JSC Nurbank

Interim Condensed Consolidated
Financial Statements

30 June 2010

CONTENTS

Report on audit of interim condensed consolidated financial statements

Selected explanatory notes to interim condensed consolidated financial statements

Ernst & Young

Ernst & Young LLP
Esentai Tower
Al-Farabi Ave., 77/7
Almaty, Kazakhstan
Tel: +7 (727) 258 5960
Fax: +7 (727) 258 5961
www.ey.com/kazakhstan

ТОО «Эрнст энд Янг»
Казахстан, Алматы
пр. Аль-Фараби, 77/7
Здание «Есентай Тауэр»
Тел.: +7 (727) 258 5960
Факс: +7 (727) 258 5961

Report On Audit Of Interim Condensed Consolidated Financial Statements

To the Shareholders and Board of Directors of JSC Nurbank

We have audited the accompanying interim condensed consolidated financial statements of JSC Nurbank and its subsidiaries (the "Group") as at 30 June 2010, which comprise the interim condensed consolidated statement of financial position as at 30 June 2010, and interim condensed consolidated statements of comprehensive income, of changes in equity and of cash flows for the six month period then ended, and other explanatory notes.

Management's responsibility for the financial statements

Management of the Group is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the interim condensed consolidated financial statements have been prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLP

Zhemaletdinov Evgeny
Auditor/General Director
Ernst & Young LLP

State Audit License for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005

Auditor Qualification Certificate No. 0000553 dated 24 December 2003

24 December 2010

Interim condensed consolidated statement of financial position
As at 30 June 2010

(Thousands of Kazakh tenge)

	Notes	*30 June 2010*	*31 December 2009*
Assets			
Cash and cash equivalents	5	**22,928,135**	18,266,670
Obligatory reserves	6	**4,725,179**	4,525,802
Trading securities	8	**3,066,077**	–
Amounts due from credit institutions	7	**2,997,941**	4,075,109
Investment securities:	9		
- available-for-sale		**25,706,156**	13,740,338
- held-to-maturity		**1,041,247**	1,137,924
Loans to customers	10	**211,627,915**	245,435,301
Property and equipment		**6,053,188**	5,978,281
Reserves for insurance claims, reinsurance share		**243,532**	220,091
Current income tax assets		**886,171**	207,724
Deferred income tax assets	11	**4,741,979**	723,101
Other assets		**3,214,082**	2,768,814
Total assets		**287,231,602**	297,079,155
Liabilities			
Amounts due to the Government		**13,244,266**	13,874,225
Amounts due to credit institutions	13	**6,828,883**	10,443,537
Amounts due to customers	14	**214,976,723**	179,762,853
Debt securities issued	15	**47,026,997**	48,134,158
Reserves for insurance claims		**823,539**	914,577
Provisions		**1,346,935**	108,086
Other liabilities		**763,747**	723,752
Total liabilities		**285,011,090**	253,961,188
Equity			
Share capital:	16		
- common shares		**31,770,930**	31,652,370
- preferred shares		**303,711**	303,711
- treasury shares		**(282,901)**	(278,401)
Additional paid in capital		**100**	237,220
Other reserves		**578,778**	616,778
(Accumulated deficit)/retained earnings		**(30,357,116)**	10,323,638
Total equity attributable to shareholders of the Bank		**2,013,502**	42,855,316
Non-controlling interests		**207,010**	262,651
Total equity		**2,220,512**	43,117,967
Total equity and liabilities		**287,231,602**	297,079,155

Signed and authorized for release on behalf of the Management Board of the Bank

Marat Z. Zairov — Chairman of the Board

Rishat S. Zhakanbayev — Chief Accountant

24 December 2010

The accompanying selected explanatory notes on pages 6 to 20 are an integral part of these interim condensed consolidated financial statements

Interim condensed consolidated income statement

(Thousands of Kazakh tenge)

	Notes	For the six months ended 30 June 2010	2009 (unaudited)
Interest income			
Loans to customers		**15,505,502**	15,646,984
Investment securities		**476,920**	884,829
Cash and cash equivalents		**128,084**	1,026,989
		16,110,506	17,558,802
Interest expense			
Amounts due to the Government		**(512,373)**	(457,315)
Amounts due to customers		**(6,174,165)**	(7,034,467)
Amounts due to credit institutions		**(345,981)**	(979,979)
Debt securities issued		**(2,590,093)**	(2,054,198)
		(9,622,612)	(10,525,959)
Net interest income		**6,487,894**	7,032,843
Allowance for impairment	7,10	**(45,913,560)**	(2,280,468)
Net interest income after allowance for loan impairment		**(39,425,666)**	4,752,375
Net fee and commission income	18	**1,519,986**	1,365,229
Losses less gains from trading securities		**(593,808)**	15,746
Net gains/(losses) from available-for-sale investment securities		**323,575**	(567,391)
Net gains/(losses) from foreign currencies:			
- dealing		**(273,893)**	2,679,241
- translation differences		**170,608**	(2,562,851)
Net insurance underwriting income		**384,534**	325,057
Losses from renegotiation of loans		**(721,246)**	–
Other income		**72,468**	73,973
Non-interest expense		**(637,762)**	(36,225)
Personnel expenses	19	**(2,569,208)**	(2,391,804)
Other operating expenses	19	**(2,334,511)**	(1,943,251)
Other impairment and provisions	12	**(1,736,970)**	(423,130)
Other non-interest expense		**(6,640,689)**	(4,758,185)
(Loss)/profit before income tax expense		**(45,184,131)**	1,323,194
Income tax benefit/(expense)	11	**4,337,171**	(379,144)
(Loss)/profit for the period		**(40,846,960)**	944,050
Attributable to:			
- shareholders of the Bank		**(40,842,960)**	880,145
- non-controlling interests		**(4,000)**	63,905
(Loss)/earnings per share (in Kazakh tenge)	21	**(12,855)**	278

