and intangible assets		(3,107)	(1,116)
Net cash outflow from investing activities		(180,811)	(1,116)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of share capital		695,213	190,771
Net cash inflow from financing activities		695,213	190,771
NET INCREASE IN CASH AND CASH EQUIVALENTS		295,732	352,698
CASH AND CASH EQUIVALENTS, at beginning of the period	8	438,508	358,248
<i>Effect of changes in foreign exchange rate on cash and cash equivalents</i>		19,060	4,381
CASH AND CASH EQUIVALENTS, at end of the period	8	753,300	715,327

On behalf of the Management of the Bank:

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EURASIAN DEVELOPMENT BANK

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 2007 (UNAUDITED)

(in thousands of US dollars, if not stated otherwise)

1. ORGANISATION

The Eurasian Development Bank (the “Bank”) is an international organization, which was established in accordance with the Agreement Establishing the Eurasian Development Bank, entered into between the Russian Federation and the Republic of Kazakhstan (the “Member-states”) on 12 January 2006 (the “Agreement on Incorporation”). This Agreement on Incorporation became effective on 16 June 2006, upon fulfillment of domestic procedures necessary for it to become effective.

The Bank’s membership is open to new participants such that other states and international organizations may join the Agreement on Incorporation of the Bank. The strategic objective of the Bank is to promote development of the market economy in its Member-states, including their economic growth and the expansion of mutual trade and economic relations through investment activity. The Bank’s objective is to be a consolidating element of financial infrastructure in the single economic area, a partner of the Member-states in deepening of integration processes in the Eurasian area.

The Bank's principal activities consist of investment banking, operations with securities, loans, foreign currencies and provision of loans and guarantees. The Bank finances large and medium investment projects that are medium-term and long-term in duration, including industrial and innovative programs of the Member-states and interstate target programs. The Bank also provides financing for investment projects of interregional significance, and lends to industrial companies of the Member-states.

The headquarters of the Bank are registered at: 98, Panfilov Street, Almaty, the Republic of Kazakhstan.

The total number of employees of the Bank as at 30 June 2008 was 144 (31 December 2007: 115).

In accordance with its Charter, the Bank possesses immunity against any legal proceedings, except for cases which do not result from execution of its powers. The property and the assets of the Bank possess the same immunities from search, requisition, arrest, confiscation, expropriation or any other form of withdrawal or alienation prior to final judgment in relation to the Bank. The Bank is exempted from any taxes, levies, duties and other payments, except for those that represent a payment for specific types of service.

As at 30 June 2008 and 31 December 2007, shares of the Bank were owned as follows:

	30 June 2008, %	31 December 2007, %
The Russian Federation	66.67%	49.70%
The Republic of Kazakhstan	33.33%	50.30%
	<u>100.00%</u>	<u>100.00%</u>

2. BASIS OF PRESENTATION

Accounting basis

The condensed interim financial information of the Bank 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 financial information should be read in conjunction with the financial statements and with selective notes to the financial statements of the Bank for the year ended 31 December 2007 and period from 16 June 2006 (inception date) till 31 December 2006.

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

The preparation of the condensed interim financial information in conformity with IAS 34 requires management of the Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities of the Bank, 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 financial information reflects all adjustments that, in the opinion of management of the Bank, 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

The functional currency of the Bank is the US dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this condensed interim financial information the Bank has applied the same accounting policies and methods of computation as those applied in the annual financial statements of the Bank for the year ended 31 December 2007 except for disclosure of investments held-to-maturity which is disclosed below.

Investments held to maturity

Investments held to maturity are debt securities with determinable or fixed payments. The Bank has the positive intent and ability to hold them to maturity. Such securities are carried at amortized cost, less any allowance for impairment. Amortized discounts are recognized in interest income over the period to maturity using the effective interest method.

4. NET INTEREST INCOME

	For the six months ended 30 June 2008 (unaudited)	For the six months ended 30 June 2007 (unaudited)
Interest income comprises:		
Interest income on assets recorded at amortized cost:		
- interest income on impaired assets	2,295	-
- interest income on unimpaired assets	21,925	19,040
Interest income on trading financial assets	21,496	7,214
Interest income on financial assets available-for-sale	2,206	-
	<u>47,922</u>	<u>26,254</u>
Total interest income		
Interest income on assets recorded at amortized cost comprises:		
Interest on loans and advances to banks	15,112	17,195
Interest on loans to customers	7,502	1,845
Interest on investments held-to-maturity	1,606	-
	<u>24,220</u>	<u>19,040</u>
Total interest income on assets recorded at amortized cost		
Interest expense comprises:		
Interest expense on liabilities recorded at amortized cost comprise:		
Interest on loans and deposits from banks	(12,699)	(6,046)
	<u>(12,699)</u>	<u>(6,046)</u>
Total interest expense on financial liabilities recorded at amortized cost		
Net interest income before provision for impairment losses on interest bearing assets	<u><u>35,223</u></u>	<u><u>20,208</u></u>

