

JSC Delta Bank

Unaudited Interim Condensed
Financial Statements
for the Nine-Month Period Ended
30 September 2011

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Independent Auditors' Report on review of Interim Condensed Financial Information

To the Board of Directors and Management Board of JSC Delta Bank

Introduction

We have reviewed the accompanying interim condensed statement of financial position of JSC Delta Bank as at 30 September 2011, and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the nine-month period then ended (the "interim condensed financial information"). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim condensed 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 interim condensed financial information as at 30 September 2011 and for the nine-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Other Matters

The corresponding figures for the nine-month period ended 30 September 2010 are unaudited and not reviewed.

As at 31 December 2009 the Bank estimated the impairment losses on its loans to customers stated at KZT 20,591,422 thousand in accordance with regulatory requirements. In accordance with International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"), these impairment losses should be measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Subsequently, as at 31 December 2010, these loans were recorded in accordance with IAS 39. The effects of this departure from International Financial Reporting Standards on impairment losses, taxation and profit for the period ended 30 September 2010 and on equity as at 31 December 2009 was not determined.

As at 31 December 2009 the Bank did not measure certain of its financial instruments at fair value through profit or loss stated at KZT 213,194 thousand at fair value. Subsequently, as at 31 December 2010, the Bank measured these financial instruments at fair value. Such investments should have been stated at fair value in accordance with International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement*. The effects of this departure from International Financial Reporting Standards on net loss on financial instruments at fair value through profit or loss, taxation and profit for the period ended 30 September 2010 and on equity as at 31 December 2009 was not determined.

KPMG



KPMG Audit LLC

23 November 2011

JSC Delta Bank
Unaudited Interim Condensed Statement of Comprehensive Income
for the Nine-Month period ended 30 September 2011


| | Note | Nine-month period ended 30 September 2011 Unaudited KZT'000 | Nine-month period ended 30 September 2010 Unaudited KZT'000 |
|---|------|--|--|
| Interest income | 4 | 5,888,651 | 3,014,891 |
| Interest expense | 4 | (2,245,460) | (1,001,261) |
| Net interest income | | 3,643,191 | 2,013,630 |
| Fee and commission income | | 520,901 | 532,558 |
| Fee and commission expense | | (42,571) | (30,291) |
| Net fee and commission income | | 478,330 | 502,267 |
| Net gain/(loss) on financial instruments at fair value through profit or loss | | 21,697 | (142,786) |
| Net foreign exchange gain | | 100,268 | 74,910 |
| Net gain/(loss) on available-for-sale financial assets | | 1,529 | (16,877) |
| Dividends received | | 2,632 | 4,502 |
| Other income | | 44,775 | 5,718 |
| | | 4,292,422 | 2,441,364 |
| Impairment losses | 5 | (1,685,999) | (1,234,510) |
| General administrative expenses | | (1,356,693) | (1,160,649) |
| Profit before taxes | | 1,249,730 | 46,205 |
| Income tax expense | 6 | (262,943) | (15,491) |
| Profit for the period | | 986,787 | 30,714 |
| Other comprehensive income | | | |
| Revaluation reserve for available-for-sale financial assets: | | | |
| - Net change in fair value | | 22,257 | 64,447 |
| - Net change in fair value transferred to profit or loss | | (1,529) | 16,877 |
| Other comprehensive income | | 20,728 | 81,324 |
| Total comprehensive income for the period | | 1,007,515 | 112,038 |

Earnings per share

15

| | | |
|------------------------------------|-----|---|
| Basic earnings per share, in KZT | 142 | 6 |
| Diluted earnings per share, in KZT | 142 | 6 |

The unaudited interim condensed financial statements were approved by the Bank's management on 23 November 2011 and were signed on its behalf by:


 Mr. Samzayev N.
 Chairman of the Board




 Ms. Kasanova M.
 Chief Accountant

The unaudited interim condensed statement of comprehensive income is to be read in conjunction with the notes to, and forming part of the unaudited interim condensed financial statements.

| | Note | 30 September 2011 Unaudited KZT'000 | 31 December 2010 KZT'000 |
|---|-------|--|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 7 | 5,990,135 | 1,029,122 |
| Placements with banks | | 1,018,531 | 557,637 |
| Financial instruments at fair value through profit or loss | | 184,411 | 188,161 |
| Available-for-sale financial assets | | | |
| - Held by the Bank | 8 | 5,061,333 | 4,223,201 |
| - Pledged under sale and repurchase agreements | 8 | 6,360,327 | 1,439,948 |
| Loans to customers | 9 | 39,826,287 | 41,156,399 |
| Held-to-maturity investments | | | |
| - Held by the Bank | | 904,912 | 1,085,299 |
| - Pledged under sale and repurchase agreements | | 1,478,316 | 1,597,917 |
| Property, equipment and intangible assets | | 535,356 | 558,518 |
| Other assets | | 202,708 | 61,138 |
| Total assets | | 61,562,316 | 51,897,340 |
| LIABILITIES | | | |
| Loans from other financial institutions | | 1,537,432 | 2,150,378 |
| Amounts payable under repurchase agreements | 10 | 7,333,276 | 2,846,066 |
| Current accounts and deposits from customers | 11 | 38,291,952 | 33,836,634 |
| Subordinated debt securities issued | 12 | 1,366,192 | 1,314,305 |
| Current tax liability | | 33,881 | 22,524 |
| Deferred tax liability | | 190,498 | 3,708 |
| Other liabilities | | 198,865 | 119,394 |
| Total liabilities | | 48,952,096 | 40,293,009 |
| EQUITY | | | |
| Share capital | | 10,971,471 | 10,973,097 |
| Reserve capital | | 312,848 | 264,832 |
| Revaluation reserve for property, equipment and intangible assets | | 118,246 | 119,776 |
| Revaluation reserve for available-for-sale financial assets | | 81,308 | 60,580 |
| Statutory reserve | 13 | 1,058,475 | - |
| Retained earnings | | 67,872 | 186,046 |
| Total equity | | 12,610,220 | 11,604,331 |
| Total liabilities and equity | | 61,562,316 | 51,897,340 |
| Book value per share, in KZT | 14 | 1,803 | 1,654 |
| Commitments and Contingencies | 17,18 | | |

The unaudited interim condensed statement of financial position is to be read in conjunction with the notes to, and forming part of the unaudited interim condensed financial statements.

