

**EXPLANATORY NOTE
TO THE FINANCIAL STATEMENTS OF
TSESNA BANK JSC
AS AT 30 SEPTEMBER 2011**

This explanatory note to the Financial Statements of Tsesnabank JSC as at 30 September 2011 includes the following:

- General information on Tsesnabank JSC;
- Information on Accounting Policy of Tsesnabank JSC;
- Information on assets and liabilities of Tsesnabank JSC for the reporting period to the Statement of Financial Position;
- Information on the results of activity of Tsesnabank JSC for the reporting period;
- Information on cash flows for the reporting period;
- Information on changes in equity for the reporting period.

The financial statements of Tsesnabank JSC as at 30 September 2011 are prepared in accordance with the Law of the Republic of Kazakhstan “On accounting and financial statements”, Accounting Policy of Tsesnabank JSC, International Financial Reporting Standards (“IFRS”) and Tax Code of the Republic of Kazakhstan.

The explanatory note is prepared as per unaudited consolidated financial statements of Tsesnabank JSC (the “Bank”) and its subsidiaries (collectively – the “Group”).

BACKGROUND

Principal Activities

Tsesnabank Joint Stock Company (the “Bank”) was established on 17 January 1992 and re-registered as Tsesnabank Open Type Joint Stock Company on 6 February 1997.

In accordance with the Law “On joint stock companies” dated 10 July 1998, the Bank was re-registered and obtained the Certificate of state registration of a legal entity No. 4078-1900-AO dated 12 February 1999 as Tsesnabank Open Joint Stock Company. Due to a change in legislation introduced in 2003, the Bank since 26 December 2003, after re-registration, has been operating as a joint stock company in the Republic of Kazakhstan (Certificate of state re-registration of a legal entity No. 4078-1900-AO dated 26 December 2003).

The form of ownership is private.

The Bank operates based on general license No. 1.2.74/74/29 for banking and other operations, broker-dealer activities, and custodian activities in the securities market granted on 12 October 2009 by the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organisations (the “FMSA”). The principal activities of the Bank are deposit taking and customer accounts maintenance, lending, issuing guarantees, cash and settlement operations, and operations with securities and foreign exchange. The activities of the Bank are regulated by the Constitution and laws of the Republic of Kazakhstan, international agreements concluded by the Republic of Kazakhstan and statutory acts of the authorized bodies issued on the basis and in pursuance of legislative acts and decrees of the President of the Republic of Kazakhstan in respect of the issues related to their competence.

On 3 January 2007 the Bank established a subsidiary, Tsesna International B.V. (the “Subsidiary”), which is a special purpose entity intended to raise funds on international capital markets and make these funds available to the Bank. As at 30 September 2011, the Bank owned 100% of the share capital of Tsesna International B.V.

The authorized share capital of the Subsidiary comprises 900 shares with a nominal value of EUR 100 each. Out of the authorized shares, 180 shares were issued and fully paid by cash.

In accordance with the resolutions of the FMSA No.65 and No.66 dated 18 May 2010, the Bank was given a permission No. 101 dated 18 May 2010 to purchase a subsidiary – Subsidiary Company of Tsesnabank JSC Insurance Company Tsesna Garant JSC. Its primary business activity is insurance of vehicle owners’ civil liability, employers’ civil liability, property, cargo, vehicle, air, railway and water transport, casualty and other insurance.

Subsidiary Company of Tsesnabank JSC Insurance Company Tsesna Garant JSC (“Tsesna Garant” or “Company”) was established on 18 July 2008 (Certificate of state re-registration of a legal entity No. 101804-1910-AO).

The Company has license No. 2.1.49 dated 25 June 2010 issued by the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organisations to conduct insurance activity under the ‘General Insurance’ sector.

The share capital comprises 11,200 common shares. Currently Tsesnabank JSC acquired 100% of the shares and is a sole shareholder of the company.

As at 30 September 2011 the Bank has 19 branches and 82 sub-branches from which it conducts business throughout the Republic of Kazakhstan. The registered address of the Bank’s Head Office is 29 Pobedy Avenue, Astana, Republic of Kazakhstan. The majority of the Bank’s assets and liabilities are located in the Republic of Kazakhstan.

At 30 September 2011, Tsesna Corporation JSC owned 63.29% of the outstanding common shares of the Bank. Other shareholders have less than 5% of the outstanding shares each.