5. ALLOWANCE FOR IMPAIRMENT LOSSES

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

	Loans to customers	Total interest bearing assets
31 December 2006	-	-
Provisions (unaudited)	<u>-</u>	<u>-</u>
30 June 2007 (unaudited)	<u>-</u>	<u>-</u>
31 December 2007	556	556
(Recovery of provision) (unaudited)	<u>(95)</u>	<u>(95)</u>
30 June 2008 (unaudited)	<u><u>461</u></u>	<u><u>461</u></u>

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

Net (loss)/ gain on financial assets and liabilities at fair value through profit or loss comprises:

	For the six months ended 30 June 2008 (unaudited)	For the six months ended 30 June 2007 (unaudited)
Net (loss)/ gain on financial assets and liabilities held-for-trading	<u>(26,015)</u>	<u>332</u>
Total net (loss)/ gain on financial assets and liabilities at fair value through profit or loss	<u>(26,015)</u>	<u>332</u>
Net (loss)/ gain on operations with financial assets and liabilities held-for-trading comprise:		
Realized gain on trading operations	77	445
Unrealized (loss)/ gain on fair value adjustment	(13,519)	1,067
Net loss on operations with derivative financial instruments	<u>(12,573)</u>	<u>(1,180)</u>
Total net (loss)/ gain on operations with financial assets and liabilities held-for-trading	<u>(26,015)</u>	<u>332</u>

7. OPERATING EXPENSES

Operating expenses comprise:

	For the six months ended 30 June 2008 (unaudited)	For the six months ended 30 June 2007 (unaudited)
Staff costs and other payments to employees	5,113	2,997
Research and regional development expenses	3,042	-
Professional services	801	397
Rental expenses	617	244
Depreciation and amortization	572	211
Business trip expenses	498	187
Business development expenses	339	59
Communication expenses	326	128
Transportation expenses	233	143
Maintenance of acquired systems and programs	229	89
Training	208	8
Security	112	25
Other expenses	<u>432</u>	<u>111</u>
	<u>12,522</u>	<u>4,599</u>

8. CASH AND BALANCES WITH NATIONAL (CENTRAL) BANKS OF THE MEMBER - STATES

	30 June 2008 (unaudited)	31 December 2007
Balances with the National Bank of the Republic of Kazakhstan	118	1,437
Cash	<u>36</u>	<u>96</u>
Total cash and balances with national (central) banks of the Member-states	<u><u>154</u></u>	<u><u>1,533</u></u>

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

	30 June 2008 (unaudited)	31 December 2007	30 June 2007 (unaudited)
Cash and balances with national (central) banks of the Member-states	154	1,533	44,374
Loans and advances to banks in OECD countries			
Term deposits in other banks	549,617	235,359	520,120
Correspondent accounts in other banks	203,509	201,590	150,806
Correspondent accounts in other banks on broker operations	<u>20</u>	<u>26</u>	<u>27</u>
Total cash and cash equivalents	<u><u>753,300</u></u>	<u><u>438,508</u></u>	<u><u>715,327</u></u>

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

	30 June 2008 (unaudited)	31 December 2007
Financial assets held-for-trading:		
Debt securities	620,625	439,522
Debt securities under trust management	57,262	51,245
Derivative financial instruments	<u>69</u>	<u>77</u>
	<u><u>677,956</u></u>	<u><u>490,844</u></u>

	30 June 2008 (unaudited)		31 December 2007	
	Nominal interest rate	Amount	Nominal interest rate	Amount
Debt securities:				
Eurobonds of the Russian Federation	7.50%	376,558	7.50%	206,517
Bonds issued by non-financial organizations	6.20-10.88%	87,090	6.66-8.10%	72,960
Bonds issued by banks and financial institutions of other countries	6.61-9.63%	81,790	7.88-9.63%	56,522
Bonds issued by banks and financial institutions of the Russian Federation	7.10-8.00%	65,733	6.20-7.85%	45,050
Bonds issued by banks and financial institutions of the Republic of Kazakhstan	8.00-9.25%	9,454	9.00-9.25%	7,440
US Treasury notes	-	<u>-</u>	4.25%	<u>51,033</u>
Total debt securities		<u><u>620,625</u></u>		<u><u>439,522</u></u>

	30 June 2008 (unaudited)		31 December 2007	
	Nominal interest rate	Amount	Nominal interest rate	Amount
Debt securities under trust management:				
Bonds issued by non-financial organizations	6.61-9.50%	15,005	6.61-9.50%	8,848
Eurobonds of the Russian Federation and of the Ministry of finance of the Russian Federation	7.50%-12.75%	12,639	7.50%	15,932
Bonds issued by banks and financial institutions of the Russian Federation	6.33-9.13%	9,986	6.33-9.13%	11,544
Bonds issued by banks and financial institutions of the Republic of Kazakhstan	7.25-10.00%	9,506	7.63-10.00%	9,269
Bonds issued by banks and financial institutions of other countries	17.00-18.50%	7,930	17.00-18.50%	5,652
Municipal bonds	5.06%	<u>2,196</u>	-	<u>-</u>
Total debt securities under trust management		<u><u>57,262</u></u>		<u><u>51,245</u></u>

