



MISSION	to protect depositors' interests by insuring their bank deposits and reimbursing depositors' losses occurred in case of the DIS member-bank's forcible liquidation
VISION	■ to comply with the international principles of the effective Deposit Insurance Systems;
	■ to accomplish our mission applying the world's best practices
STRATEGIC TARGETS	■ high-quality corporate management, as well as further development of relationships with the main Fund's partners;
	■ readiness for insured events;
	■ extending the awareness of the public and the KDIF's partners about the Deposit Insurance System;
	■ enhancing professional qualification of the KDIF's staff

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ABBREVIATIONS USED

AFK	Association of financiers of Kazakhstan
DIS	Deposit insurance system
DPS “BATA”	Differential Premium System “BATA”
Financial Supervision Agency, FSA	The Agency of the Republic of Kazakhstan for Regulation and Supervision of Financial Market and Financial Organizations
IADI, the Association	International Association of Deposit Insurers
IS “BATA”	Informational system “BATA”
KDIF, the Fund	Kazakhstan Deposit Insurance Fund Joint-Stock Company
Member-bank	Bank which is a member of the mandatory deposit insurance system
National Bank, NBRK	The National Bank of the Republic of Kazakhstan
The Law on Mandatory Deposit Insurance	The law of the Republic of Kazakhstan “On Mandatory Insurance of Deposits Placed in the Second-Tier Banks of the Republic of Kazakhstan”

MESSAGE FROM THE CHAIRMAN

First signs of the recovery process in the world financial system appeared in 2010, thereby helping rehabilitate the Kazakhstani financial sector which experienced serious problems during the crisis period.

Prompt measures taken by the Government and financial regulators for stabilizing the country's banking sector have largely contributed to mitigating the crisis' impact on the country's financial environment. No banks' forcible liquidations and stable functioning of the banking sector during the turbulent period of 2007-2010 clearly demonstrated the effectiveness of the anti-crisis measures.

Nevertheless, Kazakhstani deposit insurance system was ready to reimburse the depositors in case of a member bank's failure. In October 2008, when the deposit insurance coverage limit was raised from 700 thousand KZT to 5 million KZT, the Funds' financial obligations were considerably extended. Subsequently, it became obvious that the further deposit insurance system's development in line with the IADI Core Principles was necessary. The present annual report summarizes major Fund's achievements in different fields of its activity during 2010.

Undoubtedly, every DIS' mission is to protect depositors' interests during the bank's liquidation by promptly reimbursing the depositors. In turbulent times the probability of banks' defaults is very high and this mission becomes particularly important. That is why KDIF has concentrated on such first-priority goals as improvement of the payout process and further sophistication of the member-banks' risk profile assessment.

Reimbursement of the deposit insurance coverage is a very laborious process. Its effectiveness depends on the Fund's financial soundness, on the liquidated bank's ability to timely transfer the depositors' register to the KDIF and also on the Fund's readiness to promptly reimburse the insurance coverage to the depositors.

In most countries increase in the deposit coverage limit was accompanied by strengthening of the DIS' financial standing. KDIF's financial position was also consolidated by its additional capitalization leading to the increase in its authorized capital from 16 billion KZT to 121 billion KZT over the past two and a half years.

Newly obtained KDIF's mandate to inspect the depositors' register at member-banks for its compliance with the Fund's requirements has enabled the Fund to accelerate the payout process.

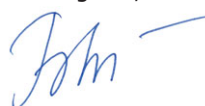
In addition, the Fund also worked on improving its system of the member-banks' risk assessment. This system serves as a basis for a fair premiums payment system which assigns the highest premium rate to the riskiest bank and vice versa. In addition, the KDIF's Differential Premium System has been revised and updated and, as a result, assessment of the member-banks' risk profile has been improved.