| | Nine-month period ended 30 September 2011 Unaudited KZT'000 | Nine-month period ended 30 September 2010 Unaudited KZT'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Interest receipts | 5,681,067 | 3,089,957 |
| Interest payments | (2,294,352) | (711,032) |
| Fee and commission receipts | 518,552 | 543,897 |
| Fee and commission payments | (41,370) | (30,291) |
| Net receipts/(payments) from financial instruments at fair value through profit or loss | 21,697 | (142,786) |
| Net receipts from foreign exchange | 98,794 | (34,302) |
| Other income receipts | 47,407 | 2,153 |
| Other general administrative expense | (1,252,756) | (1,088,022) |
| (Increase)/decrease in operating assets | | |
| Minimum required reserve | (452,920) | (125,214) |
| Placements with banks | (7,974) | 81,127 |
| Financial instruments at fair value through profit or loss | 2,144 | 213,131 |
| Loans to customers | (138,440) | (9,357,509) |
| Other assets | (139,333) | (51,977) |
| Increase/(decrease) in operating liabilities | | |
| Loans from other financial institutions | (488,450) | 1,700,014 |
| Amounts payable under repurchase agreements | 4,484,001 | (2,876,011) |
| Current accounts and deposits from customers | 4,434,810 | 7,990,225 |
| Other liabilities | 55,746 | 3,483 |
| Cash used from/(in) operating activities before income tax paid | 10,528,623 | (793,157) |
| Income tax paid | (42,272) | (15,491) |
| Cash flows from/(used in) operating activities | 10,486,351 | (808,648) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of available-for-sale financial assets | (13,147,824) | (4,188,433) |
| Sales of available-for-sale financial assets | 1,190,346 | 600,544 |
| Redemption of available-for-sale financial assets | 6,231,441 | 278,718 |
| Purchases of held-to-maturity investments | - | (297,780) |
| Redemption of held-to-maturity investments | 281,626 | 1,364,244 |
| Purchases of property, plant and equipment and intangible assets | (86,447) | (40,181) |
| Sales of property, plant and equipment and intangible assets | 5,672 | 78,091 |
| Cash flows used in investing activities | (5,525,186) | (2,204,797) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayments of subordinated debt securities issued | - | (619,087) |
| Proceeds from issuance of share capital | - | 1,027,898 |
| Repurchase of share capital | (1,626) | (32,910) |
| Cash flows (used in)/from financing activities | (1,626) | 375,901 |
| Net increase/(decrease) in cash and cash equivalents | 4,959,539 | (2,637,544) |
| Effect of changes in exchange rates on cash and cash equivalents | 1,474 | 54,864 |
| Cash and cash equivalents as at the beginning of the period | 1,029,122 | 3,287,870 |
| Cash and cash equivalents as at the end of the period (Note 7) | 5,990,135 | 705,190 |

The unaudited interim condensed statement of cash flows is to be read in conjunction with the notes to, and forming part of the unaudited interim condensed financial statements.

| KZT'000 | Share capital | Reserve capital | Revaluation reserve for property, equipment and intangible assets | Revaluation reserve for available-for-sale financial assets | Statutory reserve | Retained earnings | Total |
|---|-------------------|-----------------|---|---|-------------------|-------------------|-------------------|
| Balance at 1 January 2011 | 10,973,097 | 264,832 | 119,776 | 60,580 | - | 186,046 | 11,604,331 |
| Profit for the period (unaudited) | - | - | - | - | - | 986,787 | 986,787 |
| Other comprehensive income | | | | | | | |
| Net change in fair value of available-for-sale assets (unaudited) | - | - | - | 22,257 | - | - | 22,257 |
| Net change in fair value of available-for-sale financial assets transferred to profit or loss (unaudited) | - | - | - | (1,529) | - | - | (1,529) |
| Transfer of revaluation reserve to retained earnings on usage of revalued property, equipment and intangible assets (unaudited) | - | - | (1,530) | - | - | 1,530 | - |
| Total other comprehensive income (unaudited) | - | - | (1,530) | 20,728 | - | 1,530 | 20,728 |
| Total comprehensive income/(loss) for the period (unaudited) | - | - | (1,530) | 20,728 | - | 988,317 | 1,007,515 |
| Treasury shares acquired (unaudited) | (1,626) | - | - | - | - | - | (1,626) |
| Transfer to reserve capital (unaudited) | - | 48,016 | - | - | - | (48,016) | - |
| Transfer to statutory reserve (unaudited) | - | - | - | - | 1,058,475 | (1,058,475) | - |
| Balance at 30 September 2011 (unaudited) | 10,971,471 | 312,848 | 118,246 | 81,308 | 1,058,475 | 67,872 | 12,610,220 |

The unaudited interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of the unaudited interim condensed financial statements.

JSC Delta Bank
Unaudited Interim Condensed Statement of Changes in Equity for the Nine-Month period ended 30 September 2011

| KZT'000 | Share capital | Reserve capital | Revaluation reserve for property, equipment and intangible assets | Revaluation reserve for available-for-sale financial assets | Retained earnings | Total |
|---|----------------------|------------------------|--|--|--------------------------|------------------|
| Balance at 1 January 2010 | 6,978,109 | 223,099 | 57,913 | (61,991) | 92,359 | 7,289,489 |
| Profit for the period (unaudited) | - | - | - | - | 30,714 | 30,714 |
| Other comprehensive income | | | | | | |
| Net change in fair value of available-for-sale financial assets (unaudited) | - | - | - | 64,447 | - | 64,447 |
| Net change in fair value of available-for-sale financial assets transferred to profit or loss (unaudited) | - | - | - | 16,877 | - | 16,877 |
| Total other comprehensive income (unaudited) | - | - | - | 81,324 | - | 81,324 |
| Total comprehensive income for the period (unaudited) | - | - | - | 81,324 | 30,714 | 112,038 |
| Shares issued (unaudited) | 994,988 | - | - | - | - | 994,988 |
| Transfers to reserve capital (unaudited) | - | 41,733 | - | - | (41,733) | - |
| Balance at 30 September 2010 (unaudited) | 7,973,097 | 264,832 | 57,913 | 19,333 | 81,340 | 8,396,515 |

The unaudited interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of the unaudited interim condensed financial statements.

1 Background

(a) Principal activities

JSC Delta Bank (“the Bank”) was incorporated in the Republic of Kazakhstan in 1993 as a closed joint stock company Neftebank. In February 2005 the Bank was reorganised into an open joint stock company. On moving its head office from Aktau to Almaty in May 2006, the Bank was re-registered. On 1 August 2007, the name of the Bank was changed to JSC Delta Bank and was re-registered at the Ministry of Justice of the Republic of Kazakhstan under #4270-1900-AO on 29 August 2007.

The activities of the Bank are regulated by the National Bank of the Republic of Kazakhstan (“NBRK”).

The Bank operates under the banking license #213, dated 24 October 2007, issued by the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial Market and Financial Organizations. The principal activities of the Bank are deposit-taking and customer account maintenance, lending and issuing guarantees, cash and settlements operations with securities and foreign exchange.

The Bank’s head office registered address is: 73A, Tolebi street, Almaty, Republic of Kazakhstan.

As at 30 September 2011, the Bank had 11 (2010: 11) branches operating in the Republic of Kazakhstan.

(b) Shareholders

As at 30 September 2011 and 31 December 2010, the following shareholders owned 5% or more of the Bank’s issued shares:

| | 30 September 2011 % | 31 December 2010 % |
|----------------------------------|---------------------------|--------------------------|
| Shareholder | | |
| Shagizat Yessenova | 25.2 | 25.2 |
| Murat Medeuov | 9.5 | 9.5 |
| Ruslan Usmanov | 9.2 | 9.2 |
| Yevgeny Veretenov | 9.0 | 9.0 |
| Darkhan Kazibayev | 8.5 | 8.5 |
| Erbol Tymbayev | 6.6 | 6.6 |
| Dina Abdykalykova | 5.8 | 5.8 |
| | 73.8 | 73.8 |
| Shareholders owning less than 5% | 26.2 | 26.2 |
| | 100.0 | 100.0 |

(c) Kazakhstan business environment

The Bank’s operations are primary located in Kazakhstan. Consequently, the Bank is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. The unaudited interim condensed financial statements reflect management’s assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Bank. The future business environment may differ from management’s assessment.