	30 June 2008 (unaudited)			31 December 2007		
	Nominal amount	Net fair value		Nominal Amount	Net fair value	
		Asset	Liability		Asset	Liability
Derivative financial instruments:						
Foreign currency contracts						
Swaps	273,691	69	(2,765)	330,310	-	(4,164)
Forwards	-	-	-	3,500	77	-
Securities contracts						
Options	-	-	-	40,000	-	(228)
Total derivative financial instruments		<u>69</u>	<u>(2,765)</u>		<u>77</u>	<u>(4,392)</u>

During 2006 the Bank entered into an Agreement to transfer its financial assets to an Asset Management Company. The Asset Management Company can invest the financial funds received for trust management into securities, reverse repurchase agreement operations, cash, and derivative financial instruments for the purpose of hedging, within the set limits.

As at 30 June 2008 financial assets at fair value through profit or loss included accrued interest income on debt securities amounting to 11,842 thousand US dollars (31 December 2007: 4,155 thousand US dollars).

10. LOANS AND ADVANCES TO BANKS

	30 June 2008 (unaudited)	31 December 2007
Term deposits in other banks	552,518	235,925
Correspondent accounts in other banks	203,645	201,728
Loans to banks	60,201	10,151
Loans under reverse repurchase agreements	50,465	150,002
Trust management funds	3,857	1,547
Correspondent accounts in other banks on broker operations	20	26
	<u>870,706</u>	<u>599,379</u>

As at 30 June 2008, the Bank had receivables in the amounts of 203,197 thousand US dollars and 201,192 thousand US dollars from two banks of the member-states of the Bank. As at 31 December 2007, the Bank had receivables in the amounts of 200,827 thousand US dollars and 98,218 thousand US dollars from two banks of the member-states of the Bank. These amounts individually exceeded 10% of the Bank's equity as at 30 June 2008 and 31 December 2007, respectively.

As at 30 June 2008 and 31 December 2007, there was no allowance for impairment losses on loans and advances to banks.

The carrying value of loans and fair value of collateral under reverse repurchase agreements as at 30 June 2008 and 31 December 2007 is presented as follows:

	30 June 2008 (unaudited)		31 December 2007	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
Eurobonds of the Russian Federation	-	-	150,002	150,336
Bonds issued by banks	45,114	50,278	-	-
Shares of banks	5,351	6,545	-	-
	<u>50,465</u>	<u>56,823</u>	<u>150,002</u>	<u>150,336</u>

11. LOANS TO CUSTOMERS

	30 June 2008 (unaudited)	31 December 2007
Loans to customers	247,260	165,229
Less allowance for impairment losses (Note 5)	<u>(461)</u>	<u>(556)</u>
	<u>246,799</u>	<u>164,673</u>

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

	30 June 2008 (unaudited)	31 December 2007
Loans collateralized by guarantees	129,092	62,895
Loans collateralized by pledge of real estate, equipment and inventories	74,075	60,021
Loans collateralized by pledge of future inflows	<u>44,093</u>	<u>42,313</u>
	247,260	165,229
Less: allowance for impairment losses	<u>(461)</u>	<u>(556)</u>
	<u>246,799</u>	<u>164,673</u>

	30 June 2008 (unaudited)	31 December 2007
Analysis by sector:		
Mining and metallurgy	118,768	122,916
Agriculture	70,061	-
Energy	44,093	42,313
Finance sector	<u>14,338</u>	<u>-</u>
	247,260	165,229
Less allowance for impairment losses	<u>(461)</u>	<u>(556)</u>
	<u>246,799</u>	<u>164,673</u>

As at 30 June 2008 the maximum credit risk exposure on loans to customers amounted to 246,799 thousand US dollars (31 December 2007: 164,673 thousand US dollars).

As at 30 June 2008 the maximum credit risk exposure on loan commitments and overdrafts extended by the Bank to its customers amounted to 136,690 thousand US dollars (31 December 2007: 52,050 thousand US dollars).

As at 30 June 2008 loans to customers included a loan in the amount of 59,031 thousand US dollars (31 December 2007: 62,921 thousand USD dollars), that was determined to be impaired due to some delays in implementation of production plans. This loan was collateralized by third party guarantees and future cash flows with a fair value of 49,777 thousand US dollars (31 December 2007: 51,666 thousand US dollars). As at 30 June 2008 an allowance for impairment losses in the amount of 461 thousand US dollars (31 December 2007: 556 thousand US dollars) was created on this loan.

12. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	30 June 2008 (unaudited)		31 December 2007	
	Nominal interest rate	Amount	Nominal interest rate	Amount
Bonds of BKM Finance Ltd.	11%	<u>40,122</u>	11%	<u>39,883</u>
		<u>40,122</u>		<u>39,883</u>

BKM Finance Limited is an SPV of OJSC “Khanty-Mansiyskii Bank”, these bonds have a 10.5 year term.