Thus, KDIF together with the financial authorities have succeeded in maintaining public confidence in the Kazakhstani banking sector. Individuals' deposits in DIS member-banks were constantly growing during the crisis period. The aggregate retail deposits' volume expanded by 16.2% and reached a total of 2.25 trillion KZT by the end of the reporting year.

Further development of the effective banks' resolution methods which KDIF began to work on two years ago jointly with the regulators, and elaboration of an adequate Islamic deposit insurance model remain the Fund's most ambitious and promising priorities.

No doubt, it will take a long time to complete some of the KDIF's most important tasks. However, to conclude I can proudly say that many of our current achievements have already paved the way for our further successful development.

Best regards,



Bakhyt Mazhenova,



SCORECARD OF THE FUND'S STRATEGIC GOALS FULFILLMENT

AS OF DECEMBER 31, 2010

Notations used:

D	Under development
I	Implemented but still needs further development
N	Needs further development
G	Good
S	Satisfactory

Fund's Goals	Fund's Initiatives	Level of Accomplishment
EFFECTIVE CORPORATE MANAGEMENT AND PARTNERSHIP	1 Assessment of the KDIF's compliance with the international standards	
	a Self-assessment of the Fund's activities according to the IADI methodology on the assessment of DIS' effectiveness	D
	b The Fund's analysis and functions development in accordance with the IADI Core Principles for The Effective Deposit Insurance Systems	D
	2 Establishment of necessary conditions for the effective corporate management	
	a Reflection of internal control results in the decisions of the Board of Directors	I
	b Development of internal procedures for conducting certain business processes	I
	3 Compliance with the legislation	
	a Amendments to the Fund's Statutes regarding mandates of the KDIF's governing bodies	I
	b Deposit Insurance System's advancement in the post-crisis period in the following aspects:	
	- Goals and functions of the deposit insurance organization	D
	- Determination of the deposit coverage limit	D
	- Extension of the insurance coverage over certain types of legal entities	D
	- The Fund's special reserve formation	D
	- Amendments to the Law of the RK "On mandatory insurance of deposits placed in the second-tier banks of the Republic of Kazakhstan" if necessary	D
	4 Rational usage of assets	
	- Improvement of the Fund's investment policy and investment strategy	I
	5 The Fund's cooperation with:	
	a Financial Supervision Agency	G
	b National Bank of Kazakhstan	G
	c Association of financiers of Kazakhstan	G
	d Member-banks of the deposit insurance system	G
	e Foreign deposit insurance organizations	G
	f International institutions and foreign organizations	S
	g Suppliers of goods (works and services)	S
	6 Development of informational cooperation with the main partners	
	a Participation in the development of normative legal acts	I
	b Extension and improvement of the information exchange mechanisms	I

Fund's Goals	Fund's Initiatives	Level of Accomplishment
OPERATING ACTIVITIES	1. Compliance of the Fund's internal control system with the established requirements	I
	2. Fund's strategic business processes:	
	a Determination of the Contract of Adhesion terms	I
	b Development of the mechanism of payouts to the depositors of the forcibly liquidated member-bank through:	
	- establishment of requirements to the depositors' records in the member-banks and formation of the depositors' database	I
	- provision of data by member-banks on their depositors in a standardized form	I
	- inspection of the member-banks' automated depositors' databases	I
	c Effective management of the Fund's investment portfolio	I
	d Studying alternative approaches to covering the shortage of the Fund's Special Reserve and development of relevant proposals on amending the RK legislation	D
	e Development of procedures on the implementation of OBA, Bridge bank and P&A operations as effective problem banks resolution methods based on the least cost principle, including:	
	- appraisal of the problem banks' assets	D
	- methods of providing the Fund's financial support to the member-bank's forcible restructuring or liquidation operations and also to the bank's depositors	I
	- enhancement of legislation regarding implementation of OBA, Bridge bank and P&A bank resolution methods	I
	f Realization of the Fund's functions related to its Special Reserve recovery through:	
	- participation in the temporary administration assigned for the period of the member-bank's conservatorship and/or for the period of withdrawal of license for carrying out all banking operations	I
	- participation in the liquidation commission of a member-bank under forcible liquidation	I
	- participation in the creditors' committee of a member-bank under forcible liquidation	I
	g Identification of the Fund's main risk areas and risk management	I
	h Advancement of the DPS methodology	
	- development of new indicators, modification of current ones and testing indicators	I
	- determination of new threshold values for indicators	I
- development of the informational system "BATA"	I	
i Public awareness campaign	I	
HUMAN RESOURCE MANAGEMENT	1 Improvement of the Professional Development System for the KDIF's staff	I
	2 Attracting experts for projects development	
	a Attraction of an expert for advancement of the differential premium system	N
	b Attraction of an expert for developing the appraisal of the problem-bank' assets methodology	N

