April 28, 2011 Almaty.

EXPLANATORY NOTE
(Unaudited)

To the consolidated financial statements for the first quarter of 2011 Joint Stock Company "Nurbank

1. Principal activities

JSC Nurbank (the "Bank") was formed in 1993 under the laws of the Republic of Kazakhstan. The Bank operates under a general banking licence No. 142 issued on 13 December 2007 by Agency of the Republic of Kazakhstan for Regulation and Supervision of Financial Markets and Financial Organizations (the "FMSA").

JSC Nurbank and its subsidiaries (together the "Group") provide retail and corporate banking, pension, asset management and insurance services in Kazakhstan. The Bank accepts deposits from the public and extends credit, transfers payments within Kazakhstan and abroad, exchanges currencies and provides other banking services to its commercial and retail customers. The Bank has a primary listing on the Kazakhstani Stock Exchange ("KASE") and certain of the Bank's debt securities issued are primarily listed on the London Stock Exchange with secondary listing on KASE. Its head office is located in Almaty, Kazakhstan.

The Bank is a member of the obligatory deposit insurance system. The system operates under the Law of the Republic of Kazakhstan on "Obligatory insurance of second tier banks deposits" dated 7 July 2006 and is governed by the FMSA. Insurance covers the Bank's liabilities to individual depositors for amounts up to five million Kazakh tenge for each individual in the event of business failure and revocation of the National Bank's of the Republic of Kazakhstan (the "NBRK") banking license.

The address of the Bank's registered office is: 168B Zheltoksan Street, Almaty, 050013, Republic of Kazakhstan. As at 31 March 2011, the Bank had 16 branches and 54 cash settlement units (31 December 2010: the Bank had 16 branches and 55 cash settlement units) located throughout Kazakhstan.

As at 31 March, the following shareholders own outstanding shares:

Shareholder	***01.04.2010 %***	***2010 %***
Sarsenova S.T.	**68,57**	**68,57**
LLP «Gelious»	**9,67**	**9,67**
Other shareholders owing less than 5%	**21,76**	**21,76**
Total	**100,00**	**100,00**

As at 31 March, the Bank was ultimately controlled by Mrs. Sarsenova S.T.

Political and economic environment

The Republic of Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The Kazakhstan economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The ongoing global financial crisis has resulted in capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within the Republic of Kazakhstan. While the Kazakhstan Government has introduced a range of stabilization measures aimed at providing liquidity and supporting debt refinancing for Kazakhstan banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Group and its counterparties, which could affect the Group's financial position, results of operations and business prospects.

Also, deterioration of liquidity could affect the Group's borrowers that in return could impact the ability of borrowers to settle their debts to the Group. Due to the fall in prices in global and Kazakhstani securities markets, the Group may face a significant decrease in the fair value of securities pledged as collateral against loans extended by the Group. To the extent that information is available, the Group has reflected revised estimates of expected future cash flows in its impairment assessment.

2. Basis of preparation

General

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below. For example, trading securities, investment securities available-for-sale, derivatives and land and buildings have been measured at fair value. These consolidated financial statements are presented in thousands of Kazakh tenge ("KZT" or "Tenge"), except per share amounts and unless otherwise indicated.

3. Summary of accounting policies

Changes in accounting policies

The Group has adopted the following amended IFRS and new IFRIC Interpretations during the year. The principal effects of these changes are as follows:

IAS 24 "Related party disclosures" (Revised)

The revised IAS 24, issued in November 2009, simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. Previously, an entity controlled or significantly influenced by a government was required to disclose information about all transactions with other entities controlled or significantly influenced by the same government. The revised standard requires disclosure about these transactions only if they are individually or collectively significant. The revised IAS 24 is effective for annual periods beginning on or after 1 January 2011, with earlier application permitted. The Bank has decided to adopt earlier the revised IAS 24 from 1 January 2010. The revised standard did not have any impact on the Group's financial statements.

Amendment to IAS 39 "Financial Instruments: recognition and measurement" - Eligible Hedged Items

The amendment to IAS 39 was issued in August 2008, and became effective for annual periods beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The amendment had no impact on the Group's financial statements as the Bank has not entered into any such hedges.

IFRS 3 "Business Combinations" (revised in January 2008) and IAS 27 "Consolidated and Separate Financial Statements" (revised in January 2008)

The revised standards were issued in January 2008 and became effective for financial years beginning on or after 1 July 2009. Revised IFRS 3 introduces a number of changes in the accounting for business combinations that impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Revised IAS 27 requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change has no impact on goodwill, nor it gives raise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by the revised standards are applied prospectively.

IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions

The amendment to IFRS 2 was issued in June 2009 and became effective for financial years beginning on or after 1 January 2010. The amendment clarifies the scope and the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. This amendment had no impact on the Group's financial statements.

