

# **JOINT STOCK COMPANY BANK CENTERCREDIT**

**Condensed Interim Consolidated Financial  
Information (Unaudited)**

For the six months ended 30 June 2012

# JOINT STOCK COMPANY BANK CENTERCREDIT

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## JOINT STOCK COMPANY BANK CENTERCREDIT

### STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED)

Management is responsible for the preparation of condensed interim consolidated financial information that presents fairly the consolidated financial position of the Joint Stock Company Bank CenterCredit and its subsidiaries ("the Group") as at 30 June 2012 and the results of its operations for the three and six months periods then ended, as well as cash flows and changes in equity for the six months period then ended, in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

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


- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's condensed interim consolidated financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:


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

The condensed interim consolidated financial information for the six months ended 30 June 2012 was authorized for issue on 6 August 2012 by the Management Board of the JSC Bank CenterCredit.


On behalf of the Management Board:

  
**Lee V.S.**  
**Chairman**

6 August 2012  
Almaty

  
**Oh Ki Hong**  
**Managing Director**

6 August 2012  
Almaty

  
**Nurgaliyeva A. T.**  
**Chief Accountant**

6 August 2012  
Almaty

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

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

### Introduction

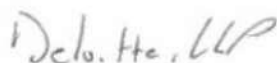
We have reviewed the accompanying condensed interim consolidated statement of financial position of Joint Stock Company Bank CenterCredit and its subsidiaries ("the Group") as at 30 June 2012, the condensed interim consolidated statements of income, and comprehensive income for the three and six months periods then ended, and the condensed interim consolidated statements of changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and selected explanatory information. Management of the Group is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

### Scope of Review

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

### Conclusion

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



6 August 2012  
Almaty

# JOINT STOCK COMPANY BANK CENTERCREDIT

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED)

(in Kazakhstani tenge and in millions, except for earnings per share which is in tenge)

	Notes	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)	Three months ended 30 June 2012 (unaudited)	Three months ended 30 June 2011 (unaudited)
Interest income	5, 24	38,525	43,576	17,985	23,212
Interest expense	5, 24	(27,918)	(32,146)	(13,592)	(15,532)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		10,607	11,430	4,393	7,680
Provision for impairment losses on interest bearing assets	6	(5,332)	(10,754)	(1,496)	(8,399)
NET INTEREST INCOME/(EXPENSE)		5,275	676	2,897	(719)
Net gain on financial assets and liabilities at fair value through profit or loss	7	68	744	130	241
Net realized gain on disposal of investments available-for-sale	8	-	348	-	187
Net loss on early redemption of debt	21	(1,318)	-	(1,054)	-
Net gain on foreign exchange operations	9	1,922	1,786	470	698
Fee and commission income	10	9,734	8,786	5,366	4,778
Fee and commission expense	10	(1,034)	(812)	(670)	(431)
Other expense		(110)	(12)	(92)	(18)
(Provision) recovery of provision for impairment losses on other transactions	6	(384)	1,510	(228)	1,295
NET NON-INTEREST INCOME		8,878	12,350	3,922	6,750
OPERATING INCOME		14,153	13,026	6,819	6,031
OPERATING EXPENSES	11, 24	(13,064)	(12,250)	(6,388)	(6,248)
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX		1,089	776	431	(217)
Income tax (expense) benefit	12	(47)	446	34	287
NET PROFIT		1,042	1,222	465	70
Attributable to:					
Equity shareholders of the parent		968	1,117	425	20
Non-controlling interest		74	105	40	50
		1,042	1,222	465	70
EARNINGS PER SHARE					
Basic (KZT)	13	4.80	5.54	2.11	0.10
Diluted (KZT)	13	4.80	5.54	2.11	0.10

On behalf of the Management Board:

Lee V.S.  
Chairman

6 August 2012  
Almaty

Oh Ki Hong  
Managing Director

6 August 2012  
Almaty

Nurgaliyeva A.T.  
Chief Accountant

6 August 2012  
Almaty

Selected explanatory notes on pages 9-43 form an integral part of this condensed interim consolidated financial information.

## JOINT STOCK COMPANY BANK CENTERCREDIT

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED)

(in Kazakhstani tenge and in millions)

	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)	Three months ended 30 June 2012 (unaudited)	Three months ended 30 June 2011 (unaudited)
NET PROFIT	1,042	1,222	465	70
Net change in fair value of investments available-for-sale	54	352	124	(724)
Exchange differences on translation of foreign operations	158	201	(939)	54
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER INCOME TAX	212	553	(815)	(670)
TOTAL COMPREHENSIVE INCOME/(LOSS)	1,254	1,775	(350)	(600)
Attributable to:				
Owners of the parent	1,180	1,670	(390)	(650)
Non-controlling interest	74	105	40	50
TOTAL COMPREHENSIVE INCOME/(LOSS)	1,254	1,775	(350)	(600)

On behalf of the Management Board:

Lee V.S.  
Chairman

6 August 2012  
Almaty



Oh Ki Hong  
Managing Director

6 August 2012  
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Nurgaliyeva A.T.  
Chief Accountant

6 August 2012  
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# JOINT STOCK COMPANY BANK CENTERCREDIT

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012 (UNAUDITED) (in Kazakhstani tenge and in millions)

	Notes	30 June 2012 (unaudited)	31 December 2011
<b>ASSETS</b>			
Cash and cash equivalents	14	146,255	148,771
Financial assets at fair value through profit or loss	15	16,159	16,331
Investments available-for-sale	16	75,182	86,369
Investments held-to-maturity	17	20,489	20,778
Due from banks		1,155	6,010
Loans to customers and banks	18, 24	780,743	764,806
Current income tax assets		2,695	2,713
Deferred income tax assets	12	2,063	2,008
Other assets		10,904	10,747
Property, equipment and intangible assets		23,357	23,384
		<u>1,079,002</u>	<u>1,081,917</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES:</b>			
Due to banks and financial institutions	19, 24	127,405	106,176
Customer and banks accounts	20, 24	733,797	727,334
Debt securities issued	21	88,089	121,565
Other liabilities		8,523	6,642
Subordinated bonds		33,267	33,392
		<u>991,081</u>	<u>995,109</u>
<b>Total liabilities</b>			
<b>EQUITY:</b>			
Equity attributable to owners of the parent:			
Share capital	22	69,656	69,797
Investments available-for-sale fair value reserve		720	666
Foreign currency translation reserve		(461)	(619)
Statutory reserves		1,638	1,633
Retained earnings		15,216	14,253
		<u>86,769</u>	<u>85,730</u>
<b>Total equity attributable to owners of the parent</b>			
Non-controlling interest		1,152	1,078
		<u>87,921</u>	<u>86,808</u>
<b>Total equity</b>			
		<u>1,079,002</u>	<u>1,081,917</u>
<b>TOTAL LIABILITIES AND EQUITY</b>			
Book value per ordinary share (KZT)	13	466	449
Book value per preferable share (KZT)	13	300	300

On behalf of the Management Board:

Lee V.S.  
Chairman

6 August 2012  
Almaty

Oh Ki Hong  
Managing Director

6 August 2012  
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Chief Accountant

6 August 2012  
Almaty

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# JOINT STOCK COMPANY BANK CENTERCREDIT

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED) *(in Kazakhstani tenge and in millions)*

	Share capital	Investments available-for-sale fair value reserve	Foreign currency translation reserve	Statutory reserves	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interest	Total equity
31 December 2010	69,841	754	(25)	-	13,307	83,877	904	84,781
Net profit	-	-	-	-	1,117	1,117	105	1,222
Net change in fair value of investments available-for-sale	-	352	-	-	-	352	-	352
Exchange differences on translation of foreign operations	-	-	201	-	-	201	-	201
<b>Net comprehensive income</b>	-	352	201	-	1,117	1,670	105	1,775
Purchase of treasury shares	(17)	-	-	-	-	(17)	-	(17)
Changes in non-controlling interest	-	-	-	-	-	-	16	16
30 June 2011 (unaudited)	69,824	1,106	176	-	14,424	85,530	1,025	86,555
31 December 2011	69,797	666	(619)	1,633	14,253	85,730	1,078	86,808
Net profit	-	-	-	-	968	968	74	1,042
Net change in fair value of investments available-for-sale	-	54	-	-	-	54	-	54
Exchange differences on translation of foreign operations	-	-	158	-	-	158	-	158
<b>Net comprehensive income</b>	-	54	158	-	968	1,180	74	1,254
Purchase of treasury shares	(141)	-	-	-	-	(141)	-	(141)
Transfer to statutory reserve	-	-	-	5	(5)	-	-	-
30 June 2012 (unaudited)	69,656	720	(461)	1,638	15,216	86,769	1,152	87,921

On behalf of the Management Board:

Lee V.S.  
Chairman

Oh KJ Hong  
Managing Director

6 August 2012  
Almaty

6 August 2012  
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Nurgaliyeva A.T.  
Chief Accountant

6 August 2012  
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# JOINT STOCK COMPANY BANK CENTERCREDIT

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED) *(in Kazakhstani tenge and in millions)*

	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Interest received from financial assets at fair value through profit or loss	556	429
Interest received from investments available-for-sale	1,343	1,441
Interest received from investments held-to-maturity	1,096	1,904
Interest received on due from banks	194	273
Interest received on loans to customers and banks	36,947	38,981
Penalties received from loans to customers and banks	984	498
Interest paid on due to banks and financial institutions	(3,635)	(4,330)
Interest paid on customer and banks accounts	(17,361)	(22,580)
Interest paid on debt securities issued	(6,603)	(7,788)
Interest paid on subordinated bonds	(1,716)	(1,868)
Fee and commission received	9,348	8,780
Fee and commission paid	(1,255)	(726)
Other expense paid	(110)	(12)
Operating expenses paid	(14,276)	(14,132)
Cash flows from operating activities before changes in operating assets and liabilities	5,512	870
Changes in operating assets and liabilities		
Decrease/(increase) in operating assets:		
Financial assets at fair value through profit or loss	179	(4,898)
Due from banks	4,835	(193)
Loans to customers and banks	(24,910)	(57,729)
Other assets	413	(1,679)
Increase/(decrease) in operating liabilities:		
Due to banks and financial institutions	21,273	(9,064)
Customer and banks accounts	6,645	(19,623)
Other liabilities	3,750	2,907
Cash flows from operating activities before taxation	17,697	(89,409)
Income tax paid	(84)	(121)
Net cash inflow/(outflow) from operating activities	17,613	(89,530)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of property, equipment and intangible assets	(997)	(2,985)
Proceeds on sale of property and equipment	20	536
Proceeds on maturity and sale of investments available-for-sale	68,340	78,797
Purchase of investments available-for-sale	(57,169)	(145,688)
Proceeds on maturity of investments held-to-maturity	2,984	218,498
Purchase of investments held-to-maturity	(3,122)	(106,410)
Net cash inflow from investing activities	10,056	42,748