The accompanying selected explanatory notes on pages 6 to 20 are an integral part of these interim condensed consolidated financial statements

Interim condensed consolidated statement of comprehensive income

(Thousands of Kazakh tenge)

		For the six months ended 30 June	
	Notes	2010	2009 (unaudited)
(Loss)/profit for the period		**(40,846,960)**	944,050
Other comprehensive income/(expense)			
Net (losses)/gains on investment securities available-for-sale		**(29,451)**	185,113
Tax rate effect on revaluation reserves for property and equipment		**(64,587)**	–
Currency translation differences		**65,987**	(55,602)
Other comprehensive (loss)/income for the period, net of tax		**(28,051)**	129,511
Total comprehensive (loss)/income for the period		**(40,875,011)**	1,073,561
Attributable to:			
- shareholders of the Bank		**(40,871,011)**	997,406
- non-controlling interests		**(4,000)**	76,155

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2010

(Thousands of Kazakh tenge)

	Attributable to shareholders of the Bank									
	Share capital		Treasury shares							
	Common shares	*Preferred shares*	*Common shares*	*Preferred shares*	*Additional paid-in capital*	*(Accumulated deficit) /retained earnings*	*Other reserves*	*Total*	*Non-controlling interests*	*Total Equity*
As at 1 January 2009	31,650,930	303,711	(215,905)	(12,780)	100	10,027,465	(97,968)	41,655,553	249,960	41,905,513
Total comprehensive income for the period (unaudited)	–	–	–	–	–	880,145	117,261	997,406	76,155	1,073,561
Depreciation of revaluation reserve, net of tax (unaudited)	–	–	–	–	–	13,996	(13,996)	–	–	–
Issue of share capital *(Note 16)* (unaudited)	1,440	–	–	–	237,120	–	–	238,560	–	238,560
Purchase of treasury shares *(Note 16)* (unaudited)	–	–	(25,066)	(3,822)	–	–	–	(28,888)	–	(28,888)
At 30 June 2009 (unaudited)	31,652,370	303,711	(240,971)	(16,602)	237,220	10,921,606	5,297	42,862,631	326,115	43,188,746
As at 1 January 2010	**31,652,370**	**303,711**	**(263,398)**	**(15,003)**	**237,220**	**10,323,638**	**616,778**	**42,855,316**	**262,651**	**43,117,967**
Total comprehensive loss for the period	–	–	–	–	–	**(40,842,960)**	**(28,051)**	**(40,871,011)**	**(4,000)**	**(40,875,011)**
Depreciation of revaluation reserve, net of tax	–	–	–	–	–	**9,949**	**(9,949)**	–	–	–
Transfer *(Note 16)*	**118,560**	–	–	–	**(237,120)**	**118,560**	–	–	–	–
Acquisition of non-controlling interests *(Note 4)*	–	–	–	–	–	**33,697**	–	**33,697**	**(51,641)**	**(17,944)**
Purchase of treasury shares *(Note 16)*	–	–	**(4,500)**	–	–	–	–	**(4,500)**	–	**(4,500)**
At 30 June 2010	**31,770,930**	**303,711**	**(267,898)**	**(15,003)**	**100**	**(30,357,116)**	**578,778**	**2,013,502**	**207,010**	**2,220,512**

The accompanying selected explanatory notes on pages 6 to 20 are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated cash flow statement

(Thousands of Kazakh tenge)

	For the six months ended 30 June	
	2010	*2009 (unaudited)*
Cash flows from operating activities:		
Interest received	**9,716,909**	10,038,551
Interest paid	**(9,071,670)**	(10,656,052)
Losses less gains from trading in foreign currency	**(117,726)**	2,679,241
Fees and commissions received	**1,523,695**	1,314,959
Fees and commissions paid	**(77,743)**	(338,755)
Personnel expenses paid	**(2,561,195)**	(2,237,440)
Operating expenses paid	**(2,143,907)**	(1,690,250)
Other operating expenses paid	**(44,856)**	(1,694,651)
Cash flows used in operating activities before changes in operating assets and liabilities	**(2,776,493)**	(2,584,397)
Change in operating assets and liabilities:		
Net decrease in amounts due from credit institutions	**627,209**	3,971,657
Net (increase)/decrease in obligatory reserves	**(199,377)**	1,403,756
Net (increase)/ decrease in trading securities	**(3,066,077)**	230,517
Net increase in loans to customers	**(6,816,180)**	(20,586,611)
Net (increase)/decrease in other assets	**(722,787)**	15,858
Net (decrease)/increase in amounts due to the Government	**(629,959)**	9,043,593
Net decrease in amounts due to credit institutions	**(3,098,614)**	(25,656,012)
Net increase in due to customers	**35,166,708**	2,279,445
Net increase in other liabilities	**13,165**	9,450,606
Net cash flows from/(used in) operating activities before income tax	**18,497,595**	(22,431,588)
Income tax paid	**(424,740)**	(157,081)
Net cash from/(used in) operating activities	**18,072,855**	(22,588,669)
Cash flows from investing activities:		
Purchase of available-for-sale investment securities	**(16,635,678)**	(4,410,153)
Sale of available-for-sale investment securities	**4,948,684**	5,330,230
Redemption of held-to-maturity securities	**96,677**	–
Increase in share in subsidiaries	**(169,164)**	–
Share in cash of acquired subsidiaries	**1,229**	–
Purchase of property and equipment	**(263,036)**	(228,047)
Proceeds from sale of property and equipment	**8,859**	90,946
Net cash (used in)/provided by investing activities	**(12,012,429)**	782,976
Cash flows from financing activities:		
Debt securities redeemed	**(1,235,796)**	–
Purchase of treasury shares	**(4,500)**	(28,888)
Proceeds from issue of share capital	**–**	1,440
Debt securities issued	**–**	10,561,698
Net cash (used in)/provided by financing activities	**(1,240,296)**	10,534,250
Effects of exchange rates changes on cash and equivalents	**(158,665)**	(724,564)
Net change in cash and cash equivalents	**4,661,465**	(11,996,007)
Cash and cash equivalents at the beginning of the period *(Note5)*	**18,266,670**	19,679,590
Cash and cash equivalents at the end of the period *(Note5)*	**22,928,135**	7,683,583