The principal subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Ownership %	
			30 September 2011	2010
Tsesna International B.V.	Netherlands	Raising funds on international capital markets and making these funds available to the Bank	100%	100%
Subsidiary Company of Tsesnabank JSC Insurance Company Tsesna Garant	Kazakhstan	Insurance activity	100%	100%

Functional and presentation currency

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

The KZT is also the presentation currency for the purposes of these consolidated financial statements.

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

SIGNIFICANT ACCOUNTING POLICIES

The Bank’s Accounting Policy is developed in accordance with Law of the Republic of Kazakhstan dated 28 February 2007 No. 234-III “On accounting and financial statements”, International Financial Reporting Standards (“IFRS”), methodology recommendations on application of the IFRS developed by the Ministry of Finance of the Republic of Kazakhstan, National Bank of the Republic of Kazakhstan and other statutory acts of the Republic of Kazakhstan on accounting and financial statements.

The date when Tsesnabank JSC shifted to the IFRS accounting is 1 January 2003. The shift was determined by “Amendments and supplements to the Decree of the President of the Republic of Kazakhstan that has the force of law “On accounting” (Law of the Republic of Kazakhstan dated 24 June 2002 No. 329) and the resolution of the Government of the Republic of Kazakhstan dated 3 February 2003 No. 119 on approval of the Regulations for determining the organizations whose financial statements are prepared in accordance with the IFRS since 1 January 2003.

When forming its accounting policy, Tsesnabank JSC is guided by the following principles and qualitative characteristics laid in the foundation of accounting standards:

- accrual basis;
- going concern;
- substance over form;
- understandability;
- relevance;
- materiality;
- reliability;
- prudence;
- completeness;
- neutrality;
- comparability;
- timeliness; and
- true and fair view/fair presentation.

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group’s share of the total gains and losses of associates on an equity accounted basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. When the Group’s share of losses exceeds the Group’s interest (including long-term loans) in the associate, that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Functional currency

The reporting currency of the Group is the Kazakhstan tenge (“KZT”) as it reflects the economic substance of the events and conditions relevant to the company.

If the reporting currency of a subsidiary is different from the reporting currency of the parent company, the financial statements of a subsidiary are to be retranslated for consolidation. The financial statements of a subsidiary are to be retranslated as follows:

- balance sheet – using the exchange rate at the date of presentation of the financial statements;
- profit and loss account and statement of cash flows – using an average rate for the reporting period. In case of significant volatility of exchange rates during the reporting period, the items of income and expense are retranslated using the exchange rate at the date of recognition of income and expense.

Translation differences are reflected in the equity.

As at 30 September 2011, the official exchange rate established by the National Bank of the Republic of Kazakhstan is KZT 147.99 for 1 US dollar. The average weighted rate for the 9 months of 2011 is KZT 146.20 for 1 US dollar. In respect of converting of KZT into other currencies, the currency exchange regulations apply.

Cash and cash equivalents

Cash and cash equivalents include cash, nostro accounts held with the NBRK and other banks, which are free from contractual restrictions, and deposits held with other banks with original maturity of less than three months. The mandatory reserve deposit with the NBRK is not considered to be a cash equivalent due to restrictions on its withdrawability. Cash also includes funds on transit accounts and accounts receivable. Cash and cash equivalents are carried at amortised cost in the statement of financial position

Recognition

Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date in the consolidated financial statements.

Property and equipment

Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses, except for buildings, which are stated at revalued amounts as described below. Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

Revaluation

Land and buildings are subject to revaluation on a regular basis. The frequency of revaluation depends on the movements in the fair values of the land and buildings being revalued. A revaluation increase on buildings related to the "Land and buildings" category is recognised as other comprehensive income directly in equity except to the extent that it reverses a previous revaluation decrease recognised in profit or loss, in which case it is recognised in profit or loss. A revaluation decrease on buildings related to the "Land and buildings" category is recognised in profit or loss except to the extent that it reverses a previous revaluation increase recognised as other comprehensive income directly in equity, in which case it is recognised directly in equity.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|----------------------|----------------|
| - buildings | 10 to 60 years |
| - computer equipment | 5 to 10 years |
| - motor vehicles | 7 years |
| - other | 2 to 20 years |

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in normal course of business, or for the use in production or supply of goods or services or for administrative purposes. Investment property is measured at fair value through profit or loss.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life is 3.5 years.

Loans to customers

Loans to customers are initially recognised at fair value including direct costs which are directly related to the acquisition or creation of such financial asset. Subsequently, loans are carried at amortised cost using the effective interest method. Loans to customers are carried less impairment loss.