# JOINT STOCK COMPANY BANK CENTERCREDIT

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED) (CONTINUED) *(in Kazakhstani tenge and in millions)*

	Notes	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Purchase of treasury shares		(141)	(17)
Repurchase and repayment of debt securities issued		(31,517)	(35,932)
Proceeds from debt securities issued		1,554	906
Net cash outflow from financing activities		<u>(30,104)</u>	<u>(35,043)</u>
<i>Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents</i>		(81)	1,977
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(2,516)</u>	<u>(79,848)</u>
CASH AND CASH EQUIVALENTS, beginning of the period	14	<u>148,771</u>	<u>209,163</u>
CASH AND CASH EQUIVALENTS, end of the period	14	<u>146,255</u>	<u>129,315</u>

On behalf of the Management Board:

Lee V.S.  
Chairman

6 August 2012  
Almaty

Oh Ki Hong  
Managing Director

6 August 2012  
Almaty

Nurgaliyeva A.T.  
Chief Accountant

6 August 2012  
Almaty

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# JOINT STOCK COMPANY BANK CENTERCREDIT

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2012 (UNAUDITED)

(in Kazakhstani tenge and in millions, unless otherwise stated)

### 1. ORGANIZATION

JSC Bank CenterCredit ("the Bank") is a Joint Stock Company, which was incorporated in the Republic of Kazakhstan and started its operations in 1988. The Bank is regulated by the legislation of the Republic of Kazakhstan. The Bank is regulated by the National Bank of the Republic of Kazakhstan ("NBRK"). The Bank conducts its business under license #248 dated 13 December 2007.

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

The Bank is a member of the Kazakhstan Deposit Insurance Fund ("the KDIF").

The registered address is: 98 Panfilov Street, Almaty, Republic of Kazakhstan.

As at 30 June 2012 and 31 December 2011, the Bank had 20 branches in the Republic of Kazakhstan.

The Bank is the parent company of a banking group ("the Group"), which consists of the following subsidiaries consolidated in the condensed interim consolidated financial information:

Name	Incorporation year	Country of operations	Proportion or ownership interest/voting rights %		Type of operation
			30 June 2012 (unaudited)	31 December 2011	
JSC APF Capital	2001	Kazakhstan	75%	75%	Pension fund management
LLP Center Leasing	2002	Kazakhstan	91%	91%	Finance lease of property
JSC BCC Invest	1998	Kazakhstan	100%	100%	Brokerage and dealer activity
CenterCredit International B.V.	2006	Netherlands	100%	100%	Issuance of capital on international financial markets
LLC Bank BCC-Moscow	2008	Russian Federation	100%	100%	Banking services

As at 30 June 2012 and 31 December 2011, the following ultimate beneficial shareholders owned individually more than 5% of the issued shares of the Group:

	30 June 2012 (unaudited) %	31 December 2011 %
Kookmin Bank	41.93	41.93
Baiseitov B.R.	25.10	25.10
IFC	10.00	10.00
Other (individually hold less than 5%)	22.97	22.97
Total	100.00	100.00

The condensed interim consolidated financial information was authorized for issue by the Management Board of the Group on 6 August 2012.

## 2. BASIS OF PRESENTATION

### *Accounting basis*

The condensed interim consolidated financial information of the Group has been prepared using accounting policies consistent with International Financial Reporting Standards and International Accounting Standard (“IAS”) 34 Interim Financial Reporting. Accordingly, certain information and disclosures normally required to be included in the notes to the annual consolidated financial statements have been omitted or condensed. The condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements and with the related notes to the consolidated financial statements of the Group for the year ended 31 December 2011.

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

The preparation of the condensed interim consolidated financial information in conformity with IAS 34 requires management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities of the Group, and disclosure of contingent assets and liabilities at the date of the consolidated 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 setup of impairment loss provisions on loans and investments, determination of the fair value of financial instruments and determination of the deferred tax liabilities.

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

### *Functional currency*

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this condensed interim consolidated financial information the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2011.

#### 4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's condensed interim consolidated financial information requires management to make estimates and judgments that affect the reported amount of assets and liabilities at the date of the financial information and the reported amount of income and expenses during the reporting period. Management evaluates its estimates and judgments on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following estimates and judgments are considered important to the portrayal of the Group's financial condition.

*Allowance for impairment of loans* – The Group regularly reviews its loans to assess for impairment. The Group's loan impairment provisions are established to recognize incurred impairment losses in its portfolio of loans. The Group considers accounting estimates related to allowance for impairment of loans a key source of estimation uncertainty because (i) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired loans are based on recent performance experience, and (ii) any significant difference between the Group's estimated losses and actual losses will require the Group to record provisions which, if significantly different, could have a material impact on its future consolidated income statement and its consolidated statement of financial position.

The Group uses management's judgement to estimate the amount of any impairment loss in cases where a borrower has financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Group estimates changes in future cash flows based on past performance, past customer behaviour, observable data indicating an adverse change in the payment status of borrowers in a group, and national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans. The Group uses management's judgement to adjust observable data for a group of loans to reflect current circumstances not reflected in historical data.

The allowances for impairment of financial assets in the condensed interim consolidated financial information have been determined on the basis of existing economic and political conditions. The Group is not in a position to predict what changes in conditions will take place in Kazakhstan and what effect such changes might have on the adequacy of the allowances for impairment of financial assets in future periods.

## 5. NET INTEREST INCOME

	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)	Three months ended 30 June 2012 (unaudited)	Three months ended 30 June 2011 (unaudited)
<b>Interest income comprises:</b>				
Interest income on financial assets recorded at amortized cost:				
- interest income on impaired assets	18,903	18,881	8,692	10,063
- interest income on unimpaired assets	17,854	22,839	8,366	12,172
Interest income on financial assets at fair value	<u>1,768</u>	<u>1,856</u>	<u>927</u>	<u>977</u>
<b>Total interest income</b>	<u>38,525</u>	<u>43,576</u>	<u>17,985</u>	<u>23,212</u>
Interest income on financial assets recorded at amortized cost:				
Interest on loans to customers and banks	34,930	39,070	15,646	20,911
Interest on investments held-to-maturity	669	1,872	363	898
Penalties on loans to customers and banks	984	498	984	287
Interest on due from banks	<u>174</u>	<u>280</u>	<u>65</u>	<u>139</u>
Total interest income on financial assets recorded at amortized cost	<u>36,757</u>	<u>41,720</u>	<u>17,058</u>	<u>22,235</u>
Interest income on financial assets at fair value:				
Interest income on financial assets available-for-sale	1,273	1,360	661	715
Interest income on financial assets initially recognized at fair value through profit or loss	<u>495</u>	<u>496</u>	<u>266</u>	<u>262</u>
Total interest income on financial assets recorded at fair value	<u>1,768</u>	<u>1,856</u>	<u>927</u>	<u>977</u>
<b>Total interest income</b>	<u>38,525</u>	<u>43,576</u>	<u>17,985</u>	<u>23,212</u>
<b>Interest expense comprises:</b>				
Interest expense on financial liabilities recorded at amortized cost	<u>27,918</u>	<u>32,146</u>	<u>13,592</u>	<u>15,532</u>
<b>Total interest expense</b>	<u>27,918</u>	<u>32,146</u>	<u>13,592</u>	<u>15,532</u>
Interest expense on financial liabilities recorded at amortized cost:				
Interest on customer and banks accounts	17,179	19,985	8,468	9,566
Interest on debt securities issued	5,582	6,763	2,571	3,276
Interest on due to banks and financial institutions	3,591	3,780	1,839	1,844
Interest on subordinated bonds	<u>1,566</u>	<u>1,618</u>	<u>714</u>	<u>846</u>
Total interest expense on financial liabilities recorded at amortized cost	<u>27,918</u>	<u>32,146</u>	<u>13,592</u>	<u>15,532</u>
<b>Net interest income before provision for impairment losses on interest bearing assets</b>	<u>10,607</u>	<u>11,430</u>	<u>4,393</u>	<u>7,680</u>

## 6. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

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

	Consumer loans	Corporate loans	Credit cards	Total loans to customers (Note 18)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>For six months ended 30 June 2011 and 2012</b>				
31 December 2010	12,069	93,679	41	105,789
Additional provision recognized	2,637	7,884	233	10,754
Write-off of assets	(3,309)	(4,692)	-	(8,001)
Recoveries of assets previously written off	1,865	5,418	-	7,283
Exchange rate difference	(40)	(287)	-	(327)
<b>30 June 2011 (unaudited)</b>	<b>13,222</b>	<b>102,002</b>	<b>274</b>	<b>115,498</b>
31 December 2011	12,065	112,423	48	124,536
(Recovery of provision)/additional provision recognized	(3,779)	8,743	368	5,332
Write-off of assets	(2,126)	(3,250)	-	(5,376)
Recoveries of assets previously written off	2,441	2,886	-	5,327
Exchange rate difference	81	306	-	387
<b>30 June 2012 (unaudited)</b>	<b>8,682</b>	<b>121,108</b>	<b>416</b>	<b>130,206</b>
	<b>Consumer loans</b>	<b>Corporate loans</b>	<b>Credit cards</b>	<b>Total loans to customers (Note 18)</b>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>For three months ended 30 June 2011 and 2012</b>				
31 March 2011 (unaudited)	12,332	95,483	46	107,861
Additional provision recognized	1,820	6,351	228	8,399
Write-off of assets	(1,592)	(552)	-	(2,144)
Recoveries of assets previously written off	630	667	-	1,297
Exchange rate difference	32	53	-	85
<b>30 June 2011 (unaudited)</b>	<b>13,222</b>	<b>102,002</b>	<b>274</b>	<b>115,498</b>
31 March 2012 (unaudited)	11,116	117,104	36	128,256
(Recovery of provision)/additional provision recognized	(2,800)	3,916	380	1,496
Write-off of assets	(1,304)	(2,918)	-	(4,222)
Recoveries of assets previously written off	1,564	2,564	-	4,128
Exchange rate difference	106	442	-	548
<b>30 June 2012 (unaudited)</b>	<b>8,682</b>	<b>121,108</b>	<b>416</b>	<b>130,206</b>

The movements in provision for impairment losses on other transactions were as follows:

	Investments held-to- maturity (Note 17) (unaudited)	Property, equipment and intangible assets (unaudited)	Other assets (unaudited)	Guarantees and letters of credit (unaudited)	Total (unaudited)
<b>For six months ended 30 June 2011 and 2012</b>					
31 December 2010	749	5,639	6,766	1,050	14,204
Additional provision/(recovery of provision) recognized	12	-	(1,132)	(390)	(1,510)
Write-off of assets	(13)	(5,639)	(146)	(15)	(5,813)
Recoveries of assets previously written off	-	-	1,110	-	1,110
Exchange rate difference	-	-	152	5	157
<b>30 June 2011 (unaudited)</b>	<b>748</b>	<b>-</b>	<b>6,750</b>	<b>650</b>	<b>8,148</b>
31 December 2011	106	-	1,149	968	2,223
Additional provision recognized	-	-	99	285	384
Write-off of assets	-	-	(159)	-	(159)
Recoveries of assets previously written off	-	-	63	-	63
Exchange rate difference	-	-	-	(17)	(17)
<b>30 June 2012 (unaudited)</b>	<b>106</b>	<b>-</b>	<b>1,152</b>	<b>1,236</b>	<b>2,494</b>
	Investments held-to- maturity (Note 17) (unaudited)	Property, equipment and intangible assets (unaudited)	Other assets (unaudited)	Guarantees and letters of credit (unaudited)	Total (unaudited)
<b>For three months ended 30 June 2011 and 2012</b>					
31 March 2011 (unaudited)	747	5,639	6,710	847	13,943
Additional provision/(recovery of provision) recognized	47	-	(1,155)	(187)	(1,295)
Write-off of assets	(13)	(5,639)	(33)	(15)	(5,700)
Recoveries of assets previously written off	(33)	-	1,076	-	1,043
Exchange rate difference	-	-	152	5	157
<b>30 June 2011 (unaudited)</b>	<b>748</b>	<b>-</b>	<b>6,750</b>	<b>650</b>	<b>8,148</b>
31 March 2012 (unaudited)	106	-	1,080	1,015	2,201
(Recovery of provision) / additional provision recognized	-	-	(10)	238	228
Recoveries of assets previously written off	-	-	82	-	82
Exchange rate difference	-	-	-	(17)	(17)
<b>30 June 2012 (unaudited)</b>	<b>106</b>	<b>-</b>	<b>1,152</b>	<b>1,236</b>	<b>2,494</b>



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

	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)	Three months ended 30 June 2012 (unaudited)	Three months ended 30 June 2011 (unaudited)
Net gain on financial assets and liabilities held-for-trading	68	744	130	241
<b>Total net gain on financial assets and liabilities at fair value through profit or loss</b>	<b>68</b>	<b>744</b>	<b>130</b>	<b>241</b>
Net gain on operations with financial assets and liabilities held-for-trading comprise:				
Realized gain on trading operations	374	154	45	22
Unrealized (loss)/gain on fair value adjustment	(57)	316	(243)	(72)
Unrealized (loss)/gain on operations with derivative financial instruments	(258)	201	342	235
Realized gain/(loss) on operations with derivative financial instruments	9	73	(14)	56
<b>Total net gain on operations with financial assets and liabilities at fair value through profit or loss</b>	<b>68</b>	<b>744</b>	<b>130</b>	<b>241</b>

The Group enters into derivative financial instruments to manage currency and liquidity risks and such financial instruments are held primarily for trading purposes.

## 8. NET REALIZED GAIN ON DISPOSAL OF INVESTMENTS AVAILABLE-FOR-SALE

	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)	Three months ended 30 June 2012 (unaudited)	Three months ended 30 June 2011 (unaudited)
Net gain on investments available-for-sale	-	295	-	187
Recovery of provision for impairment loss on investments available-for-sale	-	53	-	-
<b>Total net realized gain on disposal of investments available-for-sale</b>	<b>-</b>	<b>348</b>	<b>-</b>	<b>187</b>

## 9. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)	Three months ended 30 June 2012 (unaudited)	Three months ended 30 June 2011 (unaudited)
Dealing, net	2,262	1,733	675	723
Translation differences, net	(340)	53	(205)	(25)
<b>Total net gain on foreign exchange operations</b>	<b>1,922</b>	<b>1,786</b>	<b>470</b>	<b>698</b>

## 10. FEE AND COMMISSION INCOME AND EXPENSE

	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)	Three months ended 30 June 2012 (unaudited)	Three months ended 30 June 2011 (unaudited)
<b>Fee and commission income:</b>				
Settlements	2,055	1,891	1,117	1,036
Cash operations	2,000	1,798	1,124	1,028
Payment cards	1,655	1,343	896	725
Guarantees	1,500	1,609	778	884
Trust operations	1,029	1,023	526	511
Foreign exchange operations	477	485	258	271
Custodian activities	459	94	459	52
Internet-banking operations	174	153	174	80
Other	385	390	34	191
<b>Total fee and commission income</b>	<b>9,734</b>	<b>8,786</b>	<b>5,366</b>	<b>4,778</b>
<b>Fee and commission expense:</b>				
Custodian activities	427	88	375	52
Settlements	419	343	246	173
Documentary operations	65	276	19	129
Foreign exchange operations	29	10	5	7
Brokerage services	20	12	2	6
Purchase and sale of securities	12	5	12	3
Rating agencies services	10	7	10	5
Legal services	1	29	1	29
Other	51	42	-	27
<b>Total fee and commission expense</b>	<b>1,034</b>	<b>812</b>	<b>670</b>	<b>431</b>

## 11. OPERATING EXPENSES

	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)	Three months ended 30 June 2012 (unaudited)	Three months ended 30 June 2011 (unaudited)
Staff costs	5,410	4,899	2,574	2,578
Operating leases expenses	1,672	1,729	846	868
Deposit Insurance Fund expenses	1,513	1,276	800	648
Taxes other than income tax	1,075	827	510	435
Depreciation and amortization	999	845	501	431
Administrative expenses	715	611	365	304
Security expenses	323	339	161	172
Telecommunications	323	221	150	144
Advertising costs	226	304	160	158
Property and equipment maintenance	120	111	82	70
Professional services	114	43	62	14
Business trip expenses	87	120	78	83
Business development expenses	27	29	15	16
Other expenses	460	896	84	327
<b>Total operating expenses</b>	<b>13,064</b>	<b>12,250</b>	<b>6,388</b>	<b>6,248</b>

## 12. INCOME TAXES

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

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses such as business development expenses and a tax free regime for certain income such as income from operations with state securities and securities listed on the Kazakhstan Stock Exchange.

Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 30 June 2012 and 31 December 2011 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Temporary differences as at 30 June 2012 and 31 December 2011 comprise:

	30 June 2012 (unaudited)	31 December 2011
<b>Deductible temporary differences:</b>		
Tax losses carried forward	9,277	15,864
Loans to customers	18,492	15,547
Impairment loss on debt securities	5,400	5,512
Other	808	568
	<u>33,977</u>	<u>37,491</u>
<b>Total deductible temporary differences</b>		
<b>Taxable temporary differences:</b>		
Property, equipment and intangible assets	(3,659)	(2,884)
Revaluation of financial assets and liabilities at fair value through profit or loss	(3,035)	(3,003)
Other	-	(188)
	<u>(6,694)</u>	<u>(6,075)</u>
<b>Total taxable temporary differences</b>		
	<u>27,283</u>	<u>31,416</u>
<b>Net deferred tax assets</b>		
Deferred tax assets at the statutory tax rate	5,457	6,283
Unrecognized deferred tax asset	(3,394)	(4,275)
	<u>2,063</u>	<u>2,008</u>
<b>Net deferred tax assets at the statutory tax rates</b>		

Relationships between tax expenses and accounting profit for the three and six months ended 30 June 2012 and 2011 are explained as follows:

	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)	Three months ended 30 June 2012 (unaudited)	Three months ended 30 June 2011 (unaudited)
Operating profit/(loss) before income tax	<u>1,089</u>	<u>776</u>	<u>431</u>	<u>(217)</u>
Tax at the statutory tax rate	218	155	86	(43)
Tax effect of permanent differences:				
Change in deferred tax asset not recognized	(881)	(674)	(440)	-
Tax-exempt interest income and other related income on state and other qualifying securities	(323)	(340)	(161)	(244)
Non-deductible interest and operating expenses	<u>1,033</u>	<u>413</u>	<u>481</u>	<u>-</u>
<b>Income tax expense/(benefit)</b>	<u>47</u>	<u>(446)</u>	<u>(34)</u>	<u>(287)</u>
Current income tax expense	102	135	29	32
Deferred income tax benefit	<u>(55)</u>	<u>(581)</u>	<u>(63)</u>	<u>(319)</u>
<b>Income tax expense/(benefit)</b>	<u>47</u>	<u>(446)</u>	<u>(34)</u>	<u>(287)</u>

The tax rate used for the six months ended 30 June 2012 and the year ended 31 December 2011 reconciliations above is the corporate tax rate of 20%, payable by corporate entities in the Republic of Kazakhstan on taxable profits under tax law in that jurisdiction.

	Six months ended 30 June 2012 (unaudited)	Year ended 31 December 2011
<b>Deferred income tax asset</b>		
Beginning of the period	2,008	1,693
Change in deferred tax assets	<u>55</u>	<u>315</u>
<b>End of the period</b>	<u><u>2,063</u></u>	<u><u>2,008</u></u>

### 13. EARNINGS PER SHARE

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

	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)	Three months ended 30 June 2012 (unaudited)	Three months ended 30 June 2011 (unaudited)
<b>Basic earnings per share</b>				
Net profit attributable to owners of the parent	968	1,117	425	20
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	<u>(188)</u>	<u>(216)</u>	<u>(83)</u>	<u>(4)</u>
Earnings attributable to ordinary shareholders	<u>780</u>	<u>901</u>	<u>342</u>	<u>16</u>
Weighted average number of ordinary shares for purposes of basic earnings per share	<u>162,495,973</u>	<u>162,472,964</u>	<u>162,289,073</u>	<u>162,472,964</u>
Earnings per share - basic (tenge)	<u><u>4.80</u></u>	<u><u>5.54</u></u>	<u><u>2.11</u></u>	<u><u>0.10</u></u>
<b>Diluted earnings per share</b>				
Net profit for the period attributable to common shareholders	780	901	342	16
Add: Additional dividends that would be paid on full distribution of profit to the convertible preferred shareholders	<u>188</u>	<u>216</u>	<u>83</u>	<u>4</u>
Earnings used in the calculation of total diluted earnings per share	<u>968</u>	<u>1,117</u>	<u>425</u>	<u>20</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	162,495,973	162,472,964	162,289,073	162,472,964
Shares deemed to be issued:				
Weighted average number of ordinary shares that would be issued for the convertible preferred shares	<u>39,249,255</u>	<u>39,032,408</u>	<u>39,249,255</u>	<u>39,032,408</u>
Weighted average number of ordinary shares for purposes of diluted earnings per share	<u>201,745,228</u>	<u>201,505,372</u>	<u>201,538,328</u>	<u>201,505,372</u>
Earnings per share - diluted (tenge)	<u><u>4.80</u></u>	<u><u>5.54</u></u>	<u><u>2.11</u></u>	<u><u>0.10</u></u>

On 25 August 2010 the Kazakhstan Stock Exchange (“KASE”) has introduced new rules for listed companies that require the disclosure of book value of one share per each class of shares in the listed company’s financial statements. The Group has calculated the book value of one share per each class of shares in accordance with the methodology for computation of the book value of one share, provided by KASE.