IFRIC 17 "Distribution of Non-Cash Assets to Owners"

IFRIC Interpretation 17 was issued on 27 November 2008 and is effective for annual periods beginning on or after 1 July 2009. IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions and requires that a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. The Interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. This interpretation had no impact on the Group's financial statements.

Changes in accounting policies (continued)

Improvements to IFRSs

In April 2009 the IASB issued the second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. Most of the amendments are effective for annual periods beginning on or after 1 January 2010. There are separate transitional provisions for each standard. Amendments included in April 2009 "Improvements to IFRS" had no impact on the accounting policies, financial position or performance of the Group, except the following amendments resulting in changes to accounting policies, as described below.

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.
- IFRS 8 Operating Segment Information: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Bank's chief operating decision maker does review segment assets and liabilities, the Group continues to disclose this information.
- IAS 7 Statement of Cash Flows: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.
- IAS 36 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment had no impact on the Group's financial statements as the annual impairment test is performed before aggregation.

Basis of consolidation

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights, or otherwise has power to exercise control over their operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

In comparison to the above mentioned requirements which were applied on a prospective basis, the following differences applied:

- Losses incurred by the Group were attributed to the non-controlling interests until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interests had a binding obligation to cover these.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost.

Financial assets

Initial recognition

Financial assets in the scope of IAS 39 are classified as either trading securities, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets upon initial recognition, and subsequently can reclassify financial assets in certain cases as described below.

Date of recognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Day 1' profit

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit) in the consolidated income statement. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognised in the consolidated income statement when the inputs become observable, or when the instrument is derecognised.

Trading securities

Financial assets classified as held for trading are included in the category 'trading securities'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and effective hedging instruments. Gains or losses on financial assets held for trading are recognised in the consolidated income statement.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are subsequently measured at amortised cost. Gains and losses are recognised in the consolidated income statement when the investments are impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as trading securities or designated as investment securities available-for-sale. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is reclassified to the consolidated income statement. However, interest calculated using the effective interest method is recognised in the consolidated income statement.

Determination of fair value

The fair value for financial instruments traded in active market at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Reclassification of financial assets

If a non-derivative financial asset classified as held for trading is no longer held for the purpose of selling in the near term, it may be reclassified out of the fair value through profit or loss category in one of the following cases:

- a financial asset that would have met the definition of loans and receivables above may be reclassified to loans and receivables category if the Group has the intention and ability to hold it for the foreseeable future or until maturity;
- other financial assets may be reclassified to available for sale or held to maturity categories only in rare circumstances.

A financial asset classified as available for sale that would have met the definition of loans and receivables may be reclassified to loans and receivables category if the Group has the intention and ability to hold it for the foreseeable future or until maturity.

Financial assets are reclassified at their fair value on the date of reclassification. Any gain or loss already recognized in profit or loss is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current accounts, amounts due from the National Bank of the Republic of Kazakhstan (the "NBRK") and amounts due from other credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

Obligatory reserves

Obligatory reserves represent mandatory reserve deposits and cash which are not available to finance the Bank's day to day operations and, hence, are not considered as part of cash and cash equivalents for the purpose of the cash flow statements.

Repurchase and reverse repurchase agreements and securities lending

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the consolidated statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within amounts due to credit institutions. Securities purchased under agreements to resell ("reverse repo") are recorded as amounts due from credit institutions or cash and cash equivalents as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of repo agreements using the effective yield method.

Securities lent to counterparties are retained in the consolidated statement of financial position. Securities borrowed are not recorded in the consolidated statement of financial position, unless these are sold to third parties, in which case the purchase and sale are recorded within gains less losses from trading securities in the consolidated income statement. The obligation to return them is recorded at fair value as due to credit institutions.

Derivative financial instruments

In the normal course of business, the Group enters into various derivative financial instruments, mainly currency swaps. Such financial instruments are held for trading and are recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as other assets when their fair value is positive and as other liabilities when it is negative. Gains and losses resulting from these instruments are included in the consolidated income statement as gains less losses from trading securities. Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value on the trading portfolio with changes in fair value recognised in the consolidated income statement.

Borrowings

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to the Government, amounts due to credit institutions, amounts due to customers and debt securities issued. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated income statement when the borrowings are derecognised as well as through the amortisation process.

If the Group purchases its own debt, it is removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognised in the consolidated income statement.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Amounts due from credit institutions and loans to customers

For amounts due from credit institutions and loans to customers carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risks characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the consolidated income statement as a component of allowance for impairment.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group or their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Held-to-maturity financial investments

For held-to-maturity investments the Group assesses individually whether there is objective evidence of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, any amounts formerly charged are credited to the consolidated income statement as a component of other impairment and provisions.