2 Basis of preparation

(a) Statement of compliance

The accompanying unaudited interim condensed financial statements are prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). They do not include all of the information required for full financial statements, and should be read in conjunction with the financial statements of the Bank for the year ended 31 December 2010, as these unaudited interim condensed financial statements provide an update of previously reported financial information.

(b) Basis of measurement

The unaudited interim condensed financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and available-for-sale financial assets are stated at fair value and most of property, plant and equipment and intangible assets are at revalued amounts.

(c) Functional and presentation currency

The functional currency of the Bank is the Kazakhstan Tenge (“KZT”), as being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to it.

The KZT is also the presentation currency for the purposes of these unaudited interim condensed financial statements.

Financial information presented in KZT is rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of unaudited interim condensed financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies is described in the note 9 - Loan impairment estimate.

3 Significant accounting policies

The accounting policies applied by the Bank in the preparation of these unaudited interim condensed financial statements are consistent with those applied by the Bank in the financial statements for the year ended 31 December 2010.

(a) Segment reporting

The Bank’s activity is a highly integrated one and makes up a uniform business segment for the purposes of compliance with IFRS 8 *Segment Accounting*. The Bank’s assets are mainly concentrated in the Republic of Kazakhstan and the most part of income and profit of the Bank is generated in the course of performance thereby of its activities and associated with the Republic of Kazakhstan. The chief operating decision maker, who is the Chairman of the Board with respect of the Bank, will receive and analyze information related to the Bank as a whole.

3 Significant accounting policies, continued

(b) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as at 30 September 2011, and are not applied in preparing these unaudited interim condensed financial statements. Of these pronouncements, potentially the following will have an impact on the Bank's financial position and performance. The Bank plans to adopt these pronouncements when they become effective. The Bank has not yet analysed the likely impact of the new standards on its financial position or performance.

- IFRS 9 *Financial Instruments* will be effective for annual periods beginning on or after 1 January 2013. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement*. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The Bank recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on Bank's unaudited interim condensed financial statements. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued.
- IFRS 13 *Fair Value Measurement* will be effective for annual periods beginning on or after 1 January 2013. The new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards. The standard is applied prospectively with early adoption permitted. Comparative disclosure information is not required for periods before the date of initial application.
- Amendment to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*. The amendment requires that an entity present separately items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. Additionally, the amendment changes the title of the statement of comprehensive income to statement of profit or loss and other comprehensive income. However, the use of other titles is permitted. The amendment shall be applied retrospectively from 1 July 2012 and early adoption is permitted.

4 Net interest income

| | Nine-month period ended 30 September 2011 Unaudited KZT'000 | Nine-month period ended 30 September 2010 Unaudited KZT'000 |
|--|---|---|
| Interest income | | |
| Loans to customers | 5,623,795 | 2,796,109 |
| Available-for-sale financial assets | 157,911 | 84,460 |
| Held-to-maturity investments | 102,035 | 117,804 |
| Financial instruments at fair value through profit or loss | 4,816 | 16,354 |
| Placements with banks | 94 | 164 |
| | 5,888,651 | 3,014,891 |
| Interest expense | | |
| Current accounts and deposits from customers | (2,006,306) | (718,001) |
| Subordinated debt securities issued | (109,311) | (131,806) |
| Deposits from other financial institutions | (89,844) | (139,520) |
| Loans from other financial institutions | (27,714) | (9,801) |
| Other | (12,285) | (2,133) |
| | (2,245,460) | (1,001,261) |
| | 3,643,191 | 2,013,630 |

5 Impairment losses

| | Nine-month period ended 30 September 2011 Unaudited KZT'000 | Nine-month period ended 30 September 2010 Unaudited KZT'000 |
|--------------------|---|---|
| Loans to customers | 1,660,128 | 1,215,004 |
| Other assets | 25,871 | 19,506 |
| | 1,685,999 | 1,234,510 |

6 Income tax expense

| | Nine-month period ended 30 September 2011 Unaudited KZT'000 | Nine-month period ended 30 September 2010 Unaudited KZT'000 |
|---|---|---|
| Current tax expense | | |
| Current period | 76,153 | 20,633 |
| | 76,153 | 20,633 |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | 186,790 | (5,142) |
| Total income tax expense | 262,943 | 15,491 |

Reconciliation of effective tax rate:

| | Nine-month period ended 30 September 2011 Unaudited KZT'000 | % | Nine-month period ended 30 September 2010 Unaudited KZT'000 | % |
|---|---|------------|---|------------|
| Profit before tax | 1,249,730 | 100 | 46,202 | 100 |
| Income tax at the applicable tax rate (Non-taxable income)/non-deductible costs | 249,946 | 20 | 9,240 | 20 |
| | 12,997 | 1 | 6,251 | 14 |
| | 262,943 | 21 | 15,491 | 34 |

7 Cash and cash equivalents

Cash and cash equivalents as at 30 September 2011 and 31 December 2010 comprises the following items:

| | 30 September 2011 Unaudited KZT'000 | 31 December 2010 KZT'000 |
|---|---|-----------------------------|
| Cash on hand | 321,871 | 184,946 |
| Nostro accounts with the NBRK | 5,617,332 | 1,176,318 |
| Nostro accounts with other banks | | |
| - with credit rating below BB- | 1,002,719 | 191,775 |
| - with credit rating above BB- | 25,050 | - |
| Total cash and cash equivalents with other banks | 6,966,972 | 1,553,039 |
| Minimum reserve deposit | (976,837) | (523,917) |
| | 5,990,135 | 1,029,122 |

None of cash and cash equivalents are impaired or past due.

As at 30 September 2011, the Bank has one bank (31 December 2010: one bank), whose balances exceed 10% of equity. The gross value of these balances as at 30 September 2011 is KZT 5,617,332 thousand (31 December 2010: KZT 1,176,318 thousand).

8 Available-for-sale financial assets

| | 30 September 2011 Unaudited KZT'000 | 31 December 2010 KZT'000 |
|--|---|-----------------------------|
| <i>Held by the Bank</i> | | |
| Debt and other fixed-income instruments | | |
| - Government bonds | | |
| Bonds of the Ministry of Finance of the Republic of Kazakhstan | 3,451,799 | 3,881,816 |
| NBRK Notes | 1,576,454 | 299,548 |
| Total government bonds | 5,028,253 | 4,181,364 |
| - Corporate bonds | | |
| With credit rating B+ | | |
| Kazakhstan Mortgage Company JSC | 30,877 | 28,134 |
| Mineral Resources of Central Asia (Kazcat JSC) | 3 | 3 |
| Total corporate bonds | 30,880 | 28,137 |
| Equity investments | | |
| - Corporate shares (stated at cost) | | |
| Kazakhstan Stock Exchange JSC | 2,200 | 2,200 |
| CNPC-Aktobemunaigas JSC | - | 11,500 |
| Total corporate shares | 2,200 | 13,700 |
| | 5,061,333 | 4,223,201 |
| <i>Pledged under sale and repurchase agreements</i> | | |
| - Government bonds | | |
| Bonds of the Ministry of Finance of the Republic of Kazakhstan | 3,749,312 | 1,439,948 |
| NBRK Notes | 2,611,015 | - |
| Total assets pledged under sale and purchase agreement | 6,360,327 | 1,439,948 |

Unquoted equity securities

Available-for-sale investments stated at cost comprise unquoted equity securities of CNPC-Aktobemunaigas JSC and Kazakhstan Stock Exchange JSC. There is no market for these investments and there have not been any recent transactions that provide evidence of the fair value thereof.