The book value of one share per each class of shares as at 30 June 2012 and 31 December 2011 is as follows:

Class of shares	30 June 2012 (unaudited)			31 December 2011		
	Outstanding shares (number outstanding)	Amount for calculation of book value KZT million	Book value of one share, KZT	Outstanding shares (number outstanding)	Amount for calculation of book value KZT million	Book value of one share, KZT
Ordinary shares	161,564,915	75,317	466	162,225,170	72,980	449
Preference shares	39,249,255	11,775	300	39,249,255	11,775	300
		<u>87,092</u>			<u>84,755</u>	

The management of the Group believes that it fully complies with the requirement of KASE as of the reporting date.

#### 14. CASH AND CASH EQUIVALENTS

	30 June 2012 (unaudited)	31 December 2011	30 June 2011 (unaudited)
Deposits with financial institutions	113,819	114,022	97,952
Cash on hand	25,834	31,334	26,688
Cash in transit	6,588	3,395	4,661
	<u>146,241</u>	<u>148,751</u>	<u>129,301</u>
Accrued interest	14	20	14
<b>Total cash and cash equivalents</b>	<u>146,255</u>	<u>148,771</u>	<u>129,315</u>

Minimum reserve requirements are determined as a percentage from average balances of deposits and international borrowings in accordance with the requirements of NBRK and amounted to KZT 23,425 million and KZT 25,494 million as at 30 June 2012 and 31 December 2011, respectively. The Group was in compliance with NBRK requirements by maintaining an average balance with NBRK and therefore was able to use the amounts without any restrictions.

Components of deposits with financial institutions with maturity less than three months:

	Interest rates (%)		30 June 2012 (unaudited)	31 December 2011
	Min.	Max		
Demand deposits with banks	0.25	4.75	113,819	108,022
Demand deposits with NBRK			-	6,000
			<u>113,819</u>	<u>114,022</u>
Accrued interest			14	20
<b>Total</b>			<u>113,833</u>	<u>114,042</u>

As at 30 June 2012, the Group had deposits with NBRK, JP Morgan A.G Frankfurt, Citibank, New York, Societe Generale, France, Landesbank Baden-Wurttemberg AG and as at 31 December 2011 the Group had deposits with Citibank, New York, Deutsche Bank, London, Landesbank Baden-Wurttemberg AG, Societe Generale, France, JP Morgan A.G Frankfurt, ING Bank, Netherlands, which individually and in aggregate exceeded 10% of the Group’s equity.

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

Financial assets at fair value through profit or loss comprise:

	30 June 2012 (unaudited)	31 December 2011
Financial assets held for trading:		
Debt securities	12,469	12,201
Equity securities	<u>119</u>	<u>313</u>
<b>Total financial assets held for trading</b>	<b>12,588</b>	<b>12,514</b>
Derivative financial instruments	<u>3,571</u>	<u>3,817</u>
<b>Total financial assets at fair value through profit or loss</b>	<b><u>16,159</u></b>	<b><u>16,331</u></b>

	30 June 2012 (unaudited)		31 December 2011	
	Nominal interest rate %	Fair value	Nominal interest rate %	Fair value
<b>Debt securities:</b>				
JSC Food Contract Corporation	7.50	1,980	-	-
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	3.70-7.80	944	3.70-7.80	2,263
JSC Halyk Bank	9.25-13.00	814	7.00-13.00	1,095
Subsidiary Bank of OJSC Bank VTB - VTB Capital S.A.	6.47	798	6.47	459
OJSC Russian Agricultural Bank	9.00	690	9.00	700
JSC KazMunayGas EP*	-	669	-	679
JSC Eurasian Bank	8.30-13.00	610	8.30-13.00	408
OJSC Bank Zenit	8.75	538	7.10-8.75	685
RSHB Capital S.A.	9.00	496	-	-
JSC VTB Bank Kazakhstan	7.00	387	-	-
JSC Tsesma Bank	9.00	348	9.00	97
JSC Bank Petrokommerts	7.75	323	7.75	329
JSC Subsidiary Bank of JSC Sberbank of Russia	4.95	309	-	-
JSC Eurasian Development Bank	7.50	297	7.50	342
JSC Promsvyaz	8.75	280	-	-
OJSC Alfa Bank	8.25	279	8.25	280
JSC Aztiibank	10.25	277	-	-
OJSC MDM Bank	9.50	275	9.50	277
JSC KB Loko Bank	8.10	263	8.10	265
JSC Doszhan Temir Zholy	8.75	257	8.75	204
OJSC VEB Leasing	8.80	253	8.80	257
OJSC Sudostroitelny bank	11.00	233	9.75	236
JSC Gazprombank	6.75	231	6.75	233
JSCB Rosbank	6.90-7.40	219	6.90-7.40	224
JSC Tatfond	11.25	141	-	-
JSC Kaspi Bank	8.50	135	-	-
JSC AIKB Tatfondbank	8.75	127	8.75	261
OJSC Vneshekonombank	6.90	123	6.90	122
JSC Kedr Bank	9.25	112	-	-
JSC ATF Bank	8.50	50	8.50	51
JSC Kazakhstan mortgage company	5.10-5.60	11	9.20-9.70	13
OJSC Sberbank of Russia	-	-	5.72	1,000
ATF Capital B.V.	-	-	9.00-9.25	923
OJSC AK Transneft	-	-	8.75	<u>798</u>
<b>Total debt securities</b>		<b><u>12,469</u></b>		<b><u>12,201</u></b>

\*As at 30 June 2012 and 31 December 2011 yield on debt securities of JSC KazMunayGas EP amounted to 6.88%

	30 June 2012 (unaudited) Fair value	31 December 2011 Fair value
<b>Equity securities*:</b>		
JSC Kazakhtelekom	78	288
JSC KazmunaiGaz EP	26	8
JSC Halyk Bank	7	7
Other	8	10
<b>Total shares</b>	<u>119</u>	<u>313</u>

\*Ownership interest in equity securities is less than 1%.

Derivative financial instruments:	Nominal amount	30 June 2012 (unaudited) Net fair value		31 December 2011 Net fair value	
		Asset	Liability	Asset	Liability
<b>Foreign currency contracts</b>					
Swaps	20,792	3,448	-	17,509	3,673
Embedded derivatives	961	99	-	961	144
Forwards	374	24	-	-	-
<b>Total derivative financial instruments</b>		<u>3,571</u>	<u>-</u>	<u>3,817</u>	<u>4</u>

The derivatives are not designated in hedging relationships.

## 16. INVESTMENTS AVAILABLE-FOR-SALE

	30 June 2012 (unaudited)	31 December 2011
Debt securities	74,969	86,156
Equity securities	213	213
<b>Total investments available-for-sale</b>	<u>75,182</u>	<u>86,369</u>

	30 June 2012 (unaudited)		31 December 2011	
	Nominal interest rate %	Fair value	Nominal interest rate %	Fair value
<b>Debt securities:</b>				
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	2.25-8.75	34,128	8.75	35,022
NBRK notes*	-	32,892	-	47,834
RSHB Capital S.A.	9.00	1,654	-	-
JSC Food Contract Corporation	7.50	1,490	7.50	502
JSC KazMunaiGaz EP**	-	1,087	-	1,103
JSC Kazkommertsbank	8.90-9.40	865	9.50-10.40	898
Subsidiary Organization JSC VTB Bank (Kazakhstan)	7.00	791	7.00	796
JSC Development Bank of Kazakhstan	7.38	791	-	-
JSC Bank VTB Capital S.A.	6.00	768	-	-
JSC Halyk Bank	7.75	502	-	-
JSC RT Holding	7.30	1	9.90	1
		<u>74,969</u>		<u>86,156</u>

\* - As at 30 June 2012 and 31 December 2011, the yield on Notes of NBRK amounted to 1.59% and 1.47%, respectively.

\*\* - As at 30 June 2012 and 31 December 2011 yield on debt securities of JSC KazMunaiGaz EP amounted to 6.88%.

	30 June 2012 (unaudited)		31 December 2011	
	Ownership interest %	Fair value	Ownership interest %	Fair value
<b>Equity securities:</b>				
JSC Kazakhstan Stock Exchange	3.06	101	3.06	101
JSC Pension Fund Atarneken	2.00	66	2.00	66
LLP First Credit Bureau	18.40	37	18.40	37
Other	-	9	-	9
		<u>213</u>		<u>213</u>
<b>Total investments available-for-sale</b>		<u>75,182</u>		<u>86,369</u>

## 17. INVESTMENTS HELD-TO-MATURITY

	30 June 2012 (unaudited)		31 December 2011	
	Nominal interest rate %	Amount	Nominal interest rate %	Amount
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	4.30-8.75	14,386	4.30-8.75	15,788
JSC Food Contract Corporation	8.00-10.50	2,069	8.00-10.50	2,110
JSC Kazakhstan Mortgage Company	4.61-9.70	1,522	7.50-9.70	1,620
JSC Bank VTB Capital S.A.	6.61	1,073	-	-
JSC NWF Samruk Kazyna	5.89-6.50	389	5.89-6.50	389
JSC JP Morgan Chase Bank	4.03	300	5.26	302
JSC Halyk Bank	7.50-13.00	300	7.50-13.00	301
JSC Gazprom	9.63	161	-	-
JSC Agricultural Credit Corporation	7.90	152	8.90	151
JSC Astana Finance	7.50-10.80	106	7.50-10.80	106
JSC Kazkommertsbank	10.40	58	10.40	59
JSC BTA Mortgage	8.50	31	8.50	31
JSC ATF Bank	8.80	27	8.80	27
Bonds of Ministry of Finance of Russian Federation	-	21	-	-
		<u>20,595</u>		<u>20,884</u>
Less: allowance for impairment losses		<u>(106)</u>		<u>(106)</u>
<b>Total investments held-to-maturity</b>		<u>20,489</u>		<u>20,778</u>

Movement in allowances for impairment losses on investments held-to-maturity for the six months ended 30 June 2012 and 2011 is disclosed in Note 6.