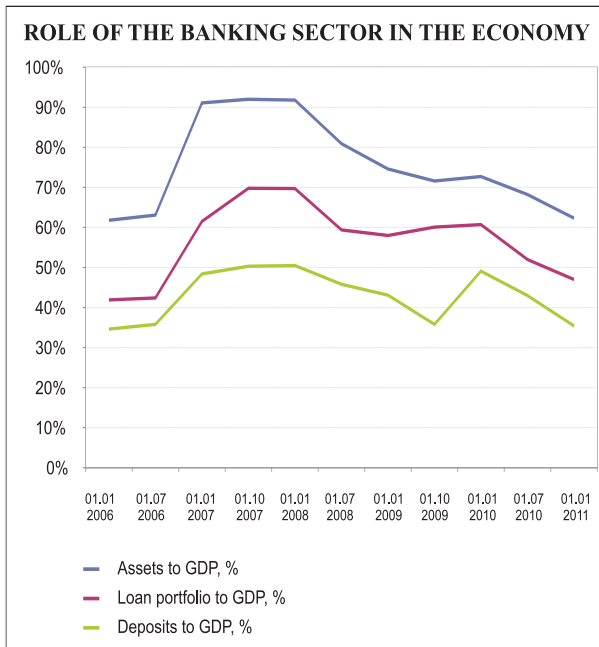
CALENDAR OF EVENTS IN 2010

MONTH	EVENT
During the year	Continuation of the insurance coverage reimbursement to the depositors of "Nauryz Bank Kazakhstan" JSC and "Valut-Tranzit Bank" JSC and verification of the depositors' documents with respect to the timeliness, accuracy and justification of all the payouts made.
	The Fund's participation in the creditors' committees of "Nauryz Bank Kazakhstan" JSC and "Valut-Tranzit Bank" JSC
	Inspection of the member-banks' insured deposits automated database for its compliance with the Fund's requirements; in total 10 member-banks were inspected during the year.
	Contribution to the development of researches and guidelines within the frame of the IADI Research and Guidance Committee's and Subcommittees' activities.
	Free public consultations on deposit insurance issues through a free hotline telephone number (8-800-080-10-20).
	Six meetings of the KDIF's Board of Directors and nine meetings of the KDIF's Advisory Council were held
January	Participation in the Eighth Annual General Meeting of the Asia-Pacific Regional Committee of IADI in Goa (India)
February	Adjustment of the Fund's investment policy
April	Decrease in the recommended maximum interest rates on newly accepted individuals' deposits down to 10% in national currency and down to 7% in foreign currency upon the decision of the KDIF's Board of Directors
	Participation in the summit-conference on the issues of strengthening deposit insurance systems during the crisis and post-crisis periods in Sebu (Philippines)
	Finalization of the accounts' reconciliation on the insurance coverage reimbursement to the depositors of "Valut-Tranzit Bank" JSC between the Fund and the agent-bank
May	Involvement of the Fund's specialists in the special working group on the development of draft amendments to the legislation on mortgage lending and protection of consumers of financial services' and investors' rights in the Republic of Kazakhstan
	Holding an online press-conference with the Chairman of the Fund and a briefing for journalists
	Establishment of a task force within the KDIF's Advisory Council on preparing proposals on amendments to the «Rules on mandatory calendar, additional and extraordinary premiums' amounts determination and payment procedures»
June	Registration of the IS "BATA" as the Fund's intellectual property.
	The Fund's Advisory Council approved the draft amendments to the «Rules on mandatory calendar, additional and extraordinary premiums' amounts determination and payment procedures» and passed them to the KDIF's Board of Directors consideration
July	Adoption of the Fund's Corporate Plan for 2010-2012
	Board of Directors' approval of the amendments to the «Rules on mandatory calendar, additional and extraordinary premiums' amounts determination and payment procedures» offered by the KDIF's Advisory Council