Impairment allowance

If there is objective evidence of impairment of a financial asset or a group of financial assets, the Group recognizes impairment of a financial asset. Impairment of a financial asset is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the financial instrument's original effective interest rate. Such impairment losses are not reversed until, in a subsequent period, the impairment decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, then the impairment loss recognised earlier is reversed with adjustment to the reserve account.

Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase (repo) agreements are accounted for as secured financing transactions, with the securities retained in the consolidated statement of financial position and the counterparty liability included in amounts payable under repo transactions within deposits and balances from banks or current accounts and deposits from customers, as appropriate. The difference between the sale and repurchase prices represents interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

Securities purchased under agreements to resell (reverse repo) are recorded as amounts receivable under reverse repo transactions. The difference between the purchase and resale prices represents interest income and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

If assets purchased under an agreement to resell are sold to third parties, the obligation to return securities is recorded as a trading liability and measured at fair value.

Subordinated debt

Subordinated debt comprises bonds and loans from foreign financial institutions. In case of bankruptcy, the repayment of the subordinated debt would be made after repayment in full of all other liabilities of the Bank but before repayment of the preferred shares.

Derivative financial instruments

Derivative financial instruments include swaps, forwards, futures, spot transactions and options in interest rates, foreign exchanges, precious metals and stock markets, and any combinations of these instruments.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in the fair value of derivatives are recognised immediately in profit or loss.

Derivatives may be embedded in another contractual arrangement (a host contract). An embedded derivative is separated from the host contract and is accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the combined instrument is not measured at fair value with changes in fair value recognised in profit or loss. Derivatives embedded in financial assets or financial liabilities at fair value through profit or loss are not separated.

Deferred income tax

Deferred tax assets and liabilities are provided in respect of all temporary differences using the balance sheet liability method. Deferred income tax is recognised in respect of all temporary differences between the amounts of assets and liabilities used for taxation purposes and carrying amounts for financial reporting purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied at the time of asset or liability offset on the basis of effective or announced (and practically adopted) tax rates at the reporting date.

Deferred income tax is recognised in respect of all temporary differences related to investments in associates and subsidiaries, and joint activities except when it is possible to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends

The ability of the Group to declare and pay dividends is subject to the rules and regulations of the Kazakhstan legislation.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

Income and expense recognition

Interest income and expense are recognised in profit or loss using the effective interest method.

Accrued discounts and premiums on financial instruments at fair value through profit or loss are recognised in gains less losses from financial instruments at fair value through profit or loss.

Loan origination fees, loan servicing fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related transaction costs, are deferred and amortised to interest income over the estimated life of the financial instrument using the effective interest method.

Other fees, commissions and other income and expense items are recognised in profit or loss when the corresponding service is provided.

Dividend income is recognised in profit or loss on the date that the dividend is declared.

Net gain/(loss) on securities operations

Net gain/(loss) on trading securities operations includes gain and loss on retirement and changes in fair value of trading securities recognised at fair value through profit or loss, as well as realised gain and loss on retirement of investment securities, available-for-sale and held-to-maturity.

Offsetting

Non-monetary operations are excluded from the statement of cash flows. Therefore, investment and financial operations and the result of the operating activity represent actual monetary operations.

INFORMATION TO THE STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

The Statement of Financial Position of Tsesnabank JSC is prepared for the period from 1 January 2011 to 30 September 2011. The balance sheet data at the beginning of the reporting period correspond to the balance sheet data at the end of the period preceding the reporting year. The data as at the beginning of the reporting period are stated in accordance with the audited consolidated financial statements for 2010.

Assets of the Group: KZT 408,397,539 thousand

Cash and cash equivalents

As at 30 September 2011 cash and cash equivalents were KZT 19,625,723 thousand.

	30 September 2011 KZT'000	31 December 2010 KZT'000
Cash on hand	7,245,463	5,145,629
Nostro accounts with the NBRK	16,846,036	19,203,645
Mandatory reserve with the NBRK	(9,021,477)	(3,148,170)
Nostro accounts with other banks	4,516,662	4,996,514
Term deposits with other banks	39,039	360,372
Total cash and cash equivalents	19,625,723	26,557,990

As at 30 September 2011 none of cash and cash equivalents are impaired or past due.