## 18. LOANS TO CUSTOMERS AND BANKS

	30 June 2012 (unaudited)	31 December 2011
Originated loans to customers	835,540	811,406
Net investment in finance lease	6,189	6,393
Accrued interest	<u>56,516</u>	<u>62,236</u>
	898,245	880,035
Less: allowance for impairment losses	<u>(130,206)</u>	<u>(124,536)</u>
<b>Total loans to customers</b>	<u>768,039</u>	<u>755,499</u>
Originated loans to banks	5,696	4,978
Accrued interest	<u>8</u>	<u>7</u>
	5,704	4,985
Less: allowance for impairment losses	<u>-</u>	<u>-</u>
<b>Total loans to banks</b>	<u>5,704</u>	<u>4,985</u>
<b>Loans under reverse repurchase agreements</b>	<u>7,000</u>	<u>4,322</u>
<b>Total loans to customers and banks</b>	<u>780,743</u>	<u>764,806</u>

Movement in allowances for impairment losses on loans to customers and banks for the six months ended 30 June 2012 and 2011 is disclosed in Note 6.

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

	30 June 2012 (unaudited)	31 December 2011
Loans collateralized by real estate	588,605	589,718
Loans collateralized by equipment	124,442	122,648
Loans collateralized by inventories	119,024	117,855
Loans collateralized by other assets	23,601	15,538
Loans collateralized by corporate guarantees	20,196	15,569
Loans collateralized by cash	9,336	8,478
Unsecured loans	<u>13,041</u>	<u>10,229</u>
	898,245	880,035
Less: allowance for impairment losses	<u>(130,206)</u>	<u>(124,536)</u>
<b>Total loans to customers</b>	<u>768,039</u>	<u>755,499</u>

	30 June 2012 (unaudited)	31 December 2011
<b>Analysis by sector:</b>		
Individuals	312,614	305,705
Trading	174,118	178,671
Manufacturing	54,179	57,434
Industrial construction	66,364	54,083
Residential construction	48,472	48,174
Food industry	47,235	47,885
Rent of real estate	44,163	40,232
Agriculture	31,631	37,608
Transportation and equipment maintenance	27,903	27,138
Oil and gas	21,007	20,794
Telecommunications and transport	11,346	12,658
Energy	8,965	8,120
Mass media	5,426	5,726
Other	44,822	35,807
	<u>898,245</u>	<u>880,035</u>
Less: allowance for impairment losses	<u>(130,206)</u>	<u>(124,536)</u>
<b>Total loans to customers</b>	<u><u>768,039</u></u>	<u><u>755,499</u></u>

Loans to individuals comprise the following products:

	30 June 2012 (unaudited)	31 December 2011
Mortgage loans	160,691	154,732
Consumer loans	93,438	88,671
Business development	54,430	58,088
Car loans	4,055	4,214
	<u>312,614</u>	<u>305,705</u>
Less: allowance for impairment losses	<u>(10,175)</u>	<u>(12,090)</u>
<b>Total loans to individuals</b>	<u><u>302,439</u></u>	<u><u>293,615</u></u>

As at 30 June 2012 and 31 December 2011, the Group provided loans to 13 and 16 borrowers totaling KZT 203,015 million and KZT 234,501 million, which individually and in aggregate exceeded 10% of the Group's equity, respectively.

As at 30 June 2012 and 31 December 2011, a significant amount of loans (95% and 96% of total portfolio, respectively) is granted to companies operating in the Republic of Kazakhstan, which represents a significant geographical concentration in one region.

As at 30 June 2012 and 31 December 2011, loans to customers included loans totaling KZT 109,293 million and KZT 111,449 million, respectively, with terms renegotiated. Otherwise these loans would be past due or impaired.

	30 June 2012 (unaudited)		31 December 2011			
	Carrying value before allowance	Allowance for impairment losses	Carrying value	Carrying value before allowance	Allowance for impairment losses	Carrying value
Loans to customers individually determined to be impaired	287,091	(110,963)	176,128	275,495	(104,525)	170,970
Loans to customers collectively determined to be impaired	173,699	(19,243)	154,456	147,185	(20,011)	127,174
Unimpaired loans	437,455	-	437,455	457,355	-	457,355
<b>Total</b>	<b>898,245</b>	<b>(130,206)</b>	<b>768,039</b>	<b>880,035</b>	<b>(124,536)</b>	<b>755,499</b>

As at 30 June 2012 and 31 December 2011, the Group entered as a lessor into finance leasing agreements. The interest rate inherent in leases is fixed at the contract date for all of the lease terms.

The components of net investment in finance lease as at 30 June 2012 and 31 December 2011 are presented as follows:

	30 June 2012 (unaudited)	31 December 2011
Not later than one year	2,054	1,976
From one year to five years	2,361	2,535
More than five years	7,137	7,468
Minimum lease payments	11,552	11,979
Less: unearned finance income	(5,363)	(5,586)
Net investment in finance lease	6,189	6,393
Current portion	1,540	1,483
Long-term portion	4,649	4,910
<b>Net investment in finance lease</b>	<b>6,189</b>	<b>6,393</b>

Fair values of assets pledged and carrying value of loans under reverse repurchase agreements as at 30 June 2012 and 31 December 2011 are presented as follows:

	30 June 2012 (unaudited)		31 December 2011	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
Bonds of the Ministry of Finance of the Republic of Kazakhstan	7,000	7,623	822	904
NBRK notes	-	-	3,500	3,684
<b>Total</b>	<b>7,000</b>	<b>7,623</b>	<b>4,322</b>	<b>4,588</b>

## 19. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	Annual interest rates (%)		30 June 2012 (unaudited)	31 December 2011
	Min.	Max.		
Long-term loans due to banks and financial institutions	1.32	8.00	29,789	33,054
Subordinated loan	LIBOR +4.50	LIBOR +6.50	22,413	22,260
Loans due to international credit organizations	4.48	8.40	17,006	24,630
Perpetual debt	9.13	9.13	12,080	13,357
Short-term loans to banks and financial institutions	0.10	5.60	5,380	10,958
Loans due to Government of the Republic of Kazakhstan and NBRK	5.00	6.50	315	345
Correspondent accounts of banks	-	-	256	328
Accrued interest			1,078	1,124
			<u>88,317</u>	<u>106,056</u>
Loans under repurchase agreements			<u>39,088</u>	<u>120</u>
<b>Total due to banks and financial institutions</b>			<u><u>127,405</u></u>	<u><u>106,176</u></u>

The Perpetual debt was issued by the Group with an option to repay in 2016 at face value.

Interest on loans to banks is repayable either quarterly, semiannually or at the end of the term, depending on the agreed repayment schedule. Interest on the subordinated loan is repayable semiannually, and principal is repayable at the end of the term.

In the event of bankruptcy or liquidation of the Group, repayment of all subordinated debt is subordinate to the repayments of the Group's liabilities to all other creditors.

The Group is obligated to comply with financial covenants in relation to due to banks and subordinated debt. These covenants include stipulated ratios, debt to equity ratios and various other financial performance ratios. The Group has not breached any of these covenants during the period of the six months ended 30 June 2012 and year ended 31 December 2011.

As at 30 June 2012, the Group had long-term loans received from JSC Entrepreneurship Development Fund DAMU and Eurasian Development Bank that individually and in aggregate exceeded 10% of the Group's equity. As at 31 December 2011, the Group had long-term loans received from Eurasian Development Bank, European Bank for Reconstruction and Development and JSC Entrepreneurship Development Fund DAMU that individually and in aggregate exceeded 10% of the Group's equity.

Fair value of assets pledged and carrying value of loans under repurchase agreements as at 30 June 2012 and 31 December 2011 are presented as follows:

	30 June 2012 (unaudited)		31 December 2011	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
NBRK notes	29,713	31,275	-	-
Ministry of Finance of the Republic of Kazakhstan bonds	9,375	10,549	120	175
<b>Total</b>	<u><u>39,088</u></u>	<u><u>41,824</u></u>	<u><u>120</u></u>	<u><u>175</u></u>

## 20. CUSTOMER AND BANKS ACCOUNTS

	30 June 2012 (unaudited)	31 December 2011
<b>Recorded at amortized cost:</b>		
Customer accounts	718,170	711,526
Banks accounts	11,605	11,605
	<u>729,775</u>	<u>723,131</u>
Accrued interest	4,022	4,203
	<u>733,797</u>	<u>727,334</u>
<b>Total customer and banks accounts</b>		
	30 June 2012 (unaudited)	31 December 2011
Time deposits	486,237	461,757
Demand deposits	231,933	249,769
	<u>718,170</u>	<u>711,526</u>
Accrued interest	3,492	4,001
	<u>721,662</u>	<u>715,527</u>
<b>Total customer accounts</b>		

As at 30 June 2012 and 31 December 2011, customer accounts totaling KZT 8,751 million and KZT 28,504 million, respectively, were due to one and two customers. This represents a significant concentration.

	30 June 2012 (unaudited)	31 December 2011
<b>Analysis by sector:</b>		
Individuals	365,487	373,018
Social services	115,615	118,968
Real estate construction	53,295	51,850
Insurance	38,916	11,664
Trade	36,154	23,092
Fuel	24,298	32,345
Transportation and communication	16,274	11,657
Agriculture	11,198	23,434
Research and engineering	10,366	10,394
Metallurgy	9,277	18,072
Manufacturing	8,828	16,259
Other	31,954	24,774
	<u>721,662</u>	<u>715,527</u>
<b>Total customer accounts</b>		

Banks accounts as at 30 June 2012 and 31 December 2011 comprised the following:

	30 June 2012 (unaudited)	31 December 2011
Time deposits	11,600	11,600
Demand deposits	5	5
	<u>11,605</u>	<u>11,605</u>
Accrued interest	530	202
	<u>12,135</u>	<u>11,807</u>
<b>Total banks accounts</b>		

## 21. DEBT SECURITIES ISSUED

	CCY	Issue date dd/mm/yy	Maturity date dd/mm/yy	Annual coupon rate %	30 June 2012 (unaudited)	31 December 2011
International bonds	USD	31/12/2007- 22/05/2011	07/05/2013- 30/01/2014	8.63-12.50	67,113	94,135
Kazakhstani bonds	KZT	29/12/2004- 27/12/2005	29/12/2014- 27/12/2015	5.60-6.90	7,019	11,788
International bonds	JPY	19/11/2007 20/11/2009 -	19/11/2017 27/09/2012-	6.24	10,905	11,043
Bonds issued in Russian Federation	RUR	27/06/2012 10/09/2010 -	07/04/2013 30/07/2012-	13.00	194	581
Bonds issued in Russian Federation	USD	27/06/2012	30/05/2013	2.25-8.50	535	675
					85,766	118,222
Accrued interest					2,323	3,343
<b>Total debt securities issued</b>					<b>88,089</b>	<b>121,565</b>

Interest on debt securities issued is repayable semiannually.