9 Loans to customers

| | 30 September 2011 Unaudited KZT'000 | 31 December 2010 KZT'000 |
|---|---|-----------------------------|
| Loans to corporate customers | | |
| Loans to large corporates | 14,116,875 | 16,550,532 |
| Loans to small and medium size companies | 23,346,732 | 20,902,019 |
| Total loans to corporate customers | 37,463,607 | 37,452,551 |
| Loans to retail customers | | |
| Consumer loans | 3,486,173 | 3,797,206 |
| Mortgage loans | 398,774 | 462,523 |
| Auto loans | 38,146 | 66,991 |
| Credit cards | 9,101 | 4,196 |
| “Damu” JSC Program | 256,003 | 162,392 |
| Other | 97,052 | 48,374 |
| Total loans to retail customers | 4,285,249 | 4,541,682 |
| Gross loans to customers | 41,748,856 | 41,994,233 |
| Impairment allowance | (1,922,569) | (837,834) |
| Net loans to customers | 39,826,287 | 41,156,399 |

Movements in the loan impairment allowance by classes of loans to customers for the nine month period ended 30 September 2011 are as follows:

| | Loans to corporate customers Unaudited KZT'000 | Loans to retail customers Unaudited KZT'000 | Total Unaudited KZT'000 |
|---|--|--|-------------------------------|
| Balance at the beginning of the period | 650,362 | 187,472 | 837,834 |
| Net charge | 1,792,674 | (132,546) | 1,660,128 |
| Write-offs | (809,444) | (138,096) | (947,540) |
| Recoveries | 98,348 | 273,799 | 372,147 |
| Balance at the end of the period | 1,731,940 | 190,629 | 1,922,569 |

Movements in the loan impairment allowance by classes of loans to customers for the nine month period ended 30 September 2010 are as follows:

| | Loans to corporate customers Unaudited KZT'000 | Loans to retail customers Unaudited KZT'000 | Total Unaudited KZT'000 |
|---|--|--|-------------------------------|
| Balance at the beginning of the period | 711,922 | 287,715 | 999,637 |
| Net charge | 802,604 | 412,400 | 1,215,004 |
| Write-offs | (929,746) | (473,497) | (1,403,243) |
| Balance at the end of the period | 584,780 | 226,618 | 811,398 |

9 Loans to customers, continued

(a) Credit quality of loans to corporate customers

The following table provides information on the credit quality of the loans to corporate customers as at 30 September 2011:

| | Gross loans, Unaudited KZT'000 | Impairment allowance, Unaudited KZT'000 | Net loans, Unaudited KZT'000 | Impairment to gross loans, Unaudited % |
|---|--------------------------------------|--|------------------------------------|---|
| Loans to corporate customers | | | | |
| Loans to large corporates | | | | |
| Loans without individual signs of impairment | 9,107,466 | (181,976) | 8,925,490 | 2.0 |
| Impaired loans: | | | | |
| - not overdue | 4,647,105 | (1,287,876) | 3,359,229 | 27.7 |
| - overdue more than 180 days | 362,304 | (221,962) | 140,342 | 61.2 |
| Total impaired loans | 5,009,409 | (1,509,838) | 3,499,571 | 30.1 |
| Total loans to large corporates | 14,116,875 | (1,691,814) | 12,425,061 | 11.9 |
| Loans to small and medium size companies | | | | |
| Loans without individual signs of impairment | 23,346,732 | (40,126) | 23,306,606 | 0.2 |
| Total loans to small and medium size companies | 23,346,732 | (40,126) | 23,306,606 | 0.2 |
| Total loans to corporate customers | 37,463,607 | (1,731,940) | 35,731,667 | 4.6 |

The following table provides information on the credit quality of the loans to corporate customers as at 31 December 2010:

| | Gross loans KZT'000 | Impairment allowance KZT'000 | Net loans KZT'000 | Impairment to gross loans % |
|---|------------------------|------------------------------------|----------------------|-----------------------------------|
| Loans to corporate customers | | | | |
| Loans to large corporates | | | | |
| Loans without individual signs of impairment | 12,422,469 | (37,267) | 12,385,202 | 0.3 |
| Impaired loans: | | | | |
| - not overdue | 3,977,085 | (397,445) | 3,579,640 | 10.0 |
| - overdue less than 90 days | 150,978 | (43,379) | 107,599 | 28.7 |
| Total impaired loans | 4,128,063 | (440,824) | 3,687,239 | 10.7 |
| Total loans to large corporates | 16,550,532 | (478,091) | 16,072,441 | 2.9 |
| Loans to small and medium size companies | | | | |
| Loans without individual signs of impairment | 20,371,823 | (51,225) | 20,320,598 | 0.3 |
| Impaired loans: | | | | |
| - not overdue | 530,196 | (121,046) | 409,150 | 22.8 |
| Total impaired loans | 530,196 | (121,046) | 409,150 | 22.8 |
| Total loans to small and medium size companies | 20,902,019 | (172,271) | 20,729,748 | 0.8 |
| Total loans to corporate customers | 37,452,551 | (650,362) | 36,802,189 | 1.7 |

9 Loans to customers, continued

(a) Credit quality of loans to corporate customers, continued

As at 30 September 2011 the Bank changed its presentation in respect of classification of corporate loans to customers and their allocation to the corporate loans and small and medium size companies loans. As at 31 December 2010 large corporate loans amounting to KZT 1,504,138 thousand were previously included in the category “loans to small and medium size business companies” and small and medium size loans amounting to KZT 18,516,636 thousand were previously included in the category “loans to corporate customers”. Due to the change in presentation their allocation was changed. Comparatives have been restated accordingly.

Loan impairment results from one or more events that occurred after the initial recognition of the loan and that have an impact on the estimated future cash flows associated with the loan, and which can be reliably estimated. Loans without individual signs of impairment do not have objective evidence of impairment that can be directly attributed to them.

The objective indicators of loan impairment include the following:

- overdue payments under the loan agreement;
- significant difficulties in the financial conditions of the borrower;
- deterioration in business environment, negative changes in the borrower’s markets;

In determining the impairment allowance for loans to corporate customers, management makes the following key assumptions:

- the collective impairment allowance is based on historic loss rates;
- a discount of between 20% and 40% to the originally appraised value if the property pledged is sold;
- a delay of 12 to 36 months in obtaining proceeds from the foreclosure of collateral.

Changes in these estimates could effect the loan impairment allowance. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus one percent, the impairment allowance on loans to corporate customers as at 30 September 2011 would be KZT 357,317 thousand lower/higher (31 December 2010: KZT 368,022 thousand).

9 Loans to customers, continued

(a) Credit quality of loans to corporate customers, continued

Analysis of movements in the impairment allowance

The amounts shown in the tables represent the carrying value of the loans, and do not necessarily represent the fair value of the collateral.