Loans and advances to banks

As at 30 September 2011 loans and advances to banks and other financial institutions were KZT 21,623,539 thousand, including:

	30 September 2011 KZT'000	31 December 2010 KZT'000
Mandatory reserve with the NBRK	9,021,477	3,148,170
Loans and deposits	12,650,192	3,746,516
Impairment allowance	(48,130)	(48,130)
Net loans and advances to banks	21,623,539	6,846,556

Overdue or impaired loans and advances to banks comprise loans and advances to banks overdue for more than 360 days of KZT 48,130 thousand (2010: overdue for more than 360 days of KZT 48,130 thousand).

Financial instruments at fair value through profit or loss

As at 30 September 2011 financial instruments at fair value through profit or loss were KZT 42,256,150 thousand, including:

	30 September 2011 KZT'000	31 December 2010 KZT'000
Intended for sale		
Debt and other fixed-income instruments		
Government and municipal bonds		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	10,005,218	4,980,078
Notes of the National Bank of the Republic of Kazakhstan	24,112,638	2,998,425
Total government and municipal bonds	34,117,856	7,978,503
Corporate bonds		
Bank CenterCredit JSC	-	1,236,683
Kazakhstan Mortgage Company JSC	1,029,762	1,024,726
BTA Bank JSC	3,0	21,441
Sberbank JSC	1,166,360	60,284
Bank VTB OJSC	-	316,159
Development Bank of Kazakhstan - Leasing JSC	982,741	-
NAC Kazatomprom JSC	685,756	-
NC KazMunaiGaz JSC	839,286	-
NC Food Contract Corporation JSC	694,393	712,948
National Welfare Fund Samruk Kazyna JSC	795,620	-
Eurasian Development Bank	303,786	-
Halyk Bank JSC	324,515	-
Total corporate bonds	6,822,222	3,372,241
Equity instruments		
Common corporate shares		
KazMunaiGaz Exploration Production JSC	475,266	587,232
Kazaktelecom JSC	9,250	9,252
Halyk Bank JSC	6,370	10,382
Eurasian Natural Resources Corporation	196,671	144,233
Preferred corporate shares		
Kazaktelecom JSC	5,339	5,406
Global Depository Receipts		
KazMunaiGaz Exploration Production JSC	139,085	366,022
BTA Bank JSC	4,059	-
Novolipetskiy Metallurgicheskiy Kombinat OJSC (NLMK OJSC)	108,874	-
Oil Co. Rosneft OJSC	63,303	-
American Depository Receipts		
Sberbank of Russia OJSC	115,953	-
Gazprom OJSC	61,166	-
MMC Norilsk Nickel OJSC	130,646	-
Total equity instruments	1,316,072	1,122,527
Derivative financial instruments (spot)		423
Total:	42,256,150	12,473,694

Available-for-sale assets

As at 30 September 2011 available-for-sale assets were KZT 2,581,401 thousand, including:

	30 September 2011 KZT'000	31 December 2010 KZT'000
Debt instruments		
Government and municipal bonds		
- Regional authorities and municipal bonds	807,734	785,535
Total government and municipal bonds	807,734	785,535
Corporate bonds	272,811	
Total corporate bonds	272,811	-
Equity instruments		
Corporate shares	1,500,856	1,756,140
Total:	2,581,401	2,541,675

Loans to customers

As at 30 September 2011 loans to customers were KZT 300,054,685 thousand, including:

	30 September 2011 KZT'000	31 December 2010 KZT'000
Loans to corporate customers		
Loans to large corporates	260,723,373	124,373,537
Loans to small and medium size companies	11,210,164	7,997,655
Total loans to corporate customers	271,933,537	132,371,192
Loans to retail customers		
Mortgage loans	20,014,401	17,245,722
Consumer loans	16,856,842	12,315,155
Express loans	1,217,010	783,153
Auto loans	868,900	392,154
Credit cards	135,400	217,972
Total loans to retail customers	39,092,553	30,954,156
Gross loans to customers	311,026,090	163,325,348
Impairment allowance	(10,971,405)	(10,157,812)
Net loans to customers	300,054,685	153,167,536

Held-to-maturity investments

As at 30 September 2011 held-to-maturity investments were KZT 6,615,157 thousand, including:

	30 September 2011 KZT'000	31 December 2010 KZT'000
Owned by the Group		
Debt instruments		
- Government and municipal bonds		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	4,365,048	8,371,474
Total government and municipal bonds	4,365,048	8,371,474
- Corporate bonds		
Astana Nedvizhimost JSC	2,012,585	1,941,493
Turan Alem Finance B.V.	-	584,386
Kazakhstan Mortgage Company JSC	171,273	184,947
Gazprom OJSC Eurobonds	637,275	
Total corporate bonds	2,821,133	2,710,826
Impairment allowance	(571,024)	(515,255)
Total net corporate bonds	2,250,109	2,195,571
Total:	6,615,157	10,567,045