The accompanying selected explanatory notes on pages 6 to 20 are an integral part of these interim condensed consolidated financial statements

(Thousands of Kazakh tenge)

1. Principal activities

JSC Nurbank (the "Bank") is the parent company in the Group. It was established in 1993 under the laws of the Republic of Kazakhstan. The Bank operates under a general banking license No. 142 on 13 December 2007 issued by Financial Markets and Supervision Agency ("FMSA").

JSC Nurbank and its subsidiaries (together the "Group") provide retail and corporate banking, pensions, asset management and insurance services in Kazakhstan. The Bank accepts deposits from the public and extends credit, transfers payments in Kazakhstan and abroad, exchanges currencies and provides other banking services to its commercial and retail customers. The Bank has a primary listing in the Kazakhstani Stock Exchange (the "KASE") and certain of the Bank's debt securities issued are primarily listed on 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 Bank's liabilities to individual depositors for amounts up to Kazakh Tenge five million 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 30 June 2010, the Bank had 17 branches and 51 cash settlement units (31 December 2009: 17 branches and 51 cash settlement units) located throughout Kazakhstan.

The following shareholders own more than 5% of the outstanding shares.

Shareholder	*30 June 2010*	*31 December 2009*
Sarsenova S.T.	**73.08**	–
LLP «Techno Trading LTD»	**5.16**	–
Nazarbayeva D.N.	–	50.87
Aliyev N.R.	–	6.42
Other shareholders owing less than 5%	**21.76**	42.71
Total	**100.00**	100.00

As at 30 June 2010, members of the Board of Directors and Management Board do not possess shares of the Bank (31 December 2009: 1,918,996 shares or 60.62%).

As at 30 June 2010, 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.

While management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, unexpected further deterioration in the areas described above could negatively affect the Group's results and financial position in a manner not currently determinable.

Going Concern

There has been a significant deterioration in the Group's financial position principally resulting from loss events related to loan portfolio in the second quarter of 2010. This has led to a breach, by the Bank of capital adequacy requirements set by the Basel Committee on Banking Regulations and Supervisory Practices. As a result of these loss events the Group has reported a net loss of KZT 40,842,960 thousand for the six months ended 30 June 2010. New shareholders of the Bank increased share capital by KZT 95,545,255 thousand in December 2010 to compensate significant capital decrease. Because negative events described above were covered by capital injection of the new shareholders, the Group is able to continue as a going concern.

2. Basis of preparation

General

The interim condensed consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009.

These consolidated financial statements are presented in thousands of Kazakh tenge ("KZT" or "Tenge"), except per share amounts and unless otherwise indicated.

Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of new Standards and Interpretations as of 1 January 2010, noted below:

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. This revised IAS 24 does not have impact on interim condensed consolidated financial statements.

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.

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 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 Group'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 as the annual impairment test is performed before aggregation.

The following new or revised standards and interpretations effective from 2010 did not have any impact on the accounting policies, financial position or performance of the Group:

- Amendment to IAS 39 "Financial Instruments: recognition and measurement" - Eligible Hedged Items;
- Amendment to IFRS 2 "Share-based Payment" - Group Cash-settled Share-based Payment Transactions;
- IFRIC 17 "Distribution of Non-Cash Assets to Owners";
- Amendments to IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements" – Puttable Financial Instruments and Obligations Arising on Liquidation;
- Amendments to IAS 32 "Financial instruments: Presentation": Classification of Rights Issues".

(Thousands of Kazakh tenge)

3. Segment information

For management purposes, the Group is organised into three operating segments:

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.
Other	Treasury functions, including balances and transactions with trading securities and investment securities available-for-sale.

Where the Group cannot directly attribute or reasonably allocate items of revenue and operating expenses 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.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue during the six months ended 30 June 2010 or 2009.

The following table presents income and profit information regarding the Group's operating segments for the six months ended 30 June 2010 and 2009, respectively:

Six months ended 30 June 2010	*Retail Banking*	*Corporate Banking*	*Other*	*Unallocated*	*Total*
External income					
Interest income	**2,282,070**	**13,265,201**	**435,151**	**128,084**	**16,110,506**
Interest expense	**(2,181,511)**	**(4,865,685)**	**–**	**(2,575,416)**	**(9,622,612)**
Net interest income	**100,559**	**8,399,516**	**435,151**	**(2,447,332)**	**6,487,894**
Allowance for impairment	**(1,031,750)**	**(44,881,810)**	**–**	**–**	**(45,913,560)**
Net interest income after allowance for impairment	**(931,191)**	**(36,482,294)**	**435,151**	**(2,447,332)**	**(39,425,666)**
Net fee and commission income	**633,327**	**800,893**	**–**	**85,766**	**1,519,986**
Non-interest expense	**(157,424)**	**203,217**	**(301,298)**	**(382,257)**	**(637,762)**
Other non-interest expense	**(116,309)**	**(2,079,360)**	**(75,355)**	**(4,369,665)**	**(6,640,689)**
Segment loss	**(571,597)**	**(37,557,544)**	**58,498**	**(7,113,488)**	**(45,184,131)**
Income tax benefit					**4,337,171**
Loss for the period					**(40,846,960)**