Movements in the loan impairment allowance by classes of the loans to legal entities for nine month period ended 30 September 2011 were as follows:

| | Loans to large corporates Unaudited KZT'000 | Loans to small and medium size companies Unaudited KZT'000 | Total Unaudited KZT'000 |
|---|--|---|--|
| Loan impairment allowance at the beginning of the period | 478,091 | 172,271 | 650,362 |
| Net charge | 1,582,051 | 210,623 | 1,792,674 |
| Write-offs | (453,764) | (355,680) | (809,444) |
| Recoveries | 85,436 | 12,912 | 98,348 |
| Loan impairment allowance at the end of the period | 1,691,814 | 40,126 | 1,731,940 |

Movements in the loan impairment allowance by classes of the loans to corporate customers for nine month period ended 30 September 2010 were as follows:

| | Loans to large corporates Unaudited KZT'000 | Loans to small and medium size companies Unaudited KZT'000 | Total Unaudited KZT'000 |
|---|--|---|--|
| Loan impairment allowance at the beginning of the period | - | 711,922 | 711,922 |
| Net charge | 1,042,873 | (240,269) | 802,604 |
| Write-offs | (567,000) | (362,746) | (929,746) |
| Loan impairment allowance at the end of the period | 475,873 | 108,908 | 584,780 |

9 Loans to customers, continued

(b) Credit quality of loans to retail customers

The following table provides information on the credit quality of loans to retail customers as at 30 September 2011:

| | Gross loans Unaudited KZT'000 | Impairment allowance Unaudited KZT'000 | Net loans Unaudited KZT'000 | Impairment to gross loans Unaudited % |
|--|-------------------------------------|---|-----------------------------------|--|
| Consumer loans | | | | |
| - Not overdue | 3,341,671 | (46,276) | 3,295,395 | 1.4 |
| - Overdue less than 30 days | 12,398 | (20) | 12,378 | 0.2 |
| - Overdue 30-89 days | 55,148 | (30,712) | 24,436 | 55.7 |
| - Overdue 90-179 days | 18,897 | (18,897) | - | 100.0 |
| - Overdue 180 - 360 days | 58,059 | (58,059) | - | 100.0 |
| Total consumer loans | 3,486,173 | (153,964) | 3,332,209 | 4.5 |
| Mortgage loans | | | | |
| - Not overdue | 326,254 | (1,354) | 324,900 | 0.4 |
| - Overdue less than 30 days | 40,791 | (2,739) | 38,052 | 6.7 |
| - Overdue 90-179 days | 9,815 | (8,079) | 1,736 | 82.3 |
| - Overdue 180 - 360 days | 2,586 | (2,431) | 155 | 94.0 |
| - Overdue for more than 360 days | 19,328 | (19,328) | - | 100.0 |
| Total mortgage loans | 398,774 | (33,931) | 364,843 | 8.51 |
| Auto loans | | | | |
| - Not overdue | 20,885 | (189) | 20,696 | 0.9 |
| - Overdue less than 30 days | 1,786 | (92) | 1,694 | 5.1 |
| - Overdue 30-89 days | 9,909 | (447) | 9,462 | 4.5 |
| - Overdue 90-179 days | 5,566 | (1,600) | 3,966 | 28.7 |
| Total auto loans | 38,146 | (2,328) | 35,818 | 6.1 |
| Credit cards | | | | |
| - Not overdue | 9,101 | (406) | 8,695 | 4.5 |
| Total credit cards | 9,101 | (406) | 8,695 | 4.5 |
| Loans issued under "Damu" JSC Program | | | | |
| - Not overdue | 256,003 | - | 256,003 | - |
| Total loans issued under "Damu" JSC Program | 256,003 | - | 256,003 | - |
| Other loans to retail customers | | | | |
| - Not overdue | 97,052 | - | 97,052 | - |
| Total other loans to retail customers | 97,052 | - | 97,052 | - |
| Total loans to retail customers | 4,285,249 | (190,629) | 4,094,620 | 4.4 |

9 Loans to customers, continued

(b) Credit quality of loans to retail customers, continued

The following table provides information on the credit quality of loans to retail customers as at 31 December 2010:

| | Gross loans KZT'000 | Impairment KZT'000 | Net loans KZT'000 | Impairment to gross loans% |
|--|------------------------|-----------------------|----------------------|----------------------------------|
| Consumer loans | | | | |
| - Not overdue | 3,238,407 | (43,384) | 3,195,023 | 1.3 |
| - Overdue less than 30 days | 381,839 | (192) | 381,647 | 0.1 |
| - Overdue 30-89 days | 134,240 | (32,390) | 101,850 | 24.1 |
| - Overdue 90-179 days | 15,062 | (15,062) | - | 100.0 |
| - Overdue 180 – 360 days | 1,939 | (1,902) | 37 | 98.1 |
| - Overdue for more than 360 days | 25,719 | (25,719) | - | 100.0 |
| Total consumer loans | 3,797,206 | (118,649) | 3,678,557 | 3.1 |
| Mortgage loans | | | | |
| - Not overdue | 388,415 | (3,114) | 385,301 | 0.8 |
| - Overdue less than 30 days | 12,945 | - | 12,945 | - |
| - Overdue 30-89 days | 13,108 | (5,579) | 7,529 | 42.6 |
| - Overdue 90-179 days | 28,127 | (25,138) | 2,989 | 89.4 |
| - Overdue 180 – 360 days | 19,928 | (19,928) | - | 100.0 |
| Total mortgage loans | 462,523 | (53,759) | 408,764 | 11.6 |
| Auto loans | | | | |
| - Not overdue | 50,634 | (408) | 50,226 | 0.8 |
| - Overdue less than 30 days | 2,334 | - | 2,334 | - |
| - Overdue 30-89 days | 2,139 | (1,088) | 1,051 | 50.8 |
| - Overdue 90-179 days | 2,274 | (2,234) | 40 | 98.2 |
| - Overdue 180 – 360 days | 9,610 | (9,610) | - | 100.0 |
| Total auto loans | 66,991 | (13,340) | 53,651 | 19.9 |
| Credit cards | | | | |
| - Not overdue | 4,196 | (34) | 4,162 | 0.8 |
| Total credit cards | 4,196 | (34) | 4,162 | 0.8 |
| Loans issued under “Damu” JSC Program | | | | |
| - Not overdue | 162,392 | (1,302) | 161,090 | 0.8 |
| Total loans issued under “Damu” JSC Program | 162,392 | (1,302) | 161,090 | 0.8 |
| Other loans to retail customers | | | | |
| - Not overdue | 48,374 | (388) | 47,986 | 0.8 |
| Total other loans to retail customers | 48,374 | (388) | 47,986 | 0.8 |
| Total loans to individuals | 4,541,682 | (187,472) | 4,354,210 | 4.1 |

The Bank estimates loan impairment based on its past historical loss experience on these types of loans. The significant assumptions used by management in determining the impairment losses for loans to individuals include: loss migration rates are constant and can be estimated based on the historic loss migration pattern for the past 12 months.

9 Loans to customers, continued

(b) Credit quality of loans to retail customers, continued

Changes in these estimates could effect the loan impairment allowance. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus three percent, the loan impairment on retail loans as of 30 September 2011 would be KZT 122,839 thousand lower/higher (31 December 2010: KZT 130,626 thousand).