During the six months ended 30 June 2012, the Bank repurchased Eurobonds with par value of KZT 27,606 million and incurred a loss on early redemption of debt amounted to KZT 1,318 million.

The Group is obligated to comply with financial covenants in relation to debt securities issued. These covenants include stipulated ratios, debt to equity ratios and various other financial performance ratios. The Group has not breached any of these covenants during the period of the six months ended 30 June 2012 and year ended 31 December 2011.

## 22. SHARE CAPITAL

As at 30 June 2012, the Bank's share capital comprised the following:

	Authorized share capital	Share capital authorized and not issued	Repurchased share capital	Total share capital
Ordinary shares	260,750,745	(98,293,945)	(891,885)	161,564,915
Preference shares	39,249,255	-	-	39,249,255

As at 31 December 2011 the Bank's share capital comprised the following:

	Authorized share capital	Share capital authorized and not issued	Repurchased share capital	Total share capital
Ordinary shares	260,750,745	(98,293,945)	(231,630)	162,225,170
Preference shares	39,249,255	-	-	39,249,255

All ordinary shares are ranked equally, carry one vote, and have no par value.

As at 30 June 2012 and 31 December 2011, ordinary shares amounted to KZT 186 million and KZT 45 million, respectively, were repurchased.

According to Kazakhstan's Law on Joint Stock Companies dividends are payable on ordinary shares in the form of money or securities of the Bank on condition that the decision was made at the annual meeting of shareholders of the Bank. In accordance with Regulation of the Group dividend payments are made on the basis of financial results for the year.

Preference shares have no voting rights and are not redeemable. Preference shares have a right to receive dividends prior to common stockholders. Conversion of preferred shares is performed based on the decision of the Board of Directors. Preference shares would receive dividends in amount of KZT 0.01 per share.

	<b>Six months ended 30 June 2012 (unaudited) Quantity</b>	<b>Year ended 31 December 2011 Quantity</b>
<b>Preference shares, beginning of the period</b>	39,249,255	39,249,255
Preference shares issued	-	-
<b>Preference shares, end of the period</b>	<u>39,249,255</u>	<u>39,249,255</u>
<b>Common shares, beginning of the period</b>	162,225,170	162,437,982
Treasury shares purchased	(821,310)	(327,857)
Treasury shares sold	<u>161,055</u>	<u>115,045</u>
<b>Common shares, end of the period</b>	<u>161,564,915</u>	<u>162,225,170</u>

### 23. FINANCIAL COMMITMENTS AND CONTINGENCIES

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

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

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

As at 30 June 2012 and 31 December 2011, the nominal or contract amounts and risk-weighted amounts were:

	<b>30 June 2012 (unaudited)</b>		<b>31 December 2011</b>	
	<b>Nominal amount</b>	<b>Risk weighted amount</b>	<b>Nominal amount</b>	<b>Risk weighted amount</b>
<b>Contingent liabilities and credit commitments:</b>				
Guarantees issued and similar commitments	86,736	86,736	72,584	72,584
Letters of credit and other transaction related contingent obligations	<u>7,083</u>	<u>1,417</u>	<u>4,070</u>	<u>814</u>
<b>Total contingent liabilities and credit commitments</b>	<u>93,819</u>	<u>88,153</u>	<u>76,654</u>	<u>73,398</u>

The table below summarizes the amounts of guarantees and similar commitments secured by type of collateral, rather than the fair value of the collateral itself:

	30 June 2012 (unaudited)	31 December 2011
Cash deposits	22,868	15,131
Corporate guarantees	15,522	16,510
Real estate	11,734	13,024
Movables	11,344	921
Land	1,367	1,228
Goods in turnover	1,367	548
Unsecured guarantees	<u>22,534</u>	<u>25,222</u>
Total	<u>86,736</u>	<u>72,584</u>

The table below summarizes the amounts of letters of credit and other transactions related to contingent obligations secured by type of collateral, rather than the fair value of the collateral itself:

	30 June 2012 (unaudited)	31 December 2011
Cash deposits	5,203	1,993
Real estate	962	1,156
Goods in turnover	872	854
Movables	<u>46</u>	<u>67</u>
Total	<u>7,083</u>	<u>4,070</u>

Extension of loans to customers within credit line limits is approved by the Group on a case-by-case basis and is dependent on borrowers' financial performance, debt service and other conditions.

### Capital commitments

As at 30 June 2012 and 31 December 2011, the Group had no material commitments for capital expenditures outstanding.

### Rental commitments

As at 30 June 2012 and 31 December 2011, there were no material rental commitments outstanding.

### Fiduciary activities

In the normal course of its business, the Group enters into agreements with limited right of decision making with clients for management of their assets in accordance with specific criteria established by the client. The Group may be liable for losses or actions aimed at appropriation of the clients' funds if such funds or securities are not returned to the client. The balance of the clients' funds under the management of the Group as at 30 June 2012 and 31 December 2011, including assets under trusteeship as at 30 June 2012 and 31 December 2011 are KZT 219,706 million and KZT 219,690 million, respectively.

Managed assets are not included in the condensed interim consolidated statement of financial position of the Group, as these assets are not assets of the Group. The face value of the securities presented below differs from the market value of the indicated securities.

As at 30 June 2012 and 31 December 2011, assets of pension funds under management comprise KZT 77,605 million and KZT 75,484 million, respectively.

The Group also provides depository services to its customers. As at 30 June 2012 and 31 December 2011, the Group had customer securities totaling KZT 5,358 million and KZT 20,531 million, respectively, in its nominal holder accounts.



## **Legal proceedings**

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material losses will be incurred and respectively no provision has been made in this condensed interim consolidated financial information.

## **Taxation**

Commercial legislation of the Republic of Kazakhstan and countries where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the condensed interim consolidated financial statements.

## **Pensions and retirement plans**

Employees of the Group receive pension benefits from pension funds in accordance with the laws and regulations of the Republic of Kazakhstan and Russian Federation. As at 30 June 2012 and 31 December 2011, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

## **Operating environment**

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Kazakhstan and the Kazakhstani economy in general.

Laws and regulations affecting businesses in Kazakhstan continue to change rapidly. Tax, currency and customs legislation within Kazakhstan are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Kazakhstan. The future economic direction of Kazakhstan is heavily influenced by the economic, fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. Additionally there is increased uncertainty about the creditworthiness of some sovereign states in the Eurozone and financial institutions with exposure to the sovereign debt of such states. These conditions could slow or disrupt the Kazakhstani economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, results of operations, financial condition and prospects.

Because Kazakhstan produces and exports large volumes of oil and gas, Kazakhstani economy is particularly sensitive to the price of oil and gas on the world market which has fluctuated significantly during the periods ended 30 June 2012 and 31 December 2011.

The Group's Banking counterparties have neither changed their terms of co-operation nor decreased their limits in a manner, which would negatively affect the Group.

## 24. TRANSACTIONS WITH RELATED PARTIES

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

	30 June 2012 (unaudited)		31 December 2011	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
<b>Loans to customers and banks</b>	492	910,949	687	889,342
- other related parties	492		687	
<b>Provision for impairment losses on loans to customers and banks</b>	(4)	(130,206)	(93)	(124,536)
- other related parties	(4)		(93)	
<b>Due to banks and financial institutions</b>	14,966	127,405	16,070	106,176
- shareholder of the entity	14,966		16,070	
<b>Customer and banks accounts</b>	21,546	733,797	23,830	727,334
- key management personnel of the entity or its parent	12,526		17,694	
- other related parties	9,020		6,136	
<b>Guarantees issued and similar commitment</b>	1	86,736	1	72,584
- key management personnel of the entity or its parent	1		1	

Secured and unsecured loans and guarantees are made to key management personnel of the entity and shareholders in the ordinary course of business. These loans are made on substantially the same terms, including interest rates, as for comparable transactions with persons of a similar standing or, where applicable, with other employees. The transactions did not involve more than the normal risk of repayment or present other unfavorable features.

Amounts deposited by the parent and other related parties earn interest at the same rates as those offered to the market or on the same terms and conditions applicable to other employees within the Group.

Included in the condensed interim consolidated income statement for the six months ended 30 June 2012 and 2011 are the following amounts which arose due to transactions with related parties:

	Six months ended 30 June 2012 (unaudited)		Six months ended 30 June 2011 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
<b>Interest income</b>	36	38,525	225	43,576
- key management personnel of the entity or its parent	36		209	
- other related parties	-		16	
<b>Interest expense</b>	(901)	(27,918)	(2,898)	(32,146)
- key management personnel of the entity or its parent	(554)		(2,094)	
- other related parties	(347)		(804)	
<b>Operating expenses</b>	(95)	(13,064)	(107)	(12,250)
- key management personnel of the entity or its parent	(95)		(107)	

	Three months ended 30 June 2012 (unaudited)		Three months ended 30 June 2011 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
<b>Interest income</b>	21	17,985	4	23,212
- other related parties	21		3	
- key management personnel of the entity or its parent	-		1	
<b>Interest expense</b>	(537)	(13,592)	(986)	(15,532)
- key management personnel of the entity or its parent	(270)		(605)	
- other related parties	(267)		(381)	
<b>Operating expenses</b>	(47)	(6,388)	(69)	(6,248)
- key management personnel of the entity or its parent	(47)		(69)	

Key management personnel compensation for the six months ended 30 June 2012 and 2011 is presented by short-term employee benefits.

## 25. SEGMENT REPORTING

The segment information below is presented on the basis used by the Group's chief operating decision maker to evaluate performance, in accordance with IFRS 8 and in accordance with the segment reporting presented in the consolidated financial statements for the year ended 31 December 2011.