Investment in associate

As at 30 September 2011 investment in associate was KZT 211,750 thousand, including:

	30 September 2011 KZT'000	31 December 2010 KZT'000
Investment in associate	211,750	167,650

The associate:

Name	Country of Incorporation	Main activity	% Controlled	
			30 September 2011	2010
Tsesna Capital JSC	Republic of Kazakhstan	Broker and dealer services	49%	49%

Investment property

	KZT'000 Land
Cost	
At 1 January 2010	1,267,483
Transfer from property and equipment	-
At 31 December 2010	1,267,483
Transfer from property and equipment	-
At 30 September 2011	1,267,483

Investment property comprises a plot of commercial land located in Almaty, purchased in 2007.

Property, equipment and intangible assets

Property, equipment and intangible assets were KZT 8,346,033 thousand, including:

	30 September 2011 KZT'000	31 December 2010 KZT'000
Property and equipment, including:	7,754,274	7,371,634
Depreciation of property and equipment	1,849,251	1,535,318
Intangible assets, including:	591,759	587,066
Depreciation of intangible assets	472,820	385,97
Total:	8,346,033	7,958,700

Property, equipment and intangible assets were not revalued during the reporting period.

Current tax asset

	30 September 2011 KZT'000	31 December 2010 KZT'000
Current tax asset	39,838	30,935
Total:	39,838	30,935

Deferred tax asset

	30 September 2011 KZT'000	31 December 2010 KZT'000
Deferred tax asset	55,368	43,650
Total:	55,368	43,650

Other assets

As at 30 September 2011 other assets were KZT 5,720,412 thousand and comprised the following:

	30 September 2011 KZT'000	31 December 2011 KZT'000
Inventory	372,313	423,027
Prepaid interest and expenses	474,586	254,083
Accrued fee and commission income	365,635	343,413
Overdue commission income	57,212	40,203
Settlements on taxes and other mandatory payments to budget	35,078	5,526
Settlements with professional participants of the securities market	49,630	57,134
Settlements with employees	14,947	3,477
Debtors on capital investments	1,410,502	1,011,611
Other debtors under banking activity	2,678,009	2,698,506
Debtors on guarantees	103,439	114,736
Other debtors under non-principal activity	136,469	58,028

Other transit accounts	56,144	15,999
Reserves (provisions) for losses on accounts receivable related to banking activities	(517,370)	(515,100)
Reserves (provisions) for losses on accounts receivable related to non-principal activities	(13,592)	(12,666)
Insurance premiums	444,101	6,186
Other assets	53,309	46,802
Total:	5,720,412	4,550,965

Liabilities of the Group: KZT 375,345,374 thousand

Due to the Government and regional authorities of the Republic of Kazakhstan

As at 30 September 2011 KZT 21,374 thousand was due to the Government and regional authorities of the Republic of Kazakhstan, including:

	30 September 2011 KZT'000	31 December 2010 KZT'000
Loans from the Government and regional authorities of the Republic of Kazakhstan	21,374	51,186
Total:	21,374	51,186

Deposits and balances from banks and other financial institutions

As at 30 September 2011 deposits and balances from banks and other financial institutions were KZT 17,034,743 thousand, including:

	30 September 2011 KZT'000	31 December 2010 KZT'000
Loans and deposits from banks and other financial institutions	17,016,925	11,966,197
Vostro accounts	17,818	18,283
Total:	17,034,743	11,984,480

Current accounts and deposits from customers

As at 30 September 2011 current accounts and deposits from customers were KZT 334,241,427 thousand, including:

	30 September 2011 KZT'000	31 December 2010 KZT'000
Current accounts and demand deposits		
- Corporate	93,073,937	45,052,819
- Retail	5,824,874	4,905,046
- Accrued interest		15,712
Term deposits		
- Corporate	153,621,993	71,385,162
- Retail	80,737,120	54,554,781
- Accrued interest	983,503	766,534
Total:	334,241,427	176,680,054

Debt securities issued

As at 30 September 2011 debt securities issued were KZT 7,978,560, including:

	30 September 2011 KZT'000	31 December 2010 KZT'000
Nominal	8,938,910	9,800,910
Discount	(1,128,576)	(1,242,200)
Accrued interest	168,226	246,354
Total:	7,978,560	8,805,064