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance by classes of loans to retail customers for the nine month period ended 30 September 2011 were as follows:

| | Consumer loans, Unaudited KZT'000 | Auto loans, Unaudited KZT'000 | Credit cards, Unaudited KZT'000 | Mortgage loans, Unaudited KZT'000 | Total, Unaudited KZT'000 |
|--|--|-------------------------------------|--|--|--------------------------------|
| Loan impairment allowance at the beginning of the period | 120,339 | 13,340 | 34 | 53,759 | 187,472 |
| Net charge for the year | (105,468) | (6,961) | 372 | (20,489) | (132,546) |
| Write-offs | (115,067) | (11,844) | - | (11,185) | (138,096) |
| Recoveries | 254,160 | 7,793 | - | 11,846 | 273,799 |
| Loan impairment allowance at the end of period | 153,964 | 2,328 | 406 | 33,931 | 190,629 |

Movements in the loan impairment allowance by classes of retail loans, for the nine month period ended 30 September 2010 were as follows:

| | Consumer loans, Unaudited KZT'000 | Auto loans, Unaudited KZT'000 | Credit cards, Unaudited KZT'000 | Mortgage loans, Unaudited KZT'000 | Total, Unaudited KZT'000 |
|--|--|-------------------------------------|--|--|--------------------------------|
| Loan impairment allowance at the beginning of the period | 161,120 | 34,173 | 15 | 92,407 | 287,715 |
| Net charge for the year | 49,632 | (13,767) | 19 | 376,516 | 412,400 |
| Write-offs | (124,571) | (5,707) | - | (343,219) | (473,497) |
| Loan impairment allowance at the end of period | 86,181 | 14,699 | 34 | 125,704 | 226,618 |

9 Loans to customers, continued

(c) Industry and geographical analysis of the loan portfolio

Loans are issued primarily to customers located within the Republic of Kazakhstan, who operate in the following economic sectors:

| | 30 September 2011 Unaudited KZT'000 | 31 December 2010 KZT'000 |
|----------------------------------|---|-----------------------------|
| Agriculture, forestry and timber | 21,483,370 | 17,451,218 |
| Trade | 4,405,426 | 5,435,984 |
| Manufacturing | 2,867,819 | 3,686,062 |
| Sport, entertainment | 2,618,676 | - |
| Mining/metallurgy | 1,812,144 | 1,736,091 |
| Other | 1,513,750 | 27,801 |
| Construction | 1,474,338 | 2,892,356 |
| Real estate | 989,269 | 54,897 |
| Transport services | 298,815 | 638,974 |
| Services | - | 1,102,233 |
| Energy | - | 2,425,935 |
| Finance | - | 2,001,000 |
| Loans to retail customers | 4,285,249 | 4,541,682 |
| | 41,748,856 | 41,994,233 |
| Impairment allowance | (1,922,569) | (837,834) |
| Total | 39,826,287 | 41,156,399 |

(d) Significant credit exposures

As at 30 September 2011 the Bank has 13 borrowers or groups of connected borrowers (2010: 15), whose loan balances exceed 10% of equity. The gross value of these loans as at 30 September 2011 is KZT 24,984,841 thousand (2010: KZT 24,523,533 thousand).

10 Amounts payable under repurchase agreements

As at 30 September 2011 and 31 December 2010, the Bank had following liabilities under the repurchase agreements:

| | 30 September 2011 Unaudited KZT' 000 | 31 December 2010 KZT' 000 |
|--|--|------------------------------|
| Pledged by available-for-sale financial assets | 5,932,663 | 1,296,030 |
| Pledged by held -to-maturity-investments | 1,400,613 | 1,550,036 |
| | 7,333,276 | 2,846,066 |

10 Amounts payable under repurchase agreements, continued

Pledge of securities

As at 30 September 2011 and 31 December 2010, the Bank pledged certain securities as collateral under repurchase agreements:

| | 30 September 2011 | 31 December 2010 |
|---|-----------------------|------------------|
| | Unaudited KZT' 000 | KZT' 000 |
| <i>Available-for-sale financial assets</i> | | |
| Government bonds | | |
| - Bonds issued by the Ministry of Finance of the Republic of Kazakhstan | 3,749,312 | 1,439,948 |
| - Notes of the NBRK | 2,611,015 | - |
| | <u>6,360,327</u> | <u>1,439,948</u> |
| <i>Held -to-maturity-investments</i> | | |
| Debt and other fixed-income instruments | | |
| Government bonds | | |
| - Bonds issued by the Ministry of the Finance of the Republic of Kazakhstan | 1,478,316 | 1,597,917 |
| | <u>1,478,316</u> | <u>1,597,917</u> |
| | <u>7,838,643</u> | <u>3,037,865</u> |

11 Current accounts and deposits from customers

| | 30 September 2011 | 31 December 2010 |
|------------------------------------|----------------------|-------------------|
| | Unaudited KZT'000 | KZT'000 |
| Current accounts and call deposits | | |
| - Retail | 655,694 | 1,660,689 |
| - Corporate | 12,369,254 | 7,173,861 |
| Term deposits | | |
| - Retail | 4,907,307 | 3,745,451 |
| - Corporate | 20,359,697 | 21,256,633 |
| | <u>38,291,952</u> | <u>33,836,634</u> |

(a) Blocked accounts

As at 30 September 2011, the Bank maintained customer deposit balances of KZT 1,196,396 thousand (31 December 2010: KZT 153,238 thousand), which were blocked by the Bank as collateral for loans and off-balance sheet credit instruments granted by the Bank.

(b) Concentrations of current accounts and customer deposits

As at 30 September 2011 and 31 December 2010, the Bank had 6 and 7 customers, respectively, whose balances exceeded 10% of equity. These balances as of 30 September 2011 and 31 December 2010 are KZT 23,376,177 thousand and KZT 20,664,794 thousand, respectively.

12 Subordinated debt securities issued

| | 30 September 2011 | 31 December 2010 |
|------------------|-----------------------|-----------------------|
| | Unaudited KZT' 000 | Unaudited KZT' 000 |
| Par value | 1,320,146 | 1,320,146 |
| Discount | (21,813) | (35,513) |
| Accrued interest | 67,859 | 29,672 |
| | 1,366,192 | 1,314,305 |

As at 30 September 2011 and 31 December 2010, subordinated debt securities comprise unsecured obligations of the Bank maturing in September 2012 and carry an annual interest rate of 8.9%. In case of bankruptcy, the repayment of the subordinated borrowings will be made after repayment in full of all other liabilities of the Bank.

13 Statutory reserve

Under the decree of the National Bank of the Republic of Kazakhstan Management Board #4 dated 31 January 2011, from 1 July 2011 the Bank is required to present differences between financial assets impairment reserve recalculated in accordance with the rules of the Financial Monitoring Supervising Agency, stated in FMSA decree #296 dated 25 December 2006 and impairment allowances under International Financial Reporting Standards separately in its equity. These amounts have been presented in a statutory reserve.

14 Book value per share

Under the listing rules of the Kazakh Stock Exchange approved by the decision of the Stock Exchange Council #29(3) dated 5 November 2009 and changes to it approved by the the decision of the Stock Exchange Council dated 4 October 2010, the Bank should present book value per share in its Statement of Financial Position. The calculation of book value per share as at 30 September 2011 is based on the number of outstanding common shares of 6,966,228 (31 December 2010: 6,967,410) and net assets of KZT 12,562,694 thousand (31 December 2010: 11,521,808) calculated as follows:

| | 30 September 2011 | 31 December 2010 |
|-------------------|----------------------|----------------------|
| | Unaudited KZT'000 | Unaudited KZT'000 |
| Total assets | 61,562,316 | 51,897,340 |
| Intangible assets | (47,526) | (82,523) |
| Total liabilities | (48,952,096) | (40,293,009) |
| Net assets | 12,562,694 | 11,521,808 |

The following table shows the book value per share calculations:

| | 30 September 2011 | 31 December 2010 |
|---|----------------------|----------------------|
| | Unaudited KZT'000 | Unaudited KZT'000 |
| Net assets | 12,562,694 | 11,521,808 |
| Outstanding number of participating shares at the period/year end | 6,966,228 | 6,967,410 |
| Book value per share, in KZT | 1,803 | 1,654 |