Investment securities available-for-sale

For investment securities available-for-sale, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated income statement – is reclassified from other comprehensive income to the consolidated income statement. Impairment losses on equity investments are not reversed through the consolidated income statement; increases in their fair value after impairment are recognised in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in the consolidated income statement. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated income statement, the impairment loss is reversed through the consolidated income statement.

Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions.

The accounting treatment of such restructuring is as follows:

- If the currency of the loan has been changed the old loan is derecognised and the new loan is recognised in the statement of financial position.
- If the loan restructuring is not caused by the financial difficulties of the borrower the Bank uses the same approach as for financial liabilities described below.

- If the loan restructuring is due to the financial difficulties of the borrower and the loan is impaired after restructuring, the Bank recognizes the difference between the present value of the new cash flows discounted using the original effective interest rate and the carrying amount before restructuring in the provision charges for the period. In case loan is not impaired after restructuring the Bank recalculates the effective interest rate.

Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- the Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value. The extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated income statement.

Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit and guarantees. Financial guarantees are initially recognised in the consolidated financial statements at fair value, in 'other liabilities', being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amortised premium and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Any increase in the liability relating to financial guarantees is taken to the consolidated income statement. The premium received is recognised in the consolidated income statement on a straight-line basis over the life of the guarantee.

Share capital

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Treasury shares

Where the Bank or its subsidiaries purchases the Bank's shares, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from total equity as treasury shares until they are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in equity. Treasury shares are stated at weighted average cost.

Dividends

Dividends on common shares are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

Preferred shares

IAS 32 "Financial instruments: Presentation" requires that preferred shares or their components be classified as financial liabilities or equity instruments in accordance with the essence of contractual agreement and definitions of financial liability and equity instrument. Preferred shares which carry a mandatory dividend payment are classified as debt securities issued. On initial recognition the fair value of the debt is equivalent to the present value of the mandatory dividend obligations over the term of the preferred share discounted at the interest rate for a similar instrument that does not retain a residual benefit to discretionary dividends.

Dividends on preferred shares are classified as an expense and are recognized in the consolidated income statement within interest expense on debt securities issued.

Segment reporting

The Group's segmental reporting is based on the following operating segments: Retail banking, Corporate banking and Group functions.

Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable

Recognition of income and expenses

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Interest and similar income and expense

For all financial instruments measured at amortised cost and interest bearing securities classified as trading or available-for-sale, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

- *Fee income earned from services that are provided over a certain period of time*

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income, asset management fees and fees for issuance of guarantees and letters of credit. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

- *Fee income from providing transaction services*

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

Dividend income

Income is recognised when the Group's right to receive the payment is established.

Expenses

Expenses are recognized on an accrual basis when the services are provided.

Foreign currency translation

The consolidated financial statements are presented in Kazakh Tenge, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the consolidated income statement as gains less losses from foreign currencies - translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the KASE exchange rate on the date of the transaction are included in gains less losses from dealing in foreign currencies.

4. Business combination

Acquisition of additional interest in JSC Accumulated Pension Fund "Atameken"

Acquisitions in 2011

On 14 March 2011 and 29 March 2011, the Group acquired an additional 5,11%and 0,44% of the voting shares of JSC Accumulated Pension Fund "Atameken", respectively, increasing its ownership from 87,02% to 92,57%.

Acquisitions in 2010

On 27 April 2010 and 20 May 2010, the Group acquired an additional 1.87% and 10.70% of the voting shares of JSC Accumulated Pension Fund "Atameken", respectively, increasing its ownership from 74.43% to 87.02%.

5. Segment information

For management purposes, the Group is organised into three business segments based on products and services as follows:

Retail banking	Principally handling individual customers' deposits, and providing consumer loans, overdrafts, credit cards facilities and funds transfer facilities.
Corporate banking	Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers.
Group function	Treasury functions, including balances and transactions with trading securities and investment securities available-for-sale and held-to-maturity.

The Group's geographical segments are based on the location of the Group's assets. Income from external customers disclosed by geographical segments is based on the geographical location of its customers.