13. INVESTMENTS HELD-TO-MATURITY

	30 June 2008 (unaudited)	31 December 2007
Bonds issued by Central Government of other countries	149,837	-
Bonds issued by non-financial organizations	19,488	-
Bonds issued by banks and financial organizations of the Russian Federation	<u>9,513</u>	<u>-</u>
	<u>178,838</u>	<u>-</u>

Investments held-to-maturity consist of highly liquid securities, 95 % of which mature in 2008. Fair value of investments held-to-maturity approximates their balance sheet value.

14. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

Property, equipment and intangible assets comprise:

	Land	Vehicles	Furniture and equipment	Intangible assets	Construction- in-progress	Total
At historical cost						
31 December 2006	1,231	120	577	393	8,739	11,060
Additions	-	759	447	1,179	558	2,943
Disposals	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(10)</u>	<u>-</u>	<u>(12)</u>
31 December 2007	1,231	879	1,022	1,562	9,297	13,991
Additions (unaudited)	<u>-</u>	<u>175</u>	<u>268</u>	<u>408</u>	<u>1,720</u>	<u>2,571</u>
30 June 2008 (unaudited)	<u>1,231</u>	<u>1,054</u>	<u>1,290</u>	<u>1,970</u>	<u>11,017</u>	<u>16,562</u>
Accumulated depreciation and amortization						
31 December 2006	-	5	24	25	-	54
Charge for the year	-	147	182	179	-	508
Eliminated on disposals	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(10)</u>	<u>-</u>	<u>(12)</u>
31 December 2007	-	152	204	194	-	550
Charge for the year (unaudited)	<u>-</u>	<u>105</u>	<u>141</u>	<u>326</u>	<u>-</u>	<u>572</u>
30 June 2008 (unaudited)	<u>-</u>	<u>257</u>	<u>345</u>	<u>520</u>	<u>-</u>	<u>1,122</u>
Net book value						
30 June 2008 (unaudited)	<u>1,231</u>	<u>797</u>	<u>945</u>	<u>1,450</u>	<u>11,017</u>	<u>15,440</u>
31 December 2007	<u>1,231</u>	<u>727</u>	<u>818</u>	<u>1,368</u>	<u>9,297</u>	<u>13,441</u>

15. LOANS AND DEPOSITS FROM BANKS

	30 June 2008 (unaudited)	31 December 2007
Syndicated loan from a group of banks due in December 2008, interest rate LIBOR+0.6%, net of discount	399,321	398,294
Term deposits of banks and other financial institutions	53,217	51,973
Loans under repurchase agreements	7,078	-
	<u>459,616</u>	<u>450,267</u>

In December 2007, the Bank obtained new financing in the form of a syndicated loan with a principal amount of 400,000 thousand US dollars. Interest is payable on this loan at LIBOR+0.6%, and the principal will be repaid upon maturity in December 2008.

The syndicated loan is subject to certain financial covenants under the terms of the loan agreements. During the six-month periods ended 30 June 2008 and year ended 31 December 2007, the Bank was in compliance with all such covenants.

16. OTHER LIABILITIES

	30 June 2008 (unaudited)	31 December 2007
Fund of technical support	2,986	-
Short-term payments to employees	2,246	3,239
Deferred income	1,522	52
Pension withholdings on behalf of employees	958	589
Accrued commission expenses	300	101
Accrued administrative expenses	159	162
Other payables	219	126
	<u>8,390</u>	<u>4,269</u>

17. SHARE CAPITAL

As at 30 June 2008 and 31 December 2007 authorized share capital consists of 1,500,000 common shares with nominal value of 1,000 US dollars each. Each share has one voting right.

As at 30 June 2008 the Bank's share capital comprised of the following:

	Share capital issued (unaudited)	Share capital authorized but not issued (unaudited)	Share capital authorized (unaudited)
The Russian Federation	1,000,000	-	1,000,000
The Republic of Kazakhstan	500,000	-	500,000
Total share capital	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>

As at 31 December 2007 the Bank's share capital comprised the following:

	Share capital issued	Share capital authorized and not issued	Share capital authorized
The Russian Federation	400,000	600,000	1,000,000
The Republic of Kazakhstan	<u>404,787</u>	<u>95,213</u>	<u>500,000</u>
Total share capital	<u><u>804,787</u></u>	<u><u>695,213</u></u>	<u><u>1,500,000</u></u>

The below table provides a reconciliation of the number of shares outstanding as at 30 June 2008 and 31 December 2007:

	Number of shares issued	Issued share capital
31 December 2006	614,016	614,016
Issue of shares	<u>190,771</u>	<u>190,771</u>
31 December 2007	<u><u>804,787</u></u>	<u><u>804,787</u></u>
31 December 2007	804,787	804,787
Issue of shares (unaudited)	<u>695,213</u>	<u>695,213</u>
30 June 2008 (unaudited)	<u><u>1,500,000</u></u>	<u><u>1,500,000</u></u>

The Bank has established a reserve fund that represents a segregation of a portion of its retained earnings. The Council of the Bank determines annually what amount of the prior year's profit will be transferred to this fund. The Charter of the Bank has restricted any distributions to participants until such time as this reserve fund represents fifteen percent of total share capital. Any such distributions will be made to participants proportionately based upon the number of the shares.