15 Earnings per share

The calculation of basic and diluted earnings per share as at 30 September 2011 is based on the net profit for the period attributable to ordinary shareholders of KZT 986,787 thousand (30 September 2010: KZT 30,714 thousand) and a weighted average number of ordinary shares outstanding of 6,967,375 (30 September 2010: 4,799,359) calculated as follows:

| | 30 September 2011 Unaudited KZT'000 | 30 September 2010 Unaudited KZT'000 |
|---|--|--|
| Issued ordinary shares at the beginning of the period | 6,967,410 | 4,655,095 |
| Effect of shares (repurchased)/issued during the period | (35) | 144,264 |
| Weighted average number of ordinary shares for the period ended 30 September | 6,967,375 | 4,799,359 |

The following table shows the profit for the period and share data used in the basic and diluted earnings per share calculations:

| | 30 September 2011 Unaudited KZT'000 | 0 September 2010 Unaudited KZT'000 |
|--|--|--|
| Net profit attributable to ordinary shareholders | 986,787 | 30,714 |
| Weighted average number of participating shares for basic earnings per share | 6,967,375 | 4,799,359 |
| Basic and diluted earnings per share, in KZT | 142 | 6 |

There are no potentially dilutive shares for the nine-month period ended 30 September 2011 (30 September 2010: nil).

16 Risk management

Management of risk is fundamental to the business of banking and is an essential element of the Bank's operations. The major risks faced by the Bank are those related to credit risk and liquidity risk. Processes and procedures, applied by the Bank for risk management have not changed significantly since 31 December 2010.

Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in raising funds to meet its commitments. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of financial institutions, including the Bank. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The following tables show the undiscounted cash flows on the Bank's financial assets, financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The total gross amount (inflow)/outflow disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment. The Bank's expected cash flows on these financial liabilities and unrecognised loan commitments may vary significantly from this analysis.

16 Risk management, continued

Liquidity risk, continued

The position of the Bank as at 30 September 2011 was as follows:

| Unaudited KZT' 000 | Demand and less than 1 month | From 1 to 3 months | From 3 to 6 months | From 6 to 12 months | More than 1 year | Total gross amount of outflow | Carrying amount |
|--|------------------------------------|-----------------------|-----------------------|------------------------|---------------------|-------------------------------------|--------------------|
| Financial liabilities | | | | | | | |
| Loans from other financial institutions | 14 | - | 856,178 | - | 970,148 | 1,826,340 | 1,537,432 |
| Amounts payable under repurchase agreements | 7,333,276 | - | - | - | - | 7,333,276 | 7,333,276 |
| Current accounts and deposits from customers | 18,123,677 | 1,536,638 | 4,003,923 | 10,245,585 | 6,503,958 | 40,413,782 | 38,291,952 |
| Subordinated debt securities issued | - | - | - | 1,513,741 | - | 1,513,741 | 1,366,192 |
| Total liabilities | 25,456,967 | 1,536,638 | 4,860,101 | 11,759,326 | 7,474,106 | 51,087,139 | 48,528,852 |
| Credit related commitments | 10,990,533 | - | - | - | - | 10,990,533 | 10,990,533 |

The position of the Bank as at 31 December 2010 was as follows:

| KZT' 000 | Demand and less than 1 month | From 1 to 3 months | From 3 to 6 months | From 6 to 12 months | More than 1 year | Total gross amount of outflow | Carrying amount |
|--|------------------------------------|-----------------------|-----------------------|------------------------|---------------------|-------------------------------------|--------------------|
| Financial liabilities | | | | | | | |
| Loans from other financial institutions | 16 | 1,643,970 | 48 | 75,093 | 705,180 | 2,424,307 | 2,150,378 |
| Amounts payable under repurchase agreements | 2,846,387 | - | - | - | - | 2,846,387 | 2,846,387 |
| Current accounts and deposits from customers | 14,290,200 | 2,423,617 | 9,115,813 | 1,854,650 | 8,693,966 | 36,378,246 | 33,836,634 |
| Subordinated debt securities issued | 9,571 | 19,142 | 28,713 | 57,426 | 1,402,359 | 1,517,211 | 1,314,305 |
| Total liabilities | 17,146,174 | 4,086,729 | 9,144,574 | 1,987,169 | 10,801,505 | 43,166,151 | 40,147,704 |
| Credit related commitments | 3,861,010 | - | - | - | - | 3,861,010 | 3,861,010 |

16 Risk management, continued

Liquidity risk, continued

In accordance with Kazakhstan legislation, individuals can withdraw their deposits at any time, losing in most of the cases the accrued interest. These deposits were in the table above shown by contractual maturities. The information on the maturity periods of these deposits is shown below:

- deposits, with maturity period less than 3 months: KZT 703,825 thousand (2010: KZT 198,654 thousand)
- deposits, with maturity period from 3 to 6 months: KZT 137,956 thousand (2010: KZT 456,755 thousand)
- deposits, with maturity period from 6 to 12 months: KZT 297,899 thousand (2010: KZT 383,171 thousand)
- deposits, with maturity period for more than 1 year: KZT 3,765,260 thousand (2010: KZT 2,706,871 thousand).

16 Risk management, continued

Liquidity risk, continued

The table below shows an analysis (by expected maturities) of the unaudited amounts recognised in the statement of financial position as at 30 September 2011:

| Unaudited KZT '000 | Demand and less than 1 month | From 1 to 3 months | From 3 to 12 months | From 1 to 5 years | More than 5 years | Without maturity period | Overdue | Total |
|---|------------------------------------|-----------------------|---------------------------|----------------------|----------------------|-------------------------------|----------------|-------------------|
| Assets | | | | | | | | |
| Cash and cash equivalents | 5,990,135 | - | - | - | - | - | - | 5,990,135 |
| Placements with banks | 1,018,531 | - | - | - | - | - | - | 1,018,531 |
| Financial instruments at fair value through profit or loss | - | - | - | 156,570 | - | 27,841 | - | 184,411 |
| Available-for-sale financial assets | 1,398,906 | 1,497,651 | 4,500,338 | 3,686,695 | 335,870 | 2,200 | - | 11,421,660 |
| Loans to customers | 8,464,396 | 5,716,497 | 16,971,134 | 4,577,599 | 3,862,370 | - | 234,291 | 39,826,287 |
| Held-to-maturity investments | - | - | - | 2,383,228 | - | - | - | 2,383,228 |
| Property, plant and equipment and intangible assets | - | - | - | - | - | 535,356 | - | 535,356 |
| Other assets | - | - | 201,074 | - | 1,634 | - | - | 202,708 |
| Total assets | 16,871,968 | 7,214,148 | 21,672,546 | 10,804,092 | 4,199,874 | 565,397 | 234,291 | 61,562,316 |
| Liabilities | | | | | | | | |
| Deposits and balances from banks | - | - | 815,607 | 377,723 | 344,102 | - | - | 1,537,432 |
| Amounts payable under repurchase agreements | 7,333,276 | - | - | - | - | - | - | 7,333,276 |
| Current accounts and deposits from customers | 18,108,674 | 1,512,280 | 13,486,099 | 5,184,198 | 701 | - | - | 38,291,952 |
| Subordinated loans | - | - | 1,366,192 | - | - | - | - | 1,366,192 |
| Deferred tax liability | - | - | 190,498 | - | - | - | - | 190,498 |
| Current tax liability | - | - | 33,881 | - | - | - | - | 33,881 |
| Other liabilities | - | - | 198,865 | - | - | - | - | 198,865 |
| Total liabilities | 25,441,950 | 1,512,280 | 16,091,142 | 5,561,921 | 344,803 | - | - | 48,952,096 |
| Net position | (8,569,982) | 5,701,868 | 5,581,404 | 5,242,171 | 3,855,071 | 565,397 | 234,291 | 12,610,220 |