Where the Group cannot directly attribute or reasonably allocate items of revenue and operating expense to segments, it reports them as unallocated.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured differently from profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present income and profit and certain asset and liability information regarding the Group's operating segments:

01.04.2011	*Retail Banking*	*Corporate Banking*	*Group function*	*Unallocated*	*Total*
Revenues from transactions with external customers					
Interest income	**815.185**	**4.171.187**	**110.362**	**477.350**	**5.574.084**
Interest expense	**(903.063)**	**(1.267.793)**	**(19.592)**	**(1.441.369)**	**(3.631.817)**
Net interest income	**(87.878)**	**2.903.394**	**90.770**	**(964.019)**	**1.942.267**
Provision for impairment of loans	**(723.361)**	**541.521**	**(179.245)**	**-**	**(361.085)**
Net interest income after provision for loan impairment	**(811.239)**	**3.444.915**	**(88.475)**	**(964.019)**	**1.581.182**
Net commission income	**109.127**	**451.120**	**(1.595)**	**23.920**	**582.572**
Other non-interest income	**106.499**	**217.200**	**(19.392)**	**750.410**	**1.054.717**
Noninterest expenses	**(61.546)**	**(1.206.537)**	**(80.189)**	**(1.703.701)**	**(3.051.973)**
Segment Financial Results	**(657.159)**	**2.906.698**	**(189.651)**	**(1.893.390)**	**166.498**
Income Tax Relief					**(62.942)**

Profit for the year					**103.556**
Assets and liabilities					
Segment assets	**23.525.710**	**168.420.182**	**48.189.644**	**-**	**240.135.536**
Unallocated assets				**16.132.542**	**16.132.542**
Total assets	**23.525.710**	**168.420.182**	**48.189.644**	**16.132.542**	**256.268.079**
Segment liabilities	**42.172.360**	**75.917.724**	**22.763.235**		**140.853.319**
Unallocated liabilities	**-**	**-**	**-**	**44.738.228**	**44.738.228**
Total liabilities	**42.172.360**	**75.917.724**	**22.763.235**	**44.738.228**	**185.591.547**

5. Segment information (continued)

01.04.2010	*Retail Banking*	*Corporate Banking*	*Group function*	*Unallocated*	*Total*
Revenues from transactions with external customers					
Interest income	**1.253.456**	**6.585.478**	**99.834**	**340.271**	**8.279.039**
Interest expense	**(777.034)**	**(2.194.299)**	**(658.217)**	**(1.029.395)**	**(4.658.945)**
Net interest income	**476.422**	**4.391.179**	**(558.383)**	**(689.124)**	**3.620.094**
Provision for impairment of loans	**283.729**	**1.216.900**	**(62.338)**	**(239.905)**	**1.198.386**
Net interest income after provision for loan impairment	**760.151**	**5.608.079**	**(620.721)**	**(929.029)**	**4.818.480**
Net commission income	**107.273**	**320.939**	**(1.064)**	**20.057**	**447.205**
Other non-interest income	**62.567**	**(295.905)**	**26.613**	**434.060**	**227.335**
Noninterest expenses	**(2.612)**	**(262.925)**	**(138.121)**	**(3.233.821)**	**(3.637.479)**
Segment Financial Results	**927.379**	**5.370.188**	**(733.293)**	**(3.708.733)**	**1.855.541**
Income Tax Relief					**(169.758)**
Profit for the year					**1.685.783**
Assets and liabilities					
Segment assets	**35.710.142**	**219.906.343**	**46.145.797**	**-**	**301.762.282**
Unallocated assets	**-**	**-**	**-**	**27.305.264**	**27.305.264**
Total assets	**35.710.142**	**219.906.343**	**46.145.797**	**27.305.264-**	**329.067.546**
Segment liabilities	**35.582.742**	**160.625.405**	**63.656.230**	**-**	**259.864.377**
Unallocated liabilities	**-**	**-**	**-**	**24.636.899**	**24.636.899**
Total liabilities	**35.582.742**	**160.625.405**	**63.656.230**	**24.636.899**	**284.501.275**

Geographic information

01.04.2011	*Kazakhstan*	*OECD*	*Non-OECD*	*Total*
Income				
Revenues from third party customers	**5.574.084**	**-**	**-**	**5.574.084**
Non-current assets	**5.164.559**	**–**	**–**	**5.164.559**

Non-current assets consist of property, equipment and intangible assets.

01.04.2010	*Kazakhstan*	*OECD*	*Non-OECD*	*Total*
Income				
Revenues from third party customers	**8.279.039**	**-**	**-**	**8.279.039**
Non-current assets	**6.343.219**	**-**	**-**	**6.343.219**

Non-current assets consist of property, equipment and intangible assets.

6. Cash and cash equivalents

Cash and cash equivalents comprise:

	01.04.2011	*2010*
Cash on hand	**6.165.060**	**6.807.393**
Current accounts with other credit institutions	**6.963.474**	**6.963.474**
Time deposits with credit institutions up to 90 days	**11.000.083**	**35.006.111**
Reverse repurchase agreements with credit institutions up to 90 days	**1.740.066**	**3.790.650**
Cash and cash equivalents	**23.473.991**	**52.567.628**

7. Obligatory reserves

Under Kazakh legislation, the Bank is required to maintain certain obligatory reserves, which are computed as a percentage of certain liabilities of the Bank. Such reserves must be held in either non-interest bearing deposits with the NBRK or in correspondent accounts or in physical cash. The use of such funds is, therefore, subject to certain restrictions.