Six months ended 30 June 2009 (unaudited)	*Retail Banking*	*Corporate Banking*	*Other*	*Unallocated*	*Total*
External income					
Interest income	2,557,705	13,110,900	884,829	1,005,368	17,558,802
Interest expense	(994,110)	(6,496,361)	–	(3,035,488)	(10,525,959)
Net interest income	1,563,595	6,614,539	884,829	(2,030,120)	7,032,843
Allowance for impairment	(159,583)	(2,120,885)	–	–	(2,280,468)
Net interest income after allowance for impairment	1,404,012	4,493,654	884,829	(2,030,120)	4,752,375
Net fee and commission income	282,103	865,301	–	217,825	1,365,229
Non-interest expense	(182,023)	(1,130,122)	(551,645)	1,827,565	(36,225)
Other non-interest expense	(64,315)	(207,662)	–	(4,486,208)	(4,758,185)
Segment profit	1,439,777	4,021,171	333,184	(4,470,938)	1,323,194
Income tax expense					(379,144)
Profit for the period					944,050

(Thousands of Kazakh tenge)

3. Segment information (continued)

The following table presents segment assets of the Group's operating segment:

Segment assets	*Corporate Banking*	*Retail Banking*	*Other*	*Unallocated*	*Total*
At 30 June 2010	**207,469,773**	**36,041,800**	**12,600,238**	**31,119,791**	**287,231,602**
At 31 December 2009	231,027,542	43,312,479	14,870,236	7,868,898	297,079,155

4. Acquisition of non-controlling interest

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

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 to 87%. A cash consideration of KZT 169,164 thousand was paid to the non-controlling interest shareholders.

The carrying value of the net assets of Atameken at these dates was KZT 1,017,069 thousand and KZT 1,424,627 thousand, respectively, and the carrying value of the additional interest acquired was KZT 51,641 thousand. The difference of KZT 33,697 thousand between the consideration paid and the carrying value of the interest acquired has been recognized in accumulated loss within equity.

5. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 June 2010	*31 December 2009*
Cash on hand	**4,413,737**	5,378,885
Current accounts with other credit institutions	**4,647,090**	2,887,507
Time deposits in NBRK	**9,000,389**	–
Time deposits with credit institutions	**–**	10,000,278
Reverse repurchase agreements	**4,866,919**	–
Cash and cash equivalents	**22,928,135**	18,266,670

6. Obligatory reserves

As at 30 June 2010 and 31 December 2009, obligatory reserves comprise a non-interest bearing deposit with the NBK.

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 NBK or in physical cash and maintained based on average balances of the aggregate of deposits with the NBK and physical cash. The use of such funds is, therefore, subject to certain usage restrictions.

7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	30 June2010	*31 December 2009*
Long-term placements with other banks	**2,997,557**	4,485,772
Short-term placements with other banks	**1,655,533**	862,190
Reverse repurchase agreements	**–**	607,030
	4,653,090	5,954,992
Less - Allowance for impairment	**(1,655,149)**	(1,879,883)
Amounts due from credit institutions	**2,997,941**	4,075,109

As at 30 June 2010 the Group accepted as collateral on repurchase agreements treasury bills of the Ministry of Finance of the Republic of Kazakhstan and Notes of the NBRK with total fair value of KZT 4,865,219 thousand (31 December 2009: KZT 693,438 thousand).

The movements in allowances for impairment of amounts due from credit institutions were as follows:

As at 1 January 2009 and 30 June 2009	–
Charge for the period	(1,879,883)
As at 31 December 2009	(1,879,883)
Reversal for the period	**8,004**
Amount written-off	**286,789**
Foreign currency	**(70,059)**
As at 30 June 2010	**(1,655,149)**

(Thousands of Kazakh tenge)

8. Trading securities

Trading securities comprise:

	30 June 2010	31 December 2009
Debt securities:		
Treasury bills of the Ministry of Finance	2,718,023	–
Eurobonds of Kazakh banks	153,086	–
	2,871,109	–
Equity securities:		–
Preferred shares of local credit institutions	176,410	–
Common shares of local credit institutions	18,558	–
	194,968	–
Trading securities	3,066,077	–

9. Investment securities

Investment securities available-for-sale comprise:

	30 June 2010	31 December 2009
Debt securities:		
Treasury bills of the Ministry of Finance	18,450,151	8,884,755
Bonds of Kazakh banks	1,850,898	165,713
Eurobonds of Kazakh banks	1,791,457	2,965,504
Bonds of Kazakh credit institutions, other than banks	1,486,644	1,020,267
Notes of National Bank of RK	1,402,663	–
Notes of foreign banks	318,017	318,879
Corporate bonds	222,771	212,977
Treasury bills of the OECD central governments	–	42,555
	25,522,601	13,610,650
Equity securities:		
Corporate shares	161,461	93,268
Common shares of local banks and other credit institutions	22,094	36,420
	183,555	129,688
Investment securities available-for-sale	25,706,156	13,740,338

Reclassifications

During six month of 2009 the Group recognized an impairment loss on available-for-sale debt securities of KZT 580,292 thousand. In accordance with the amendments to IAS 39 and IFRS 7, "Reclassification of Financial Assets", the Group reclassified certain financial assets out of available-for-sale category to held-to-maturity investments, as the Group has an intention and ability to hold them for the foreseeable future or until maturity. The reclassification was made with effect from 13 February 2009 (JSC APF "Atameken") and 30 March 2009 (JSC "Insurance Company Nurpolicy") at fair value at that date. The impact of this reclassification is as follows:

	30 June 2010	31 December 2009
Carrying amount	425,083	330,469
Fair value	154,587	341,789
Fair value gain/(loss) that would have been recognized on the reclassified assets for the year if the reclassification had not been made	17,295	(17,039)
Gain recognized in profit or loss for the year	24,932	31,270

Held-to-maturity securities comprise:

	30 June 2010	31 December 2009
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	428,855	507,119
Bonds of Kazakh banks	219,388	402,299
Bonds of Kazakh credit institutions, other than banks	232,843	228,506
Eurobonds of Kazakh banks	160,161	–
Held-to-maturity securities	1,041,247	1,137,924

(Thousands of Kazakh tenge)

10. Loans to customers

During first six months of 2010, the quality of the Bank's loan portfolio has significantly deteriorated due to the decline in value of collateral and seasoning of certain loans that became overdue. While the Bank continues its efforts related to the recovery of the above loans, the Bank's Management considers that loan loss allowances is accrued based on realizable value of collateral. In addition, the ongoing financial crisis has affected the borrowers' ability to service their obligations and the value of collateral.

Loans to customers comprise:

	30 June 2010	*31 December 2009*
Individually significant corporate borrowers	**202,320,160**	198,005,929
Individually insignificant corporate and medium size borrowers	**42,795,498**	35,129,251
Consumer lending	**22,899,690**	22,122,824
Residential mortgages	**8,299,007**	10,488,715
Gross loans to customers	**276,314,355**	265,746,719
Less – Allowance for impairment	**(64,686,440)**	(20,311,418)
Loans to customers	**211,627,915**	245,435,301

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 and medium size borrowers*	*Consumer lending*	*Residential mortgages*	*Total*
At 1 January 2010	10,100,128	9,655,905	510,539	44,846	20,311,418
Charge/(reversal) for the period	**50,351,881**	**(5,157,207)**	**510,425**	**216,465**	**45,921,564**
Amounts written off	**(1,109,494)**	**(340,106)**	**(77,187)**	**(19,755)**	**(1,546,542)**
At 30 June 2010	**59,342,515**	**4,158,592**	**943,777**	**241,556**	**64,686,440**

Gross amount of loans as at 30 June 2010, individually determined to be impaired, before deducting any individually assessed impairment allowance was KZT 113,431,314 thousand.

	Individually significant corporate borrowers	*Individually insignificant corporate and medium size borrowers*	*Consumer lending*	*Residential mortgages*	*Total*
At 1 January 2009	8,960,680	5,703,532	225,742	24,012	14,913,966
Charge/(reversal) for the period	2,749,037	(1,729,752)	122,257	10,701	1,152,243
Recoveries	523,297	177,585	15,547	1,392	717,821
Amounts written off	–	–	(100)	(3,528)	(3,628)
At 30 June 2009 (unaudited)	12,233,014	4,151,365	363,446	32,577	16,780,402

11. Taxation

The corporate income tax expense comprises:

	For the six months ended 30 June	
	2010	*2009 (unaudited)*
Current tax benefit/(charge)	**253,707**	(104,757)
Deferred tax benefit/(charge)- origination and reversal of temporary differences	**4,083,464**	(274,387)
Income tax benefit/(expense)	**4,337,171**	(379,144)

The tax rate for the Bank and its subsidiaries other than its insurance subsidiary was 20% in 2010 and 2009. The tax rate for the insurance company was ranged between 4% and 8% on its gross revenues for 2010 and 2009.

(Thousands of Kazakh tenge)

11. Taxation (continued)

Deferred tax assets and liabilities as at 30 June and their movements for the respective years comprise:

	30 June 2010	*31 December 2009*
Deferred tax asset	**9,436,960**	999,970
Deferred tax liabilities	**(401,599)**	(276,869)
	9,035,361	723,101
Allowance for deferred tax asset	**(4,293,382)**	–
Net deferred tax assets	**4,741,979**	723,101

Deferred tax assets mainly comprise of temporary difference in loan losses. The Bank did not recognize a deferred tax asset to the extent of probable future profits, which can not be reliably measured.

12. Other impairment and provisions

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

	Guarantees and commitments	*Other assets*	*Total*
31 December 2008	57,206	167,460	224,666
Impairment charge (unaudited)	17,120	406,010	423,130
Write-offs (unaudited)	–	(325,530)	(325,530)
Recoveries (unaudited)	10,247	–	10,247
30 June 2009 (unaudited)	84,573	247,940	332,513
31 December 2009	**108,086**	**162,342**	**270,428**
Impairment charge	**1,255,082**	**481,888**	**1,736,970**
Write-offs	**–**	**(46,096)**	**(46,096)**
Recoveries	**–**	**5,434**	**5,434**
Foreign exchange difference	**(16,233)**	**5,684**	**(10,549)**
30 June 2010	**1,346,935**	**609,252**	**1,956,187**

Allowances for impairment of other assets are deducted from the related assets.

13. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 June 2010	*31 December 2009*
Deposits from OECD banks	**4,831,591**	7,292,849
Loans from credit institutions, other than banks	**1,893,257**	1,888,404
Deposits from Kazakh banks and non OECD banks	**101,977**	1,248,597
Loro accounts	**2,058**	13,687
Amounts due to credit institutions	**6,828,883**	10,443,537

(Thousands of Kazakh tenge)

14. Amounts due to customers

The amounts due to customers include balances in customer current accounts and time deposits and are analysed as follows as at 30 June:

	30 June 2010	31 December 2009
Current accounts:		
Legal entities	**85,834,564**	70,730,806
Individuals	**4,418,967**	3,693,883
Held as security against letter of credit	**648,147**	1,089,493
Time deposits:		
Legal entities	**91,614,084**	73,961,235
Individuals	**32,460,961**	30,287,436
Amounts due to customers	**214,976,723**	179,762,853

As at 30 June 2010 included in time deposits are deposits of individuals in the amount of KZT 32,460,960 thousand (31 December 2009: KZT 30,287,436 thousand). In accordance with the Kazakhstan Civil Code, the Bank is obliged to repay such deposits upon demand of a depositor. In case a term deposit is repaid upon demand of the depositor prior to maturity, interest on it is paid based on the interest rate for demand deposits, unless a different interest rate is specified in the agreement.