Segment information about these businesses is presented below:

	Retail banking	Corporate banking	Investment banking	Six months ended 30 June 2012* (unaudited)
Interest income	16,700	17,459	4,615	38,774
Interest expense	(13,594)	(14,371)	(202)	(28,167)
Recovery of provision/(provision) for impairment losses on interest bearing assets	3,267	(8,599)	-	(5,332)
Net gain on financial assets and liabilities at fair value through profit or loss	-	-	68	68
Net loss on early redemption of debt	-	-	(1,318)	(1,318)
Net gain on foreign exchange operations	769	1,153	-	1,922
Fee and commission income	1,876	7,776	98	9,750
Fee and commission expense	-	(670)	(380)	(1,050)
Other expense	-	(110)	-	(110)
Provision for impairment losses on other transactions	(99)	(285)	-	(384)
Total operating income	8,919	2,353	2,881	14,153
Operating expenses	(5,251)	(7,006)	(807)	(13,064)
<b>Operating profit/(loss) before income tax</b>	3,668	(4,653)	2,074	1,089
Income tax expense	(14)	(24)	(9)	(47)
<b>Net profit/(loss)</b>	3,654	(4,677)	2,065	1,042
Segment assets**	311,478	636,616	126,150	1,074,244
Segment liabilities	384,285	450,184	156,612	991,081
<b>Other segment items</b>				
Depreciation charge on property, equipment and intangible assets	-	(983)	(16)	(999)
Loans to customers and banks	311,131	469,612	-	780,743
Property, equipment and intangible assets	1,759	21,480	118	23,357
Customer and banks accounts	384,082	349,715	-	733,797
Capital expenditure	-	997	-	997

\*- In order to reconcile to the amounts presented in the condensed interim consolidated income statement, interest income, interest expense, fee and commission income and fee and commission expense include non-eliminated intercompany transactions in the amount of KZT 249 million, KZT (249) million, KZT 16 million and KZT (16) million, respectively.

\*\* - net of income tax assets

	Retail banking	Corporate banking	Investment banking	Six months ended 30 June 2011* (unaudited)
Interest income	14,899	27,556	2,615	45,070
Interest expense	(12,974)	(20,236)	(430)	(33,640)
Provision for impairment losses on interest bearing assets	(2,870)	(7,884)	-	(10,754)
Net gain on financial assets and liabilities at fair value through profit or loss	-	-	744	744
Net realized gain on disposal of investments available-for-sale	-	-	348	348
Net gain on foreign exchange operations	714	1,072	-	1,786
Fee and commission income	1,717	7,043	41	8,801
Fee and commission expense	-	(810)	(17)	(827)
Other expense	-	(12)	-	(12)
(Provision)/recovery of provision for impairment losses on other transactions	(67)	1,589	(12)	1,510
<b>Total operating income</b>	<b>1,419</b>	<b>8,318</b>	<b>3,289</b>	<b>13,026</b>
<b>Operating expenses</b>	<b>(4,745)</b>	<b>(6,852)</b>	<b>(653)</b>	<b>(12,250)</b>
<b>Operating (loss)/profit before income tax</b>	<b>(3,326)</b>	<b>1,466</b>	<b>2,636</b>	<b>776</b>
Income tax benefit	134	223	89	446
<b>Net (loss)/profit</b>	<b>(3,192)</b>	<b>1,689</b>	<b>2,725</b>	<b>1,222</b>
<b>Segment assets**</b>	<b>289,431</b>	<b>617,705</b>	<b>242,248</b>	<b>1,149,384</b>
<b>Segment liabilities</b>	<b>337,947</b>	<b>489,520</b>	<b>239,784</b>	<b>1,067,251</b>
<b>Other segment items</b>				
Depreciation charge on property, equipment and intangible assets	-	(830)	(15)	(845)
Loans to customers and banks	289,076	451,910	-	740,986
Property, equipment and intangible assets	5,564	17,844	105	23,513
Customer and banks accounts	337,407	413,423	-	750,830
Capital expenditure	-	2,985	-	2,985

\*- In order to reconcile to the amounts presented in the condensed interim consolidated income statement, interest income, interest expense, fee and commission income and fee and commission expense include non-eliminated intercompany transactions in the amount of KZT 1,494 million, KZT (1,494) million, KZT 15 million and KZT (15) million, respectively.

\*\*- net of income tax assets

### Geographical segments

	Kazakhstan	Other non-OECD countries	OECD countries	As at and for the six months ended 30 June 2012 (unaudited)
Interest income	36,807	1,718	-	38,525
Interest expense	(27,241)	(677)	-	(27,918)
Segment assets*	1,037,386	36,841	17	1,074,244
Segment liabilities	960,749	30,332	1	991,082
Contingent liabilities	93,819	-	-	93,819
Capital expenditures	972	25	-	997

\*- net of current and deferred income tax assets

	Kazakhstan	Other non-OECD countries	OECD countries	As at and for the six months ended 30 June 2011 (unaudited)
Interest income	41,329	943	1,304	43,576
Interest expense	(30,564)	(300)	(1,282)	(32,146)
Segment assets*	1,122,220	26,644	520	1,149,384
Segment liabilities	1,044,342	22,904	5	1,067,251
Contingent liabilities	57,423	-	-	57,423
Capital expenditures	2,245	740	-	2,985

\*- net of current income tax assets

Interest income, interest expenses, segment assets and segment liabilities, contingent liabilities and capital expenditure have generally been allocated based on domicile of the counterparty. Tangible assets (cash on hand, precious metals, premises and equipment) have been allocated based on the country in which they are physically held.

## 26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities that are not carried at fair value in the condensed interim consolidated statement of financial position compared with the corresponding carrying value is presented below:

	30 June 2012 (unaudited)		31 December 2011	
	Carrying value	Fair value	Carrying value	Fair value
Loans to customers and banks	780,743	754,962	764,806	720,256
Investments held-to-maturity	20,489	18,957	20,778	19,924
Due to banks and financial institutions	127,405	128,637	106,176	103,645
Customer and banks accounts	733,797	685,180	727,334	693,312
Debt securities issued	88,089	88,365	121,565	118,268
Subordinated bonds	33,267	31,083	33,392	35,117

The carrying amount of cash and cash equivalents, due from banks, other financial assets and other financial liabilities approximates fair value due to short-term nature of such financial assets.

Financial instruments at fair value are broken down for disclosure purposes into a three level fair value hierarchy based on the observability of inputs as follows:

	30 June 2012 (unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	12,588	3,571	-	16,159
Investments available-for-sale	74,969	-	213	75,182
	31 December 2011			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	12,514	3,817	-	16,331
Investments available-for-sale	86,156	-	213	86,369
Financial liabilities at fair value through profit or loss	-	4	-	4

Equity securities are held at cost, less impairment losses. It is not practicable to determine the fair value of such securities in accordance with the Group's accounting policy.

## 27. REGULATORY MATTERS

The following table analyses the Group's regulatory capital resources for capital adequacy purposes:

Composition of regulatory capital	30 June 2012 (unaudited)	31 December 2011
<b>Tier 1</b>		
Share capital	69,656	69,797
Retained earnings and statutory reserves	16,854	15,886
Non-controlling interest	1,152	1,078
Total qualifying tier 1 capital	<u>87,662</u>	<u>86,761</u>
<b>Tier 2</b>		
Subordinated debt	43,831	43,381
Perpetual debt	12,438	13,752
Other reserves	259	47
Total qualifying tier 2 capital	<u>56,528</u>	<u>57,180</u>
Total regulatory capital	<u>144,190</u>	<u>143,941</u>
Risk weighted assets	<u>881,818</u>	<u>850,035</u>
Tier 1 capital ratio	<u>9.94%</u>	<u>10.21%</u>
Total capital adequacy ratio	<u>16.35%</u>	<u>16.93%</u>

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

## 28. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the Group's banking business and is an essential element of the Group's operations. There have been no changes in risk management policies since year ended 31 December 2011.

### Geographical concentration

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

	Kazakhstan	Other non-OECD countries	OECD countries	30 June 2012 Total (unaudited)
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	78,640	12,729	54,886	146,255
Financial assets at fair value through profit or loss	6,626	5,987	3,546	16,159
Investments available-for-sale	72,760	2,422	-	75,182
Investments held-to-maturity	18,933	1,256	300	20,489
Due from banks	310	-	845	1,155
Loans to customers and banks	738,164	40,250	2,329	780,743
Other financial assets	1,372	125	-	1,497
<b>TOTAL FINANCIAL ASSETS</b>	<b>916,805</b>	<b>62,769</b>	<b>61,906</b>	<b>1,041,480</b>
<b>FINANCIAL LIABILITIES</b>				
Due to banks and financial institutions	85,128	6,855	35,422	127,405
Customer and banks accounts	723,086	10,711	-	733,797
Debt securities issued	87,347	742	-	88,089
Other financial liabilities	5,915	73	1	5,989
Subordinated bonds	33,267	-	-	33,267
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>934,743</b>	<b>18,381</b>	<b>35,423</b>	<b>988,547</b>
<b>NET POSITION</b>	<b>(17,938)</b>	<b>44,388</b>	<b>26,483</b>	
	Kazakhstan	Other non-OECD countries	OECD countries	31 December 2011 Total
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	46,712	3,792	98,267	148,771
Financial assets at fair value through profit or loss	6,494	6,020	3,817	16,331
Investments available-for-sale	86,369	-	-	86,369
Investments held-to-maturity	20,476	-	302	20,778
Due from banks	442	2,980	2,588	6,010
Loans to customers and banks	731,129	33,625	52	764,806
Other financial assets	1,814	99	-	1,913
<b>TOTAL FINANCIAL ASSETS</b>	<b>893,436</b>	<b>46,516</b>	<b>105,026</b>	<b>1,044,978</b>
<b>FINANCIAL LIABILITIES</b>				
Due to banks and financial institutions	45,719	2,470	57,987	106,176
Customer and banks accounts	715,065	12,269	-	727,334
Debt securities issued	120,259	1,306	-	121,565
Other financial liabilities	4,192	85	4	4,281
Subordinated bonds	33,392	-	-	33,392
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>918,627</b>	<b>16,130</b>	<b>57,991</b>	<b>992,748</b>
<b>NET POSITION</b>	<b>(25,191)</b>	<b>30,386</b>	<b>47,035</b>	