The objective of the Bank's share capital is to cover potential losses from its operations. In accordance with the Bank's internal policies, in June 2008 the Bank's Capital should exceed 16% (12% in December 2007) of the sum of credit, market and operational risks, estimated as per the Basle II Standardized approach. As at 30 June 2008 and 31 December 2007, the Bank was in compliance with its internal policy requirements. The Bank is not subject to any capital requirements from external regulatory entities.

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 balance sheet.

The Bank's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance 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 30 June 2008 and 31 December 2007 the nominal or contract amounts were:

	30 June 2008 (unaudited)	31 December 2007
Commitments on loans and unused credit lines	<u>156,690</u>	<u>52,050</u>
Total contingent liabilities and credit commitments	<u><u>156,690</u></u>	<u><u>52,050</u></u>

Capital commitments

As at 30 June 2008 and 31 December 2007 capital commitments amounted to 861 thousand US dollars and 1,853 thousand US dollars, respectively.

Operating environment

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

19. SUBSEQUENT EVENTS

On 1 August 2008 the Bank signed a syndicated loan agreement with ING Bank N.V., Raiffeisen Zentralbank Osterreich, Sumitomo Mitsui Banking Corporation Europe Limited and WestLB AG (London Branch) for 300,000 USD thousand, with an interest rate of LIBOR +1% and a maturity date of 31 July 2010.

20. TRANSACTIONS WITH RELATED PARTIES

Related parties and transactions with related parties are assessed in accordance with IAS 24 "Related Party Disclosures." As discussed in Note 1, the Bank's operations include the financing of projects within its Member-states, which include projects undertaken by local or national governmental entities. Accordingly, the Bank enters into numerous transactions with related parties as a result of its ownership by the Russian Federation and the Republic of Kazakhstan. These balances and transactions have been disclosed throughout the financial statements and as such have not been included below.

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 with related parties:

	For six months ended 30 June 2008 (unaudited)		For six months ended 30 June 2007 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Key management personnel compensation:				
Short-term employee benefits:				
Staff costs and other payments to employees	1,389	4,570	829	2,607
Accommodation costs of employees	<u>264</u>	<u>543</u>	<u>132</u>	<u>390</u>
Key management personnel compensation	<u><u>1,653</u></u>	<u><u>5,113</u></u>	<u><u>961</u></u>	<u><u>2,997</u></u>

21. SEGMENT REPORTING

The Bank's primary format for reporting segment information is based on geography, and the Bank has only one business segment.

Segment information for the primary geographical segments of the Bank is set out below.

	Russia	Kazakhstan	Other countries	Total As at and for the six months ended 30 June 2008 (unaudited)
Interest income	26,547	12,093	9,282	47,922
Interest expense	(199)	(283)	(12,217)	(12,699)
Reversal of provision for impairment losses on loans to customers	-	95	-	95
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	(26,597)	1,575	(993)	(26,015)
Net gain on foreign exchange operations	2,433	140	14,837	17,410
Fee and commission expense	(171)	(38)	(448)	(657)
Other income	-	318	-	318
External operating income	<u>2,013</u>	<u>13,900</u>	<u>10,461</u>	<u>26,374</u>
Cash and balances with national (central) banks of the Member-states	-	154	-	154
Financial assets at fair value through profit or loss	593,523	19,920	64,513	677,956
Loans and advances to banks	545,372	201,688	123,646	870,706
Loans to customers	14,338	232,461	-	246,799
Financial assets available-for-sale	40,122	-	-	40,122
Investments held-to-maturity	29,001	-	149,837	178,838
Property, equipment and intangible assets	99	15,341	-	15,440
Other assets	1,041	2,834	104	3,979
Total assets	<u>1,223,496</u>	<u>472,398</u>	<u>338,100</u>	<u>2,033,994</u>
Total liabilities	<u>4,163</u>	<u>59,965</u>	<u>406,643</u>	<u>470,771</u>

	Russia	Kazakhstan	Other countries	Total For the six months ended 30 June 2007 Total (unaudited)
Interest income	13,893	11,729	632	26,254
Interest expense	(1,012)	(147)	(4,887)	(6,046)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	524	(29)	(163)	332
Net gain on foreign exchange operations	2,641	1,054	(33)	3,662
Fee and commission income	-	75	-	75
Fee and commission expense	(76)	(13)	(460)	(549)
External operating income	15,970	12,669	(4,911)	23,728
				Total As at 31 December 2007 Total
Cash and balances with national (central) banks of the Member-states	-	1,533	-	1,533
Financial assets at fair value through profit or loss	385,233	16,709	88,902	490,844
Loans and advances to banks	371,293	200,979	27,107	599,379
Loans to customers	-	164,673	-	164,673
Financial assets available-for-sale	39,883	-	-	39,883
Property, equipment and intangible assets	40	13,401	-	13,441
Other assets	843	2,164	93	3,100
Total assets	797,292	399,459	116,102	1,312,853
Total liabilities	4,467	56,118	398,343	458,928

External operating income, assets, capital expenditure have been allocated based on domicile of the counterparty. Tangible assets (cash on hand, premises and equipment) have been allocated based on the country in which they are physically held.