At 30 June 2010, amounts due to customers of KZT 93,525,513 thousand or 44% of total amounts due to customers were due to the ten largest customers (31 December 2009 - KZT 92,863,623 thousand or 52%).

15. Debt securities issued

At 30 June debt securities issued consist of the following:

	30 June 2010	31 December 2009
USD Eurobonds	**21,977,304**	22,125,685
KZT notes	**15,123,709**	16,069,306
KZT subordinated notes	**8,705,563**	8,872,115
Preferred shares	**2,053,419**	2,053,419
	47,859,995	49,120,525
Net unamortized discount and cost of issuance	**(1,981,184)**	(2,150,341)
	45,878,811	46,970,184
Interest accrued	**1,148,186**	1,163,974
Debt securities issued	**47,026,997**	48,134,158

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the ratios established by the Basel Capital Accord 1988 and the ratios established by the FMSA in supervising the Bank.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

As at 30 June 2010 the Bank was in breach of Basel Committee on Banking Regulations and Supervisory Practices capital adequacy requirements. As a result, creditors on Eurobonds for the total amount of KZT 21,977,304 thousand became eligible to initiate early repayment of the debt in accordance with debt contractual terms.

16. Equity

As at 30 June 2010 the Bank had 4,200,000 (31 December 2009: 4,200,000) authorised common shares and 300,000 (31 December 2009: 300,000) preferred shares. Each common share is entitled to one vote and shares equally in dividends declared. Preferred shares carry a cumulative dividend of a minimum of 10% per annum.

In accordance with IAS 32, if the non-redeemable preferred share establishes a contractual right to a dividend, it contains a financial liability in respect of the dividends, whereby the net present value of the right to receive dividends is shown as a liability and the balance of the issue proceeds as equity.

(Thousands of Kazakh tenge)

16. Equity (continued)

Movements of shares fully paid and outstanding were as follows:

	Number of shares		*Amount*		
	Common	*Preferred*	*Common*	*Preferred*	*Total*
31 December 2008	3,155,203	29,093	31,435,025	290,931	31,725,956
Increase in share capital	12,000	86	1,440	3,127	4,567
Purchase of treasury shares	(2,598)	(294)	(47,493)	(5,350)	(52,843)
31 December 2009	3,164,605	28,885	31,388,972	288,708	31,677,680
Purchase of treasury shares	**(165)**	–	**(4,500)**	–	**(4,500)**
Transfer	–	–	**118,560**	–	**118,560**
30 June 2010	**3,164,440**	**28,885**	**31,503,032**	**288,708**	**31,791,740**

The Bank granted on 20 January 2009 share purchase option to a senior executive in the Board of the Bank. The executive received the right to purchase 12,000 common shares at the price of KZT 120 during 2009. Shares option agreement was exercised on 22 January 2009. The market price of shares at the exercise date was KZT 20,000. The excess of fair value of shares over considerations received was recognized as additional paid in capital.

On General shareholders meeting held on 6 September 2010, the shareholders of the Bank approved increase in share capital or 9,175,557 common shares of KZT 119 billion.

On 18 November 2010 the increase was registered with FMSA and in December 2010 KZT 95.5 billion were paid in cash to share capital. In accordance with the recommendation received from NBRK the Bank transferred KZT 118,560 thousand to share capital and KZT 118,560 thousand to retained earnings from additional paid capital account.

The share capital of the Bank was contributed by the shareholders in tenge and they are entitled to dividends and any capital distribution in tenge. Preferred shares carry a cumulative dividend of a minimum of KZT 1000-1200 per annum, but not less than declared dividends on common shares and do not have any voting rights unless payment of preferred dividends has been delayed for three months or more from the date they became due. All common and preferred shares are KZT denominated.

Movements in other reserves

Movements in other reserves were as follows:

	Revaluation reserve for property and equipment	*Unrealised gains/(losses) on investment securities available-for-sale*	*Foreign currency translation reserve*	*Total*
At 1 January 2009	1,205,127	(1,317,568)	14,473	(97,968)
Depreciation of revaluation reserve, net of tax	(13,996)	–	–	(13,996)
Net unrealized losses on available-for-sale investments	–	(327,179)	–	(327,179)
Realized gains on investment securities available-for-sale reclassified to the income statement	–	(80,250)	–	(80,250)
Impairment of investment securities available-for-sale (Note 9)	–	580,292	–	580,292
Currency translation differences	–	–	(55,602)	(55,602)
At 30 June 2009 (unaudited)	1,191,131	(1,144,705)	(41,129)	5,297
At 1 January 2010	**1,183,561**	**(512,219)**	**(54,564)**	**616,778**
Net unrealized gains on available-for-sale investments	–	**437,926**	–	**437,926**
Realized gains on investment securities available-for-sale reclassified to the income statement	–	**(467,377)**	–	**(467,377)**
Depreciation of revaluation reserve, net of tax	**(9,949)**	–	–	**(9,949)**
Tax rate effect on revaluation reserves on property and equipment	**(64,587)**	–	–	**(64,587)**
Currency translation differences	–	–	**65,987**	**65,987**
At 30 June 2010	**1,109,025**	**(541,670)**	**11,423**	**578,778**

(Thousands of Kazakh tenge)

17. Commitments and contingencies

Legal

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group.