The summary of bond issues at 30 September 2011 and 31 December 2010 is presented below:

	Issue date	Maturity	Coupon rate	Effective rate	Carrying amount	
					30 September 2011 KZT'000	31 December 2010 KZT'000
KZT denominated bonds of the second issue*	8.08.2005	8.08.2012	9%	10.6%	2,970,800	3,016,327
KZT denominated bonds of the fourth issue*	16.06.2006	16.06.2011	8%	10.7%	-	828,567
KZT denominated bonds of the sixth issue*	14.12.2006	14.12.2015	9.4%	10.8%	2,440,049	2,373,351
KZT denominated bonds of the seventh issue*	11.07.2007	11.07.2027	7.5%	10.9%	2,567,711	2,586,819
USD denominated bonds**	5.02.2007	5.02.2010	9.875%	11.96%	-	-
					7,978,560	8,805,064

* Quoted on Kazakhstan Stock Exchange

** Quoted on London Stock Exchange

Subordinated debt

As at 30 September 2011 subordinated debt was KZT 13,481,913 thousand, including:

	30 September 2011	31 December 2010
	KZT'000	KZT'000
Subordinated loans	941,410	925,336
Subordinated bonds	12,173,005	2,790,061
Accrued interest	367,498	2,027
Total:	13,481,913	3,717,424

Amounts payable under repurchase agreements

Collateral

As at 30 September 2011 there are no amounts payable under repurchase agreements.

Other liabilities

As at 30 September 2011 other liabilities were KZT 2,587,357 thousand and comprised the following:

	30 September 2011	31 December 2010
	KZT'000	KZT'000
Future income	20,068	7,590
Accrued fee and commission expense	20,239	9,776
Settlements on taxes and other mandatory payments to budget	201,318	169,368
Settlements with shareholders (in respect of dividends)	188,921	251,422
Settlements with employees	624,424	34,744
Creditors on capital investments	35,292	59,001
Other creditors under banking activity	21,915	123,873
Reserve for vacation payments	203,426	180,917
Other creditors under non-principal activity	336,966	102,319
Guarantees issued	11,853	12,856
Other transit accounts	19,264	28,589
Reserves (provisions) for losses on contingent liabilities	43,272	21,564
Reserves for insurance activity	788,106	95,152
Settlements on insurance activity	72,293	3,563
Total:	2,587,357	1,100,734

Equity of the Group: KZT 33,052,165

Issued capital and share premium

As at 30 September 2011 and 31 December 2010, the Bank's authorised share capital comprises 27,500,000 ordinary shares and 2,500,000 preference shares. Issued and outstanding share capital comprises 26,560,069 ordinary shares (2010: 20,500,000) and 2,500,000 preference shares (2010: 2,500,000). During the 9 months of 2011, 6,060,069 ordinary shares were issued at KZT 1,000 per share (2010: 5,000,000 ordinary shares at KZT 1,000 per share).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general shareholder meetings of the Group.

Cumulative non-redeemable preference shares

Holders of cumulative non-redeemable preference shares receive a minimum cumulative dividend of 10% per annum on the par value of their shareholding. The preference shares do not carry the right to vote unless the dividend is in arrears. All shares rank equally with regard to the Group's residual assets, except that preference shareholders participate only to the extent of the face value of the shares adjusted for any dividends in arrears. All preference shares were issued and fully paid at their par value of KZT 1,000.

As at 30 September 2011 the Group accrued dividends on preference shares amounting to KZT 187,500 thousand (31 December 2010: KZT 250,000 thousand).

Earnings per share

Profit (loss) per share is calculated by dividing the consolidated profit (loss) for the period and a weighted average number of ordinary shares outstanding for the period as follows:

	30 September 2011
Net profit/(loss) attributable to ordinary shareholders, in thousands of KZT	3,127,883
Weighted average number of ordinary shares	20,989,512
Basic earnings/(loss) per share, in KZT	149.02

$$\text{Carrying value of 1 ordinary share} = \frac{(\text{TA} - \text{IA}) - \text{TL} - \text{PS}}{\text{NO}_{\text{CS}}} =$$

$$\frac{(408397539 - 591759) - 375345374 - 2500000}{26560069} = \text{KZT 1,128 thousand}$$

TA – total assets of the Bank as per the statement of financial position at the date of calculation;

IA – intangible assets of the Bank as per the statement of financial position at the date of calculation;

TL – total liabilities of the Bank as per the statement of financial position at the date of calculation;

PS – balance of the ‘Share Capital, Preference Shares’ account in the statement of financial position at the date of calculation;

NO_{CS} – number of ordinary shares at the date of calculation.

$$\text{Carrying value of 1 preference share} = \frac{\text{TD}_{\text{PS}} + \text{PS}}{\text{NO}_{\text{PS}}} =$$

$$\frac{187500 + 2500000}{2500000} = \text{KZT 1,075 thousand}$$

TD_{PS} – dividends on preference shares accrued but not paid at the date of calculation.