22. RISK MANAGEMENT POLICIES

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

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. The risk management framework involves the Council of the Bank, the Executive Board of the Bank, the Credit Committee of the Bank, the Assets and Liabilities Management Committee (ALMC), and different departments and staff in the Bank's daily operations. Through the risk management framework, the Bank manages the 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.

Management of credit risk is performed by the Council, the Executive Board and the Credit Committee of the Bank. These groups manage credit risk primarily through the issuance of loans only within set limits.

The Council of the Bank determines credit risk limits by determining maximum credit risk exposure on single borrowers or groups of borrowers. The Executive Board sets limits in relation to the credit risk on one borrower or groups of borrowers, as well as limits on individual counterparties (including banks and brokers), and determines the amount and structure of risk bearing assets.

For the purpose of effective credit risk management, employees of relevant departments of the Bank are included in the Credit Committee and participate in the process of considering loan applications. Based on the presentation and preliminary decision of the Credit Committee, either the Executive Board or the Council of the Bank within the limits of their powers, reviews and approves investment projects and makes decisions on any changes and addenda to the existing loan agreements.

Functions of the Credit Committee include establishing control over the level of credit risk. The Credit and Investment Department and Risk Management Department monitor the level of credit risk via analysis of counterparties financial reports, performance and market data and inform the Credit Committee if negative trends are found. Credit risks are compared to the limits set on a daily basis.

Maximum Exposure

The Banks 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.

As at 30 June 2008 (unaudited):

	Maximum exposure	Offset	Net exposure after offset	Collateral Pledged	Net exposure after offset and collateral
Cash and balances with national (central) banks of the Member-states	154	-	154	-	154
Financial assets at fair value through profit or loss	677,956	-	677,956	-	677,956
Loans and advances to banks	870,706	-	870,706	56,823	813,883
Loans to customers	246,799	-	246,799	200,615	46,184
Financial assets available-for-sale	40,122	-	40,122	-	40,122
Financial assets held-to-maturity	178,838	-	178,838	-	178,838

Collateral for loans to customers comprised of:

	Nominal cost	Bank's evaluated cost
Future inflows	186,000	55,800
Guarantees	174,508	105,886
Money deposits	15,342	15,342
Goods	46,025	13,807
Real estate or rights thereon	37,944	9,630
Other	1,412	150
	<u>461,231</u>	<u>200,615</u>

For evaluating cost of a collateral the Bank uses significant discount factors depending on the quality and liquidity of the collateral.

As at 31 December 2007:

	Maximum exposure	Offset	Net exposure after offset	Collateral Pledged	Net exposure after offset and collateral
Cash and balances with national (central) banks of the Member-states	1,533	-	1,533	-	1,533
Financial assets at fair value through profit or loss	490,844	-	490,844	-	490,844
Loans and advances to banks	599,379	-	599,379	150,336	449,043
Loans to customers	164,673	-	164,673	125,305	39,368
Financial assets available-for-sale	39,883	-	39,883	-	39,883

Collateral for loans to customers comprised of:

	Nominal cost	Bank's evaluated cost
Future inflows	186,000	55,800
Guarantees	62,832	31,416
Money deposits	15,358	15,358
Goods	46,073	13,822
Real estate or rights thereon	35,107	8,777
Other	1,328	132
	<u>346,698</u>	<u>125,305</u>

Financial assets are graded according to the current credit rating they have been issued by an internationally regarded agency. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB-. Financial assets which have ratings lower than BBB- are classed as speculative grade.

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

	AAA	AA	A	BBB-	<BBB-	Not rated	30 June 2008 Total (unaudited)
Cash and balances with national (central) banks of the Member-states	9	-	-	145	-	-	154
Financial assets at fair value through profit or loss	-	2,869	-	578,907	96,180	-	677,956
Loans and advances to banks	-	119,787	-	404,460	346,459	-	870,706
Loans to customers	-	-	-	-	-	246,799	246,799
Financial assets available-for-sale	-	-	-	-	40,122	-	40,122
Financial assets held-to-maturity	99,881	-	49,956	-	29,001	-	178,838
	AAA	AA	A	BBB-	<BBB-	Not rated	31 December 2007 Total
Cash and balances with national (central) banks of the Member-states	45	-	-	1,488	-	-	1,533
Financial assets at fair value through profit or loss	51,033	-	-	337,230	102,581	-	490,844
Loans and advances to banks	-	25,559	-	210,822	362,998	-	599,379
Loans to customers	-	-	-	-	-	164,673	164,673
Financial assets available-for-sale	-	-	-	-	-	39,883	39,883

The banking industry is generally exposed to credit risk through its financial assets and contingent liabilities. Credit risk exposure of the Bank is concentrated within the Russian Federation and 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 at 30 June 2008 loans to customers include 10 (31 December 2007: 7) loans. The loans are made with intention to develop economies of the Member-states. The borrowers are not rated by international rating agencies, however, due to the small number of loans issued, the Bank is able to perform specific monitoring of each individual loan. Each loan is regularly reviewed by the Bank's internal Credit Committee.