Tax contingencies

Various types of legislation and regulations are not always clearly written and their interpretation is subject to the opinions of the local tax inspectors and the Ministry of Finance of the Republic of Kazakhstan. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan laws, decrees and related regulations is severe. Penalties include confiscation of the amounts at issue (for currency law violations), as well as fines of generally 50% of the taxes unpaid. The Group believes that it has paid or accrued all taxes that are applicable.

Where legislation concerning the provision of taxes is unclear, the Group has accrued tax liabilities based on management's best estimate. The Group's policy is to recognize provisions in the accounting period in which a loss is deemed probable and the amount is reasonably determinable.

Because of the uncertainties associated with the Kazakhstan tax system, the ultimate amount of taxes, penalties and interest, if any, as a result of past transactions, may be in excess of the amount expensed to date and accrued at 30 June 2010. Although such amounts are possible and may be material, it is the opinion of the Group's management that these amounts are either not probable, not reasonably determinable, or both.

Financial commitments and contingencies

The Group's financial commitments and contingencies comprise the following:

	30 June 2010	*31 December 2009*
Credit related commitments		
Undrawn loan commitments	**26,084,034**	35,032,235
Guarantees	**17,927,049**	12,442,227
Letters of credit	**1,733,512**	1,429,924
	45,744,595	48,904,386
Operating lease commitments		
Not later than 1 year	**737,512**	630,759
Later than 1 year but not later than 5 years	**1,886,852**	144,048
More than 5 year	**47,927**	18,196
	2,672,291	793,003
Less – cash held as security against letters of credit and guarantees	**(648,147)**	(1,089,493)
Less – provisions *(Note 12)*	**(1,346,935)**	(108,086)
Financial commitments and contingencies	**46,421,804**	48,499,810

The loan commitment agreements stipulate the right of the Bank to unilaterally withdraw from the agreement should any conditions unfavorable to the Bank arise, including change of the refinance rate, inflation, exchange rates and others.

Fiduciary activities

The Group provides fiduciary services to third parties, which involve the Group making allocation, purchase and sales decisions in relation to the trust funds. Those funds that are held in a fiduciary capacity are not included in these consolidated financial statements. As at 30 June 2010, such funds amounted to KZT 61,240,493 thousand (31 December 2009: KZT 58,099,894 thousand).

(Thousands of Kazakh tenge)

18. Net fee and commission income

Net fee and commission income comprises:

	For the six months ended 30 June	
	2010	*2009 (unaudited)*
Pension asset management	**432,891**	458,594
Guarantees and letter of credit	**346,793**	352,248
Cash operations	**260,833**	233,068
Bank transfers	**217,723**	185,772
Bank cards	**212,641**	181,740
Purchase – sale of currencies	**88,688**	135,097
Agent's fees	**35,665**	40,020
Other	**46,351**	47,595
Fee and commission income	**1,641,585**	1,634,134
Bank cards	**(35,127)**	(78,935)
Bank transfers	**(31,461)**	(34,344)
Operations with securities	**(12,258)**	–
Guarantees and letters of credit	**(246)**	(37,661)
Agent commission for customers' deposit attraction	**–**	(75,504)
Other	**(42,507)**	(42,461)
Fee and commission expense	**(121,599)**	(268,905)
Net fee and commission income	**1,519,986**	1,365,229

19. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	For the year ended 30 June	
	2010	*2009 (unaudited)*
Salaries and bonuses	**(2,316,507)**	(2,197,215)
Social security costs	**(252,701)**	(194,589)
Personnel expenses	**(2,569,208)**	(2,391,804)
Rent	**(535,809)**	(463,811)
Depreciation and amortization	**(305,853)**	(301,848)
Taxes other than income tax	**(202,830)**	(131,757)
Advertising	**(120,266)**	(130,249)
Deposit insurance	**(250,762)**	(102,577)
Repair and maintenance	**(207,174)**	(125,516)
Security	**(110,970)**	(104,910)
Communication	**(98,646)**	(97,870)
Transportation	**(48,503)**	(93,938)
Professional services	**(47,303)**	(58,190)
Business trip	**(33,879)**	(31,595)
Cash collection	**(14,808)**	(18,387)
Other	**(357,708)**	(282,603)
Other operating expenses	**(2,334,511)**	(1,943,251)

(Thousands of Kazakh tenge)

20. Fair values of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 30 June 2010	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets				
Investment securities available-for-sale	**24,392,987**	**1,313,169**	**–**	**25,706,156**
Trading securities	**2,718,023**	**348,054**	**–**	**3,066,077**
Total	**27,111,010**	**1,661,223**	**–**	**28,772,233**

At 31 December 2009	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets				
Investment securities available-for-sale	12,072,259	1,668,079	–	13,740,338
Total	12,072,259	1,668,079	–	13,740,338

Financial instruments recorded at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Trading securities and investment securities available-for-sale

Trading securities and investment securities available-for-sale valued using a valuation technique or pricing models primarily consist of unquoted debt securities. These securities are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

21. Earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit/(loss) 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:

	For the six months ended 30 June	
	2010	*2009 (unaudited)*
Net (loss)/profit for the period attributable to shareholders of the Bank	**(40,842,960)**	880,145
Weighted average number of participating shares for basic and diluted earnings per share	**3,177,093**	3,165,090
Basic and diluted (loss)/earnings per share (in Kazakh tenge)	**(12,855)**	278

(Thousands of Kazakh tenge)