PS – balance of the ‘Share Capital, Preference Shares’ account in the share issuer’s statement of financial position at the date of calculation;

NO_{PS} – number of preference shares at the date of calculation.

Share premium

As at 30 September 2011 share premium was KZT 1,770 thousand (31 December 2010: KZT 1,770 thousand).

Reserves

As at 30 September 2011 reserves were KZT 2,958,513 thousand. The reserves include:

	30 September 2011 KZT'000	31 December 2010 KZT'000
Reserve for general banking risks created out of retained earnings of previous years (reserve capital)	2,843,529	2,777,280
Revaluation reserve for available-for-sale financial assets	24,751	(2,259)
Revaluation reserve for property and equipment	134,87	14,129
Cumulative reserve for translation into presentation currency	76,766	74,500
Total:	2,958,513	2,863,650

Retained earnings/(accumulated deficit)

Retained earnings as at 30 September 2011 were KZT 1,031,813 thousand, including:

	30 September 2011 KZT'000	31 December 2010 KZT'000
Accumulated deficit for previous years	(2,030,483)	(2,256,780)
including:		
- Tsesna International B.V.	171,818	132,334
- Tsesna Garant	26,372	-
Profit for the period	3,127,883	685,954
including:		
- Tsesna International B.V.	28,660	39,484
- Tsesna Garant	(179,456)	23,174
Revaluation of property and equipment	662	883
Creation of reserve capital	(66,249)	(460,540)
	1,031,813	(2,030,483)

INFORMATION TO THE STATEMENT OF COMPREHENSIVE INCOME AS AT 30 SEPTEMBER 2011

The statement of comprehensive income is a statement reflecting the results of the Group's activities.

Net interest income

	30 September 2011 KZT'000	30 September 2010 KZT'000
Interest income		
Loans to customers	21,216,684	14,255,253
Held-to-maturity investments	377,375	480,514
Financial instruments at fair value through profit or loss	489,825	501,790
Placements with banks and other financial institutions	149,598	78,501
Available-for-sale financial assets	51,268	37,953
Cash and cash equivalents	25,113	16,934
	22,309,863	15,370,945
Interest expense		
Current accounts and deposits from customers	(11,296,325)	(8,076,617)
Deposits and balances from banks	(731,123)	(937,143)
Debt securities issued	(700,629)	(828,809)
Subordinated debt	(642,643)	(418,943)
Amounts payable under repurchase agreements	(4,004)	(31,953)
Due to the Government of the Republic of Kazakhstan	(1,242)	(2,574)
Total:	(13,375,966)	(10,296,039)
Net interest income	8,933,897	5,074,906

Net fee and commission income

Fee and commission income

	30 September 2011 KZT'000	30 September 2010 KZT'000
Fee and commission income		
Transfer operations	864,529	624,819
Guarantee and letter of credit issuance fees	911,944	483,194
Cash withdrawal fees	662,637	466,108
Settlement fees	281,941	192,076
Foreign exchange fees	219,190	130,552
Cash collection fees	18,853	15,727
Insurance activity	13,438	
Other	1,635,042	592,572
Total:	4,607,574	2,505,048
Fee and commission expense		
Transfer operations	(69,810)	(72,693)
Commission expense on received deposits	(109,050)	(65,519)
Client card account maintenance fees	(35,890)	(30,674)
Brokerage	(72,920)	(16,916)
Net claims incurred	(54,643)	(5,488)
Other	(37,201)	(29,157)
Total:	(379,514)	(220,447)
Net fee and commission income	4,228,060	2,284,601

Net earned insurance premiums for the 9 months of 2011 were KZT 227,846 thousand, for the respective period of the previous year: KZT 46,258 thousand.

Net gain/(loss) on financial instruments at fair value through profit or loss for the 6 months of 2011 was KZT (634,652) thousand, for the respective period of the previous year: KZT (381,945) thousand.