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	Financial assets that have been impaired	30 June 2008 Total (unaudited)
Cash and balances with national (central) banks of the Member-states	154	-	-	154
Financial assets at fair value through profit or loss	677,956	-	-	677,956
Loans and advances to banks	870,706	-	-	870,706
Loans to customers	187,768	-	59,031	246,799
Financial assets available-for-sale	40,122	-	-	40,122
Investments held-to-maturity	178,838	-	-	178,838
	Neither past due nor impaired	Financial assets past due but not impaired	Financial assets that have been impaired	31 December 2007 Total
Cash and balances with national (central) banks of the Member-states	1,533	-	-	1,533
Financial assets at fair value through profit or loss	490,844	-	-	490,844
Loans and advances to banks	599,379	-	-	599,379
Loans to customers	101,752	-	62,921	164,673
Financial assets available-for-sale	39,883	-	-	39,883

Liquidity risk

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

The ALMC manages this risk through analysis of asset and liability maturity and performance of money market transactions by the treasury department of the Bank to maintain current liquidity and optimize cash flows. The risk management department of the Bank monitors liquidity indicators, gap-positions, payments list and stress-tests.

An analysis of the liquidity and interest rate risks is presented in the following table. The presentation below is based upon the information provided internally to key management personnel of the entity.

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	30 June 2008 Total (unaudited)
FINANCIAL ASSETS:							
Financial assets at fair value through profit or loss	7.76%	69	14,101	17,337	168,359	478,090	677,956
Loans and advances to banks	3.97%	660,021	160,545	50,140	-	-	870,706
Loans to customers	8.51%	-	-	-	-	246,799	246,799
Financial assets available-for-sale	11%	-	-	-	-	40,122	40,122
Total interest bearing financial assets		660,090	174,646	67,477	168,359	765,011	1,835,583
Cash and balances with the national (central) banks of the Member-states		154	-	-	-	-	154
Investments held-to-maturity		149,837	9,513	19,488	-	-	178,838
Total financial assets		810,081	184,159	86,965	168,359	765,011	2,014,575
FINANCIAL LIABILITIES:							
Loans and deposits from banks	3.68%	60,295	-	399,321	-	-	459,616
Total interest bearing financial liabilities		60,295	-	399,321	-	-	459,616
Financial liabilities at fair value through profit or loss		1,777	988	-	-	-	2,765
Total financial liabilities		62,072	988	399,321	-	-	462,381
Liquidity gap		748,009	183,171	(312,356)	168,359	765,011	
Interest sensitivity gap		599,795	174,646	(331,844)	168,359	765,011	
Cumulative interest sensitivity gap		599,795	774,441	442,597	610,956	1,375,967	
Cumulative interest sensitivity gap as a percentage of total assets		29.77%	38.44%	21.97%	30.33%	68.30%	
FINANCIAL ASSETS:							
Financial assets at fair value through profit or loss	9.33%	296	77	1,849	111,696	376,926	490,844
Loans and advances to banks	4.58%	439,226	-	160,153	-	-	599,379
Loans to customers	8.58%	-	-	-	-	164,673	164,673
Financial assets available-for-sale	11%	-	-	-	-	39,883	39,883
Total interest bearing financial assets		439,522	77	162,002	111,696	581,482	1,294,779
Cash and balances with the national (central) banks of the Member-states		1,533	-	-	-	-	1,533
Total financial assets		441,055	77	162,002	111,696	581,482	1,296,312
FINANCIAL LIABILITIES:							
Loans and deposits from banks	5.62%	51,973	-	398,294	-	-	450,267
Total interest bearing financial liabilities		51,973	-	398,294	-	-	450,267
Financial liabilities at fair value through profit or loss		1,123	3,269	-	-	-	4,392
Total financial liabilities		53,096	3,269	398,294	-	-	454,659
Liquidity gap		387,959	(3,192)	(236,292)	111,696	581,482	
Interest sensitivity gap		387,549	77	(236,292)	111,696	581,482	
Cumulative interest sensitivity gap		387,549	387,626	151,334	263,030	844,512	
Cumulative interest sensitivity gap as a percentage of total assets		29.90%	29.90%	11.67%	20.29%	65.15%	

A further analysis of the liquidity and interest rate risks is presented in the following tables in accordance with IFRS 7. The amounts disclosed in this table do not correspond to the amounts recorded on the balance sheet as the presentation below includes a maturity analysis for financial liabilities that indicates the total remaining contractual payment (including interest payments) which are not recognized in the balance sheet under the effective interest rate method.