22. Related party disclosures

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The volumes of related party transactions, outstanding balances at the year end, and related expense and income for the year are as follows:

	30 June 2010		*30 June 2009*	
	Shareholders	*Key management personnel*	*Shareholders*	*Key management personnel*
Loans outstanding at 1 January, gross	–	840,759	–	502,815
Loans issued during the period	–	24,525	–	857,126
Loans repaid during the period	–	(858,283)	–	(524,868)
Loans outstanding at 30 June, gross	–	7,001	–	835,073
Less – Allowance for loan impairment	–	(15)	–	–
Loans outstanding at 30 June, net	–	6,986	–	835,073
Current accounts at 1 January	1,735	–	21	2,465
Current accounts placed during the period	205,199,714	–	10,799,698	251,071
Current accounts withdrawn during the period	(204,413,956)	–	(10,723,432)	(251,287)
Current accounts at 30 June	787,493	–	76,287	2,249
Amounts due to customers at 1 January	6,917,376	64,433	4,730,982	576,140
Amounts due to customers received during the period	345,669,630	266,396	9,742,369	171,815
Amounts due to customers repaid during the period	(336,345,966)	(320,921)	(6,388,624)	(709,843)
Amounts due to customers at 30 June	16,241,040	9,908	8,084,727	38,112

	31 December 2009	
	Shareholders	*Key management personnel*
Loans outstanding at 1 January, gross	–	502,815
Loans issued during the year	–	1,062,336
Loans repaid during the year	–	(724,392)
Loans outstanding at 31 December, gross	–	840,759
Less – Allowance for loan impairment	–	(308)
Loans outstanding at 31 December, net	–	840,451
Current accounts at 1 January	21	2,465
Current accounts received during the period	14,238,075	1,149,869
Current accounts repaid during the period	(14,172,399)	(1,148,701)
Current accounts at 31 December	65,697	3,633
Amounts due to customers at 1 January	4,730,982	576,140
Amounts due to customers received during the year	14,542,890	281,164
Amounts due to customers repaid during the year	(12,356,496)	(792,871)
Amounts due to customers at 31 December	6,917,376	64,433
Commitments and guarantees issued	22,564	–

(Thousands of Kazakh tenge)

22. Related party disclosures (continued)

	For the six months ended 30 June			
	2010		2009 (unaudited)	
	Shareholders	Key management personnel	Shareholders	Key management personnel
Interest income	–	**56,376**	–	15,285
Impairment charge for loans	–	**(15)**	–	–
Interest expense on time deposit	**447,583**	**1,459**	342,089	1,956
Fee and commission income	**4,599**	**41**	1,095	293
Other operating expenses	**8,497**	**2,900**	52,937	11,827

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

	30 June 2010		30 June 2010	
	Shareholders	Key management personnel	Shareholders	Key management personnel
Loans:				
Maturity	–	**2018-2027**	–	2010-2023
Interest rate in KZT	–	**10-18%**	–	10%-15%
Deposits:				
Maturity	**2013-2014**	**2013-2015**	2009-2014	2013-2024
Interest rate in KZT	**11%**	**11%-13%**	11%-13%	12%-13%
Interest rate in EUR	–	**10%**	11%	10%
Interest rate in USD	**9%**	**8%-10%**	10%	8%-10%

Compensation of six in 2010 (2009: nine) members of Management and the Board of Directors comprised the following:

	For the six months ended 30 June	
	2010	2009 (unaudited)
Salaries and other short-term benefits	**424,695**	397,773
Termination benefits	**13,197**	8,941
Social security costs	**15,404**	68,701
Total compensation	**453,296**	475,415

Annual bonus plan options

The Bank granted on 20 January 2009 share purchase option to senior executive in the Board of the Bank. The executive received the right to purchase 12,000 common shares at the price of KZT 120 during 2009. Shares option agreement was exercised on 22 January 2009. The market price of shares at the exercise date was KZT 20,000.

The total equity-settled expense recognized for the period arising from equity compensation plans amounted to KZT 237,120 thousands. The fair value of the awards was estimated on the date of grant, based on intrinsic value method since time value of the option is not significant.

(Thousands of Kazakh tenge)

22. Related party disclosures (continued)

Increase in ownership interest in subsidiaries

The consolidated financial statements include the following subsidiaries:

Subsidiary	*Holding% 30 June 2010*	*Holding % 31 December 2009*	*Country*	*Date of incorpora-tion*	*Activities*	*Date of acquisition*
JSC "KUPA Nur-Trust "	**100**	100	Kazakhstan	2001	Asset Management	2001
LLP "Leasing company Nur-Invest"	**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"	**87**	74	Kazakhstan	1997	Pension Fund	2006
NurFinance B.V.	**100**	100	Netherlands	2006	SPE	2006

On 28 April 2010 and 20 May 2010, the Bank increased its holding in the share capital of JSC Accumulated Pension Fund "Atameken" from 74% to 85% and from 85% to 87%, respectively. The Bank purchased 4,912 and 1,688 common shares from a non-controlling interest holder for total consideration of KZT 169,164 thousand.

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.

23. Events after the statement of financial position date

On 18 November 2010 new share emission of KZT 133 billion was registered by the Bank with FMSA.

On 24 December 2010 existing shareholders using its preemptive rights purchased 7,349,635 shares for KZT 95.5 billion. The contribution allowed the Bank to comply with Basel Committee on Banking Regulations and Supervisory Practices capital requirements.

On 15 October 2010 Management of the Board of the Bank decided to discontinue operations of JSC "KUPA Nur-Trust", its wholly owned subsidiary.

On 26 November 2010 Management of the Board of the Bank decided to discontinue operations of NurFinance B.V., its wholly owned subsidiary.