16 Risk management, continued

Liquidity risk, continued

The table below shows an analysis (by expected maturities) of the amounts recognised in the statement of financial position as at 31 December 2010:

| KZT' 000 | Demand and less than 1 month | From 1 to 3 months | From 3 to 12 months | From 1 to 5 years | More than 5 years | Without maturity period | Overdue | Total |
|---|------------------------------------|-----------------------|------------------------|----------------------|----------------------|-------------------------------|----------------|-------------------|
| Assets | | | | | | | | |
| Cash and cash equivalents | 1,029,122 | - | - | - | - | - | - | 1,029,122 |
| Placements with banks | - | - | 557,637 | - | - | - | - | 557,637 |
| Financial instruments at fair value through profit or loss | - | - | - | 160,313 | - | 27,848 | - | 188,161 |
| Available-for-sale financial assets | - | 1,726,902 | 1,485,391 | 2,437,156 | - | 13,700 | - | 5,663,149 |
| Loans to customers | 12,036,088 | 11,116,212 | 11,026,474 | 4,067,898 | 2,473,659 | - | 436,068 | 41,156,399 |
| Held-to-maturity investments | - | 298,975 | - | 2,164,403 | 219,838 | - | - | 2,683,216 |
| Property, equipment and intangible assets | - | - | - | - | - | 558,518 | - | 558,518 |
| Other assets | - | - | 53,037 | - | - | 8,101 | - | 61,138 |
| Total assets | 13,065,210 | 13,142,089 | 13,122,539 | 8,829,770 | 2,693,497 | 608,167 | 436,068 | 51,897,340 |
| Liabilities | | | | | | | | |
| Deposits and balances from banks | - | 1,643,952 | - | 263,991 | 242,435 | - | - | 2,150,378 |
| Amounts payable under repurchase agreements | 2,846,066 | - | - | - | - | - | - | 2,846,066 |
| Current accounts and deposits from customers | 14,282,100 | 2,735,713 | 9,781,295 | 7,019,204 | 18,322 | - | - | 33,836,634 |
| Subordinated loans | - | - | - | 1,314,305 | - | - | - | 1,314,305 |
| Deferred tax liability | - | - | 3,708 | - | - | - | - | 3,708 |
| Current tax liability | - | - | 22,524 | - | - | - | - | 22,524 |
| Other liabilities | - | - | 119,394 | - | - | - | - | 119,394 |
| Total liabilities | 17,128,166 | 4,379,665 | 9,926,921 | 8,597,500 | 260,757 | - | - | 40,293,009 |
| Net position | (4,062,956) | 8,762,424 | 3,195,618 | 232,270 | 2,432,740 | 608,167 | 436,068 | 11,604,331 |

17 Commitments

At any time the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card limits and overdraft facilities.

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to one year.

The contractual amounts of commitments are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted.

| | 30 September 2011 | 31 December 2010 |
|----------------------------------|--------------------------|-------------------------|
| | Unaudited | |
| | KZT' 000 | KZT' 000 |
| | <hr/> | <hr/> |
| Contracted amount | | |
| Guarantees and letters of credit | 10,167,900 | 2,532,134 |
| Loan and credit line commitments | 822,633 | 1,328,876 |
| | <hr/> | <hr/> |
| | 10,990,533 | 3,861,010 |
| | <hr/> | <hr/> |

The total outstanding contractual commitments to extend credit indicated above does not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

As at 30 September 2011, of the above listed commitments, KZT 2,257,750 thousand is issued to 1 customer (in 2010 an amount of KZT 1,613,750 related to 1 customer). This exposure represents a significant concentration of credit risk to the Bank.

18 Contingencies

(a) Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Bank does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Bank property or relating to the Bank's operations. Until the Bank obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Bank's operations and financial position.

(b) Litigation

Management is unaware of any significant actual, pending or threatened claims against the Bank.

(c) Taxation contingencies

The taxation system in the Republic of Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

18 Contingencies, continued

(c) Taxation contingencies, continued

These circumstances may create tax risks in the Republic of Kazakhstan that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Kazakhstan tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the Bank, if the authorities were successful in enforcing their interpretations, could be significant.

19 Related party transactions

(a) Control relationships

There is no individual party with ultimate control over the Bank.

(b) Transactions with members of the Board of Directors and the Management Board

Total remuneration included in employee benefits is as follows:

| | 30 September 2011 | 30 September 2010 |
|-----------------------------------|--------------------------|--------------------------|
| | Unaudited | Unaudited |
| | KZT' 000 | KZT' 000 |
| Members of the Board of Directors | 12,466 | 1,900 |
| Members of the Management Board | 66,066 | 40,931 |
| | 78,532 | 42,831 |

The above amounts include non-cash benefits in respect of members of the Board of Directors and the Management Board.

The outstanding balances and average interest rates as of 30 September 2011 and 31 December 2010 with members of the Board of Directors and the Management Board were as follows:

| | 30 September | | 31 December | |
|--|---------------------|----------------------|--------------------|----------------------|
| | 2011 | | 2010 | |
| | Unaudited | Average | Unaudited | Average |
| | KZT' 000 | interest rate | KZT' 000 | interest rate |
| Statement of financial position | | | | |
| Current accounts and deposits from customers | 734,176 | 9.5% | 636,743 | 9.3% |

Amounts included in the statement of comprehensive income in relation to transactions with members of the Board of Directors and the Management Board were as follows:

| | 30 September 2011 | 30 September 2010 |
|--|--------------------------|--------------------------|
| | Unaudited | Unaudited |
| | KZT' 000 | KZT' 000 |
| Statement of comprehensive income | | |
| Interest income | 32 | 20 |
| Interest expense | (53,167) | (20,580) |

19 Related party transactions, continued

(c) Transactions with other related parties

The outstanding balances and the related average interest rates as at 30 September 2011 and 31 December 2010 and profit or loss in relation to transactions with other related parties for nine months ended 30 September 2011 and 31 December 2010 were as follows:

| | 30 September 2011 | | 31 December 2010 | |
|--|-------------------|-------|------------------|------|
| | Unaudited | | Other | |
| | Other | | Other | |
| | Average | | Average | |
| | interest | | interest | |
| | rate | | rate | |
| | KZT' 000 | | KZT' 000 | |
| Statement of financial position | | | | |
| Assets | | | | |
| Loans to customers | 3,022,600 | 13.43 | 180,231 | 13.9 |
| Liabilities | | | | |
| Current accounts and deposits from customers | 1,224,702 | 9.76 | 853,467 | 11.4 |
| Statement of comprehensive income | | | | |
| Interest income | 91,733 | - | 16,364 | - |
| Interest expense | (68,958) | - | (53,273) | - |

20 Events after the reporting period

On 22 November 2011 the Board of Directors of the Bank approve a decision to issue 3 million common shares at KZT 1,500 per share with the total amount of KZT 4,500,000 thousand.