Net foreign exchange income

	30 September 2011 KZT'000	30 September 2010 KZT'000
Gain on spot transactions and derivatives	780,292	467,920
Loss from revaluation of financial assets and liabilities	(28,072)	(67,817)
Total:	752,220	400,103

Net gain on available-for-sale financial assets for the 9 months of 2011 was nil, for the respective period of the previous year: KZT 34 thousand.

Dividend income for the 9 months of 2011 including income related to receipt of dividends on shares was KZT 38,876 thousand, for the respective period of the previous year: KZT 44,451 thousand.

Operating income

	30 September 2011	30 September 2010
	KZT'000	KZT'000
Penalties	38,629	23,166
Gain/(loss) on sale of property, equipment and inventory	(1,350)	(2,154)
Other income	63,200	54,975
Total:	100,479	75,987

Impairment losses

	30 September 2011	30 September 2010
	KZT'000	KZT'000
Loans to customers	(869,836)	(1,228,672)
Commitments	(21,249)	-
Other assets	(285,767)	94,725
Total:	(1,176,852)	(1,133,947)

Personnel expenses

	30 September 2011	30 September 2010
	KZT'000	KZT'000
Employee compensation	(3,641,690)	(2,129,745)
Payroll related taxes	(262,424)	(142,712)
Total:	(3,904,114)	(2,272,457)

Other general and administrative expenses

	30 September 2011	30 September 2010
	KZT'000	KZT'000
Occupancy	1,877,381	1,571,088
Depreciation and amortisation	420,179	342,914
Taxes other than on income	437,297	271,804
Contributions to deposit insurance fund	443,470	253,701
Advertising and marketing	246,394	186,989
Security	158,671	130,485
Transportation	164,372	131,862
Communications and information services	111,729	101,824
Travel expenses	68,864	55,237
Professional services	57,192	35,521
Repairs and maintenance	35,651	18,003
Encashment expenses	37,372	22,641
Insurance	33,845	1,586
Other	1,130,343	327,578
Total:	5,222,760	3,451,233

Income tax expense for the 9 months of 2011 was KZT (215,117) thousand, for the respective period of the previous year: KZT (45,065) thousand.

Total profit for the 9 months of 2011 was KZT 3,127,883 thousand, for the respective period of the previous year: KZT 641,693 thousand.

INFORMATION ON CASH FLOWS AS AT 30 SEPTEMBER 2011

Cash and cash equivalents

As at 30 September 2011 cash and cash equivalents recognised in the consolidated statement of cash flows were as follows:

	30 September 2010 KZT'000	31 December 2010 KZT'000
Cash	7,245,643	5,145,629
Account and deposits with the National Bank of the Republic of Kazakhstan	16,846,036	19,203,645
Nostro accounts with other banks	4,516,162	4,996,514
Term deposits with other banks	39,039	360,372
Mandatory reserves	(9,021,477)	(3,148,170)
Total:	19,625,723	26,557,990

INFORMATION TO THE STATEMENT ON CHANGES IN EQUITY AS AT 30 SEPTEMBER 2011

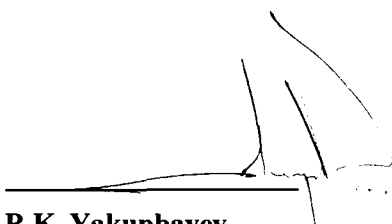
The equity of the Group at the reporting date was KZT 33,052,165 thousand.

The changes were as follows:

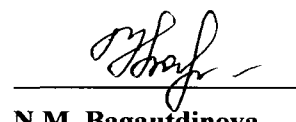
- Share capital increased by KZT 6,060,069 thousand due to issue of shares;
- Revaluation reserve for available-for-sale assets increased by KZT 27,010 thousand;
- Cumulative translation reserve increased by KZT 2,266 thousand;
- Revaluation reserve for property and equipment decreased by KZT 662 thousand, as a result of the transfer to retained earnings; and
- Reserve for general banking risks increased by KZT 66,249 thousand.

Retained earnings increased by KZT 3,062,296 thousand, due to:

- Net income of KZT 3,127,883 thousand for the period, including for subsidiary Tsesna International B.V. of KZT 28,660 thousand and Tsesna Garant of KZT (179,456) thousand;
- Transfer of revaluation reserve for property and equipment of KZT 662 thousand to undistributed cost in respect of the use of revalued property; and
- Creation of reserve capital by retained earnings of KZT (66,249) thousand.



R.K. Yakupbayev
Acting Chairman of the Management Board



N.M. Bagautdinova
Chief Accountant