### Liquidity risk

The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the statement of financial position date to the contractual maturity date. 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 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	30 June 2012 (unaudited) Total
<b>Financial assets</b>								
Cash and cash equivalents	0.36%	34,895	7,484	-	-	-	-	42,379
Financial assets at fair value through profit or loss	2.08%	22	551	191	6,559	5,146	-	12,469
Investments available-for-sale	3.25%	67,020	25	535	4,817	2,572	-	74,969
Investments held-to-maturity	6.69%	12	680	6,073	12,453	1,271	-	20,489
Due from banks	3.23%	1,155	-	-	-	-	-	1,155
Loans to customers and banks	8.83%	119,138	48,856	167,995	272,766	171,988	-	780,743
Total interest bearing financial assets		222,242	57,596	174,794	296,595	180,977	-	932,204
Cash and cash equivalents		103,876	-	-	-	-	-	103,876
Financial assets at fair value through profit or loss		-	-	-	-	3,547	143	3,690
Investments available-for-sale		-	-	-	-	-	213	213
Other financial assets		1,497	-	-	-	-	-	1,497
<b>Total financial assets</b>		<b>327,615</b>	<b>57,596</b>	<b>174,794</b>	<b>296,595</b>	<b>184,524</b>	<b>356</b>	<b>1,041,480</b>
<b>Financial liabilities</b>								
Due to banks and financial institutions	4.86%	50,774	998	21,260	41,673	12,700	-	127,405
Customer and banks accounts	5.59%	49,086	28,984	270,465	157,482	4,344	-	510,361
Debt securities issued	8.92%	2,012	294	14,820	60,057	10,906	-	88,089
Subordinated bonds	7.30%	-	59	216	18,756	14,236	-	33,267
Total interest bearing financial liabilities		101,872	30,335	306,761	277,968	42,186	-	759,122
Customer and banks accounts		223,436	-	-	-	-	-	223,436
Other financial liabilities		5,989	-	-	-	-	-	5,989
Contingent liabilities		14,466	8,340	40,440	30,528	41	4	93,819
<b>Total financial liabilities and commitments</b>		<b>345,763</b>	<b>38,675</b>	<b>347,201</b>	<b>308,496</b>	<b>42,227</b>	<b>4</b>	<b>1,082,366</b>
Liquidity gap		(18,148)	18,921	(172,407)	(11,901)	142,297	352	-
Interest sensitivity gap		120,370	27,261	(131,967)	18,627	138,791	-	-
<b>Cumulative interest sensitivity gap</b>		<b>120,370</b>	<b>147,631</b>	<b>15,664</b>	<b>34,291</b>	<b>173,082</b>	<b>173,082</b>	<b>173,082</b>
<b>Cumulative interest sensitivity gap as a percentage of total financial assets</b>		<b>11.56%</b>	<b>14.18%</b>	<b>1.50%</b>	<b>3.29%</b>	<b>16.62%</b>	<b>16.62%</b>	<b>16.62%</b>

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2011 Total
<b>Financial assets</b>								
Cash and cash equivalents	0.46%	60,166	19,312	-	-	-	-	79,478
Financial assets at fair value through profit or loss	6.19%	1,163	41	5,748	4,115	5,236	-	16,303
Investments available-for-sale	2.79%	77,203	63	90	8,800	-	-	86,156
Investments held-to-maturity	7.62%	12,410	167	557	5,634	2,010	-	20,778
Due from banks	0.10%	3,028	2,980	2	-	-	-	6,010
Loans to customers and banks	9.23%	103,267	50,034	144,671	363,009	103,825	-	764,806
<b>Total interest bearing financial assets</b>		<b>257,237</b>	<b>72,597</b>	<b>151,068</b>	<b>381,558</b>	<b>111,071</b>	<b>-</b>	<b>973,531</b>
Cash and cash equivalents		69,293	-	-	-	-	-	69,293
Financial assets at fair value through profit or loss		28	-	-	-	-	-	28
Investments available-for-sale		213	-	-	-	-	-	213
Other financial assets		1,913	-	-	-	-	-	1,913
<b>Total financial assets</b>		<b>328,684</b>	<b>72,597</b>	<b>151,068</b>	<b>381,558</b>	<b>111,071</b>	<b>-</b>	<b>1,044,978</b>
<b>Financial liabilities</b>								
Due to banks and financial institutions	6.75%	5,014	696	17,185	64,332	18,410	-	105,637
Customer and banks accounts	7.24%	48,959	30,793	183,108	217,022	4,345	-	484,227
Debt securities issued	9.24%	9	674	5,633	104,206	11,043	-	121,565
Subordinated bonds	8.38%	422	24	-	15,842	17,104	-	33,392
<b>Total interest bearing financial liabilities</b>		<b>54,404</b>	<b>32,187</b>	<b>205,926</b>	<b>401,402</b>	<b>50,902</b>	<b>-</b>	<b>744,821</b>
Due to banks and financial institutions		539	-	-	-	-	-	539
Customer and banks accounts		243,107	-	-	-	-	-	243,107
Other financial liabilities		4,281	-	-	-	-	-	4,281
Contingent liabilities		9,716	7,650	15,717	43,541	26	4	76,654
<b>Total financial liabilities and commitments</b>		<b>312,047</b>	<b>39,837</b>	<b>221,643</b>	<b>444,943</b>	<b>50,928</b>	<b>4</b>	<b>1,069,402</b>
Liquidity gap		16,637	32,760	(70,575)	(63,385)	60,143	(4)	-
Interest sensitivity gap		202,833	40,410	(54,858)	(19,844)	60,169	-	-
<b>Cumulative interest sensitivity gap</b>		<b>202,833</b>	<b>243,243</b>	<b>188,385</b>	<b>168,541</b>	<b>228,710</b>	<b>228,710</b>	<b>-</b>
<b>Cumulative interest sensitivity gap as a percentage of total financial assets</b>		<b>19.41%</b>	<b>23.28%</b>	<b>18.03%</b>	<b>16.13%</b>	<b>21.89%</b>	<b>21.89%</b>	<b>-</b>

Based on prior experience, the Group considers it highly unlikely that all customer accounts seek repayment on maturity. Historically the majority of such deposits are rolled over. Management is confident that the Group will be able to obtain required funds in order to replace attracted liabilities with duration up to twelve months. In particular, management believe that the continued support of its shareholders and access to borrowings from international financial institutions means that the Group would be able to obtain appropriate resources.

### Market risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Group is exposed. There have been no changes as to the way the Group measures risk or to the risk it is exposed for the six-months ended 30 June 2012.

### Interest rate risk

The majority of the Group's loan contracts and other financial assets and liabilities that bear interest are either variable or contain clauses enabling the interest rate to be changed at the option of the lender. The Group monitors its interest rate margin and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk.

### Currency risk

The Group's exposure to foreign currency exchange rate risk as at 30 June 2012 is presented in the tables below:

	KZT	USD 1 USD = 149.42 KZT	EUR 1 EUR = 187.90 KZT	JPY 1 JPY = 1.88 KZT	Other currency	30 June 2012 Total (unaudited)
<b>Financial assets</b>						
Cash and cash equivalents	26,589	100,797	15,532	66	3,271	146,255
Financial assets at fair value through profit or loss	5,523	5,974	1	-	4,661	16,159
Investments available-for-sale	67,172	8,010	-	-	-	75,182
Investments held-to-maturity	19,233	1,234	-	-	22	20,489
Due from banks	4	1,151	-	-	-	1,155
Loans to customers and banks	571,276	189,496	4,380	-	15,591	780,743
Other financial assets	618	735	137	4	3	1,497
<b>Total financial assets</b>	<b>690,415</b>	<b>307,397</b>	<b>20,050</b>	<b>70</b>	<b>23,548</b>	<b>1,041,480</b>
<b>Financial liabilities</b>						
Due to banks and financial institutions	69,214	53,007	875	-	4,309	127,405
Customer and banks accounts	531,195	167,584	25,350	85	9,583	733,797
Debt securities issued	7,137	69,771	-	10,987	194	88,089
Other financial liabilities	4,888	736	252	-	113	5,989
Subordinated bonds	33,267	-	-	-	-	33,267
<b>Total financial liabilities</b>	<b>645,701</b>	<b>291,098</b>	<b>26,477</b>	<b>11,072</b>	<b>14,199</b>	<b>988,547</b>
<b>OPEN POSITION</b>	<b>44,714</b>	<b>16,299</b>	<b>(6,427)</b>	<b>(11,002)</b>	<b>9,349</b>	

## Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented below and the following table presents further analysis of currency risk by types of derivative financial instruments and spot contracts as at 30 June 2012:

	KZT	USD 1 USD = 149.42 KZT	EUR 1 EUR = 187.90 KZT	JPY 1 JPY = 1.88 KZT	Other currency	30 June 2012 (unaudited)
Accounts receivable on spot and derivative contracts	-	-	-	11,280	-	11,280
Accounts payable on spot and derivative contracts	-	(7,831)	-	-	-	(7,831)
<b>NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION</b>	-	(7,831)	-	11,280	-	3,449
<b>TOTAL OPEN POSITION</b>	44,714	8,468	(6,427)	278	9,349	

The Group's exposure to foreign currency exchange rate risk as at 31 December 2011 is presented in the tables below:

	KZT	USD 1 USD = 148.40 KZT	EUR 1 EUR = 191.72 KZT	JPY 1 JPY = 1.91 KZT	Other currency	31 December 2011 Total
<b>Financial assets</b>						
Cash and cash equivalents	33,260	96,994	18,122	-	395	148,771
Financial assets at fair value through profit or loss	7,757	3,176	798	-	4,600	16,331
Investments available-for-sale	82,139	4,227	3	-	-	86,369
Investments held-to-maturity	20,778	-	-	-	-	20,778
Due from banks	15	4,069	1,926	-	-	6,010
Loans to customers and banks	505,318	240,309	4,436	-	14,743	764,806
Other financial assets	1,025	649	137	4	98	1,913
<b>Total financial assets</b>	650,292	349,424	25,422	4	19,836	1,044,978
<b>Financial liabilities</b>						
Due to banks and financial institutions	35,415	66,665	2,203	-	1,893	106,176
Customer and banks accounts	520,083	167,246	27,528	-	12,477	727,334
Debt securities issued	12,006	97,917	-	11,126	516	121,565
Other financial liabilities	2,000	1,947	196	-	138	4,281
Subordinated bonds	33,392	-	-	-	-	33,392
<b>Total financial liabilities</b>	602,896	333,775	29,927	11,126	15,024	992,748
<b>OPEN POSITION</b>	47,396	15,649	(4,505)	(11,122)	4,812	

### 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 by types of derivative financial instruments and spot contracts as at 31 December 2011:

	KZT	USD 1 USD = 148.40 KZT	EUR 1 EUR = 191.72 KZT	JPY 1 JPY = 1.91 KZT	Other currency	31 December 2011 Total
Accounts receivable on spot and derivative contracts	-	-	-	11,836	-	11,836
Accounts payable on spot and derivative contracts	-	(8,042)	-	-	-	(8,042)
<b>NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION</b>	<u>-</u>	<u>(8,042)</u>	<u>-</u>	<u>11,836</u>	<u>-</u>	<u>3,794</u>
<b>TOTAL OPEN POSITION</b>	<u>47,396</u>	<u>7,607</u>	<u>(4,505)</u>	<u>714</u>	<u>4,812</u>	

### 29. SUBSEQUENT EVENTS

On 20 July 2012 the Bank performed an early redemption of its debt securities in the amount of JPY 6,000 mln. As a result of that transaction the Bank incurred a net loss in the amount of KZT 340 mln.