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	30 June 2008 Total (unaudited)
FINANCIAL LIABILITIES:							
Loans and deposits from banks	3,68%	60,300	-	406,942	-	-	467,242
Total interest bearing financial liabilities		60,300	-	406,942	-	-	467,242
Financial liabilities at fair value through profit or loss		1,777	988	-	-	-	2,765
Total financial liabilities		62,077	988	406,942	-	-	470,007

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	31 December 2007 Total
FINANCIAL LIABILITIES:							
Loans and deposits from banks	5,62%	52,617	-	421,496	-	-	474,113
Total interest bearing financial liabilities		52,617	-	421,496	-	-	474,113
Financial liabilities at fair value through profit or loss		1,123	3,269	-	-	-	4,392
Total financial liabilities		53,740	3,269	421,496	-	-	478,505

Market Risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Bank is exposed. In order to measure its risks the Bank uses the following instruments: duration, modified duration and dollar value of 1 basis point and applies Value-at-Risk models.

Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments due to changes in market interest rates.

The ALMC of the Bank manages interest rate risk through the management of interest-sensitive asset and liability positions of the Bank, and ensures the positive margin and expected profitability from changes in market interest rates with set limits on the maximum amount of interest rate risk accepted by the Bank. The Bank's risk management department monitors interest rate risk, estimates sensitivity of the Bank in relation to changes in interest rates and the influence of changes in interest rates on the net profit of the Bank.

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.

The Treasury Department with the Risk Management Department manages currency risk through the management of the quantities held in open currency positions, which enables the Bank to minimize losses from significant fluctuations of exchange rates of foreign currencies. The Risk Management Department monitors the currency risk limits set by the Executive Board of the Bank.

The Bank's exposure to foreign currency exchange rate risk is presented in the table below:

	US dollars	Kazakhstani tenge	Russian ruble	Euro	Other currencies	30 June 2008 Total (unaudited)
Financial assets						
Cash and balances with the national (central) banks of the Member- states	30	120	4	-	-	154
Financial assets at fair value through profit or loss	601,677	-	72,638	3,641	-	677,956
Loans and advances to banks	667,300	-	121	203,285	-	870,706
Loans to customers	232,461	-	-	14,338	-	246,799
Financial assets available- for-sale	40,122	-	-	-	-	40,122
Investments held-to- maturity	178,838	-	-	-	-	178,838
Total financial assets	1,720,428	120	72,763	221,264	-	2,014,575
Financial liabilities						
Loans and deposits from banks	446,397	13,219	-	-	-	459,616
Financial liabilities at fair value through profit or loss	2,765	-	-	-	-	2,765
Total financial liabilities	449,162	13,219	-	-	-	462,381
OPEN BALANCE SHEET POSITION	1,271,266	(13,099)	72,763	221,264	-	

Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above and the following table presents further analysis of currency risk on derivative financial instruments and spot contracts:

	US dollars	Kazakhstani tenge	Russian ruble	Euro	Other currencies	30 June 2008 Total (unaudited)
Accounts payable on spot and derivative contracts	-	-	(73,258)	(202,969)	-	(276,227)
Accounts receivable on spot and derivative contracts	273,531	-	-	-	-	273,531
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	273,531	-	(73,258)	(202,969)	-	(2,696)
TOTAL OPEN POSITION	1,544,797	(13,099)	(495)	18,295	-	

The Bank's exposure to foreign currency exchange rate risk as at 31 December 2007 is presented in the table below:

	US dollars	Kazakhstani tenge	Russian ruble	Euro	Other currencies	31 December 2007 Total
Financial assets						
Cash and balances with the national (central) banks of the Member- states	46	1,482	5	-	-	1,533
Financial assets at fair value through profit or loss	407,621	-	83,223			490,844
Loans and advances to banks	285,870	102,465	10,055	200,989	-	599,379
Loans to customers	164,673	-	-	-	-	164,673
Financial assets available- for-sale	39,883	-	-	-	-	39,883
Total financial assets	898,093	103,947	93,283	200,989	-	1,296,312
Financial liabilities						
Loans and deposits from banks	398,294	51,973	-	-	-	450,267
Financial liabilities at fair value through profit or loss	3,530	-	-	862	-	4,392
Total financial liabilities	401,824	51,973	-	862	-	454,659
OPEN BALANCE SHEET POSITION	496,269	51,974	93,283	200,127	-	

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above and the following table presents further analysis of currency risk on derivative financial instruments and spot contracts:

	US dollars	Kazakhstani tenge	Russian ruble	Euro	Other currencies	31 December 2007 Total
Accounts payable on spot and derivative contracts	-	(50,046)	(82,856)	(202,233)	(1,900)	(337,035)
Accounts receivable on spot and derivative contracts	332,948	-	-	-	-	332,948
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	332,948	(50,046)	(82,856)	(202,233)	(1,900)	(4,087)
TOTAL OPEN POSITION	829,217	1,928	10,427	(2,106)	(1,900)	

Fair Value of Financial Instruments

The fair value of the financial assets and liabilities approximates to the carrying amounts recorded in the condensed interim financial information.