As at 31 March 2011, the obligatory reserves are KZT 2.955.256 thousand (31 December 2010: KZT 3.403.547 thousand).

8. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	01.04.2011	*2010*
Time deposits for more than 90 days	**260.445**	**1.522.622**
Documentary calculations	**290.894**	
Amounts due from credit institutions	**551.339**	**1.522.622**

9. Trading securities

	01.04.2011	*2010*
Debt securities:		
Treasury bills of the Ministry of Finance	**2.058.301**	**1.926.470**
Bonds of Kazakh banks	**280.144**	**1.287.322**
Eurobonds of Kazakh banks	**1.582.047**	**330.603**
	3.920.492	**3.544.395**
Equity securities:		
Preferred shares of Kazakh financial institutions	**24.340**	**107.965**
Common shares of Kazakh financial institutions	**56.290**	**90.432**
	80.630	**198.397**
	4.001.122	**3.742.792**

10. Investment securities

Available-for-sale securities comprise:

	01.04.2011	*2010*
Debt securities:		
Treasury bills of the Ministry of Finance	**20.931.621**	**19.626.759**
Bonds of Kazakh credit institutions, other than banks	**1.929.868**	**2.030.989**
Eurobonds of Kazakh banks	**1.052.674**	**794.652**
Bonds of Kazakh banks	**834.353**	**449.094**
Notes of foreign banks	**1.258.798**	**333.893**
Corporate bonds	**812.524**	**75.583**
Treasury bills of the OECD central governments	–	–
	26.819.838	**23.310.970**
Equity securities:		
Corporate shares	**231.601**	**70.669**
Shares of Kazakh banks and other credit institutions	**242.207**	**96.004**
	473.808	**166.673**
Investment securities available-for-sale	**27.293.646**	**23.477.643**

11. Held-to-maturity securities comprise:

	01.04.2011	*2010*
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	**453.762**	**441.016**
Bonds of Kazakh banks	**100.548**	**99.397**

Bonds of Kazakh credit institutions, other than banks	**245.653**	**237.861**
Held-to-maturity securities	**799.963**	**778.274**

12. Loans to customers

Loans to customers comprise:

	01.04.2011	*2010*
Individually significant corporate borrowers	**197.695.276**	**192.187.444**
Individually insignificant corporate, small and medium size borrowers	**37.701.372**	**39.596.572**
Consumer lending	**16.048.990**	**20.033.572**
Residential mortgages	**7.035.478**	**8.856.527**
Gross loans to customers	**258.481.116**	**260.674.115**
Less – Allowance for impairment	**(70.113.947)**	**(70.229.972)**
Loans to customers	**188.367.169**	**190.444.143**

Allowance for impairment of loans to customers

A reconciliation of the allowance for impairment of loans to customers by class is as follows:

2010	*Individually significant corporate borrowers*	*Individually insignificant corporate, small and medium size borrowers*	*Consumer lending*	*Residential mortgages*	*Total*
At 1 January 2010	**10.100.127**	**9.655.905**	**510.539**	**44.847**	**20.311.418**
Charge/(recoveries) for the year	**72.098.543**	**(5.170.959)**	**326.225**	**217.131**	**67.470.940**
Amounts written off	**(17.443.599)**	**(108.787)**	**–**	**–**	**(17.552.386)**
At 31 December 2010	**64.755.071**	**4.376.159**	**836.764**	**261.978**	**70.229.972**
At 1 January 20101	**64.755.071**	**4.376.159**	**836.764**	**261.978**	**70.229.972**
Charge/(recoveries) for the year	**(712.909)**	**568.412**	**111.445**	**(82.973)**	**(116.025)**
At 31 March 2011	**64.042.162**	**4.944.571**	**948.209**	**179.005**	**70.113.947**

13. Other impairment and provisions

The movement on the allowances for impairment of other assets and guarantees and commitments were as follows:

	Guarantees and commitments	*Other assets*	*Total*
31 December 2009	108.086	162.342	270.428
Charge	**2.079.976**	**1.190.823**	**3.270.799**
Write-offs	**(20.211)**	**(283.547)**	**(303.758)**
31 December 2010	**2.167.851**	**1.069.618**	**3.237.469**
Charge/(recoveries	**(125.354)**	**914.576**	**789.222**
At 31 March 2011	**2.042.497**	**1.984.194**	**4.026.691**

Allowances for impairment of other assets are deducted from carrying amount of the related assets. Provisions for guarantees and commitments are recorded in other liabilities.

14. Amounts due to the Government

As at 31 March 2011 funds attracted by the Bank from Entrepreneurship Development Fund DAMU JSC, 100% owned by the Government, amounted to KZT 10.996.656 thousands (31 December 2010: KZT 12.190.166 thousand). In accordance with the contractual provisions, the Bank can utilize these funds only for financing small and medium business.

15. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	01.04.2011	*2010*
Займы кредитных учреждений, помимо банков	**1.664.764**	**1.756.005**
Срочные вклады местных банков и банков стран, не являющихся членами ОЭСР	**513.600**	**1.018.308**
Срочные вклады банков стран-членов ОЭСР	**427.101**	**483.536**
Текущие счета	**1.867**	**1.705**
Средства кредитных учреждений	**2.607.332**	**3.259.554**

16. Amounts due to customers

The amounts due to customers include the following:

	01.04.2011	*2009*
Current accounts:		
Legal entities	35.215.161	41.652.951
Individuals	3.112.068	4.021.164
Held as security against letter of credit	67.959	82.820
Time deposits:		
Legal entities	49.339.030	71.397.483
Individuals	33.796.240	33.430.342
Amounts due to customers	121.530.458	150.584.760

An analysis of customer accounts by economic sector follows:

	01.04.2011	%	*2010*	%
Non-banking financial institutions	**30.387.803**	25	**42.655.413**	28
Individuals	**36.908.308**	30	**37.451.506**	25
Oil and gas	**11.094.118**	9	**15.613.629**	10
		5		6
Wholesale trade	**6.923.500**		**9.132.413**	
Communication	**1.198.822**	1	**6.663.890**	4
Construction	**9.097.526**	7	**6.418.008**	4
Advertising	**6.926.121**	5	**5.411.173**	4
Sale and service of automobiles	**2.371.429**	2	**3.086.934**	2
Entertainment	**2.824.018**	3	**3.042.194**	2
Real estate	**1.093.928**	1	**1.932.418**	1
Agriculture	**3.630.095**	2	**1.901.303**	1
Education	**1.014.725**	1	**998.381**	1
Retail trade	**608.948**	1	**653.595**	1
Food industry	**646.153**	1	**646.080**	1
Held as security against letters of credit	**67.959**	1	**82.820**	–
Metallurgy	**112.911**	1	**61.266**	–
Other	**6.624.094**	5	**14.833.737**	10
Amounts due to customers	**121.530.458**	100	**150.584.760**	100

17. Debt securities issued

Debt securities issued consisted of the following:

	01.04.2011	*2010*
USD Eurobonds	**21.800.885**	**22.045.563**
KZT notes	**13.879.676**	**14.828.091**
KZT subordinated notes	**8.719.505**	**8.760.657**
Preferred shares	**2.043.165**	**2.043.165**
	46.443.231	**47.677.476**
Net unamortized discount and cost of issuance	**(1.653.374)**	**(1.740.187)**
	44.789.857	**45.937.289**
Interest accrued	**1.928.655**	**1.057.071**
Debt securities issued	**46.718.512**	**46.994.360**

18. Commitments and contingencies

Commitments and contingencies

As at 31 March the Group's financial commitments and contingencies comprised the following:

	01.04.2011	*2010*
Credit related commitments		
Undrawn loan commitments	**17.573.681**	**17.109.249**
Guarantees	**11.116.558**	**10.496.388**
Letters of credit	**358.688**	**375.456**
	29.048.927	**27.981.093**
Operating lease commitments		
Not later than 1 year	**62.161**	**336.201**
Later than 1 year but not later than 5 years	**117.058**	**481.365**
More than 5 year	**10.617**	**40.404**
	189.835	**857.970**
Commitments and contingencies, gross	**29.238.862**	**28.839.063**
Less – cash held as security against letters of credit and guarantees	**(67.959)**	**(108.651)**
Less – provisions *(Note 15)*	**(2.042.497)**	**(2.167.851)**

Commitments and contingencies	**27.128.306**	**26.562.561**

19. Net fee and commission income

Net fee and commission income comprises:

	01.04.2011	*01.04.2010*
Pension asset management	**247.925**	**63.091**
Cash operations	**162.343**	**123.208**
Guarantees and letters of credit	**113.575**	**142.265**
Bank cards	**62.885**	**93.475**
Bank transfers	**145.264**	**93.929**
Purchase – sale of currencies	**29.333**	**39.623**
Agent's fees	**16.886**	**17.664**
Other	**22.900**	**26.808**
Fee and commission income	**801.111**	**600.063**
Bank cards	**(12.630)**	**(18.590)**
Bank transfers	**(18.982)**	**(13.624)**
Operations with securities	**(1.139)**	**(7.309)**
Cash operations	**-)**	**(6)**
Agents' fees	**(153.598)**	**(94.858)**
Guarantees and letters of credit	**(116)**	**(750)**
Other	**(32.074)**	**(17.721)**
Fee and commission expense	**(218.539)**	**(152.858)**
Net fee and commission income	**582.572**	**447.205**

20. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	01.04.2011	*01.04.2010*
Salaries and bonuses	**(921.231)**	**(1.275.836)**
Social security costs	**(98.435)**	**(134.529)**
Personnel expenses	**(1.019.666)**	**(1.410.365)**
Rent	**(223.773)**	**(274.469)**
Deposit insurance	**(2.466)**	**(130.416)**
Repair and maintenance	**(18.282)**	**(90.599)**
Advertising	**(26.422)**	**(32.140)**
Communication	**(44.236)**	**(37.121)**
Security	**(32.516)**	**(54.097)**
Information technologies services	**(35.494)**	**(25.147)**
Professional services	**(189.425)**	**(761.138)**
Transportation	**(16.623)**	**(15.961)**
Utilities	**(21.656)**	**(21.573)**
Business trips	**(16.436)**	**(14.994)**
Cash collection	**(9.998)**	**(6.031)**
Entertainment	**(905)**	**(10.366)**
Postal services	**(4.332)**	**(3.363)**
Trainings	**(1.991)**	**(607)**
Other	**(29.214)**	**(40.739)**
Other operating expenses	**(673.769)**	**(1.518.761)**

21. (Loss)/earnings per share

Basic and diluted earnings per share is calculated by dividing the net (loss)/profit for the year attributable to common shareholders of the Bank by the weighted average number of common shares (excluding treasury shares) (participating shares) outstanding during the year.

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

	01.04.2011	*2010*
Net (loss)/profit for the year attributable to shareholders of the Bank	**91.821**	**(69.173.651)**
Weighted average number of participating shares for basic and diluted earnings per share	**3.305.465**	**3.305.465**
Basic and diluted (loss)/ earnings per share (in Kazakh tenge)	**27.78**	**(20.9**

22. Risk management

The geographical concentration of the Group's monetary assets and liabilities is set out below:

01.04.2011	*2010*

	Kazakhstan	OECD	CIS and other countries	Total	Kazakhstan	OECD	CIS and other countries	Total
Assets:								
Cash and cash equivalents	**21.401.527**	**1.829.685**	**242.779**	**23.473.991**	**50.267.391**	**2.291.851**	**8.386**	**52.567.628**
Obligatory reserves	**2.955.256**	**–**	**–**	**2.955.256**	**3.403.547**	**–**	**–**	**3.403.547**
Trading securities	**4.001.122**	**–**	**–**	**4.001.122**	**3.742.792**	**–**	**–**	**3.742.792**
Amounts due from credit institutions	**551.339**	**–**	**–**	**551.339**	**1.522.622**	**–**	**–**	**1.522.622**
Investment securities								
available-for-sale	**27.184.132**	**109.514**	**–**	**27.293.646**	**23.143.750**	**333.893**	**–**	**23.477.643**
held-to-maturity	**799.963**	**–**	**–**	**799.963**	**778.274**	**–**	**–**	**778.274**
Loans to customers	**188.367.169**	**–**	**–**	**188.367.169**	**190.444.143**	**–**	**–**	**190.444.143**
Other assets (excluding non-monetary items)	**4.182.657**		**–**	**4.182.657**	**1.649.941**	**242.032**	**–**	**1.891.973**
	249.443.165	**1.939.199**	**242.779**	**251.625.143**	**274.952.460**	**2.867.776**	**8.386**	**277.828.622**
Liabilities:								
Amounts due to the Government	**10.996.656**	**–**	**–**	**10.996.656**	**12.190.166**	**–**	**–**	**12.190.166**
Amounts due to credit institutions	**2.044.990**	**562.342**	**–**	**2.607.332**	**2.775.197**	**484.357**	**–**	**3.259.554**
Amounts due to customers	**121.530.458**	**–**	**–**	**121.530.458**	**150.584.760**	**–**	**–**	**150.584.760**
Debt securities issued	**24.801.504**	**–**	**21.917.008**	**46.718.512**	**24.920.075**	**–**	**22.074.285**	**46.994.360**
Other liabilities	**3.738.589**	**–**	**–**	**3.738.589**	**443.500**	**–**	**–**	**443.500**
	163.112.197	**562.342**	**21.917.008**	**185.591.547**	**190.913.698**	**484.357**	**22.074.285**	**213.472.340**
Net assets / (liabilities)	**86.330.967**	**1.376.857**	**(21.674.229)**	**66.033.595**	**84.038.762**	**2.383.419**	**(22.065.899)**	**64.356.282**

23. Related party disclosures

	01.04.2011		
	Shareholders	*Entities under common control*	*Key management personnel*
Loans to customers outstanding at 1 January, gross	**–**	**–**	**26.529**
Loans to customers issued during the year	**–**	**–**	**4.000**
Loans to customers repaid during the year	**–**	**–**	**352**
Loans to customers outstanding at 31 December, gross	**–**	**–**	**30.176**
Less – Allowance for loan impairment	**–**	**–**	**49**
Loans to customers outstanding at 31 December, net	**–**	**–**	**30.127**
Amounts due to customers at 1 January	**853.816**	**382.379**	**4.409**
Amounts due customers received during the year	**23.668.308**	**4.921.503**	**8.339**
Amounts due to customers repaid during the year	**24.207.757**	**4.854.752**	**11.638**
Amounts due to customers at 31 December	**314.366**	**449.130**	**1.110**
Commitments and guarantees	**–**	**788.009**	**–**

The interest rates and maturities of transactions with related parties as at 31 March are as follow:

	01.04.2011		
	Shareholders	*Entities under common control*	*Key management personnel*
Loans to customers:			
Maturity	–	–	2018-2027
Interest rate in KZT	–	–	10%-15%
Amounts due to customers:			
Maturity	2011-2014	2011-2014	2014-2015
Interest rate in KZT	8-12%	6-14%	10%
Interest rate in EUR	–	–	–
Interest rate in USD	9%-10%	–	8%

The income and expense arising from related party transactions are as follows:

	01.04.2011		
	Share-holder	*Entities under common control*	*Key manage-ment person-nel*
Interest income on loans	–	–	908
Impairment charge for loans	–	–	
Interest expense on amounts due to customers	(8.316)	(2.812)	(25)
Fee and commission income	1.283	1.984	15
Other operating expenses	(3.790)	–	(265)

Subsidiaries

The consolidated financial statements include the following subsidiaries:

Subsidiary	*Holding% 01.04.2011*	*Holding% 2010*	*Country*	*Date of incorporation*	*Activities*	*Date of acquisition*
JSC "Kupa Nur-trust"	**100**	100	Kazakhstan	2001	Asset management	2001
LLP "Leasing company Nurinvest"	**100**	100	Kazakhstan	2001	Leasing	2001
JSC "Money Experts"	**100**	100	Kazakhstan	2002	Brokerage	2002
JSC "Insurance Company Nurpolicy"	**100**	100	Kazakhstan	1999	Insurance	2004
JSC APF "Atameken"	**93**	87	Kazakhstan	1997	Pension fund	2006
NurFinance B.V.	**100**	100	Netherlands	2006	SPE	2006

On 15 October 2010 the Board of Directors of the Bank ordered to develop liquidation plan of JSC "Kupa Nur-trust". The liquidation process is planned to be completed in 2011. According to the liquidation plan, JSC "Kupa Nur-trust" assets will be transferred to the Bank and liabilities will be assumed by the Bank and its subsidiary JSC APF "Atameken".

Special purpose entities

On 31 July 2006, the Bank established a wholly owned special purpose entity ("SPE") Nurfinance B.V. The SPE was created for the purpose of issuing Eurobonds.

The Bank consolidates special purpose entities it controls. In assessing and determining if the Bank controls such special purpose entities, judgments is made about the Bank's exposure to the risks, rewards and its ability to make operational decisions.

On 19 August 2010 the issuer was changed from NurFinance B.V to JSC "Nurbank" with respect to 5 years bonds.

On 26 November 2010 Management of the Board of the Bank decided to discontinue operations of NurFinance B.V.

24. The calculation of book value of common and preferred shares.

The calculation of the book value of one common and preferred shares in accordance with the requirements of Annex 6 to the Listing Rules of JSC "Kazakhstan Stock Exchange.

The calculation of book value of common share:

1. Net Assets = 69,851,196,000 Tenge;

2. Number of ordinary shares = 10,526,030 shares;

3. calculation formula = Net assets / number of common shares;

4. The book value of one ordinary share = 6, 636.04 tenge.

The calculation of book value of preferred stock:

Equity attributable to holders of preferred shares (EPC) = 360 134 750 tenge;

The debt component of preferred shares of the first group recorded in liabilities (DSps1) = 225 695 000 tenge;

Number of preferred shares = 225,695 shares;

calculation formula = EPC + DSps1 / number of preferred shares;

The book value of one preference share = 2, 595.67 tenge.

Chairman of the Board **M.Zairov**

Chief accountant **G.Suleimanova**

ҚАЗАҚСТАН РЕСПУБЛИКАСЫ АЛМАТЫ ҚАЛАСЫ "НҰРБАНК" АКЦИОНЕРЛІК ҚОҒАМЫ
NURBANK
РЕСПУБЛИКА КАЗАХСТАН ГОРОД АЛМАТЫ АКЦИОНЕРНОЕ ОБЩЕСТВО "НУРБАНК"

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