MONTH	EVENT
August	Exclusion of "Kazinkombank" JSC and "Masterbank" JSC from the DIS
September	Participation of the Fund's employees in the round table "Revision of the bankruptcy system in the Republic of Kazakhstan" in Almaty
	Reorganization of the Fund's personnel structure
October	Presentation of the Fund's Chairman at the Tenth Annual Meeting and Conference of the IADI "Financial Safety Net: Further Ways of Development" in Tokyo on the topic "Reprivatization of nationalized banks"
November	Participation of the Fund's representatives in the Third Seminar of the Eurasia Regional Committee of IADI "Role of Deposit Insurers in the Stabilization of Financial Systems" in Baku (Azerbaijan)
	Celebration of the national currency day of the Republic of Kazakhstan and the 11th anniversary of the Fund with a corporate party including bowling tournament among the KDIF's employees
	Contribution of the KDIF's representative to the special task force's preparation of amendments to the legislation on Islamic financing in Kazakhstan
December	Preparation of the brochure "What you should know about deposit insurance" and its distribution among the depositors through the member-banks' offices
	Shareholder's decision on the increase of the Fund's authorized capital up to 121 billion KZT

BANKING SECTOR OF KAZAKHSTAN IN 2010

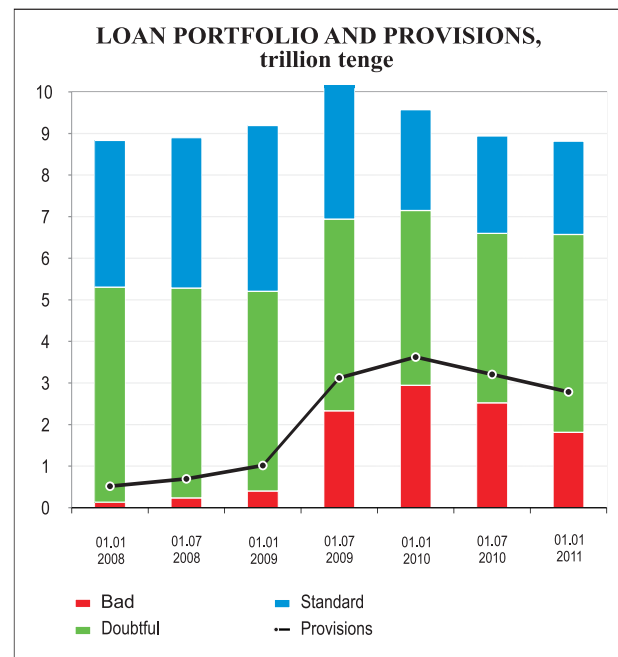
■ GDP of Kazakhstan grew by 7% in 2010 against 1.2% in 2009 and 3.2% in 2008. Throughout the year Kazakhstani economy was favored by such factors as market expansion due to the country's entry in the Customs Union with Russian Federation and Belarus, growth of industrial production and pricing on the world's raw materials markets. For example, in early 2010 the price for one barrel of Brent crude oil composed 75 USD, while by the end of the year it already reached about 90 USD. This positively affected the country's aggregate income from exports and balance of trade and resulted in a liquidity surplus.



Stable internal and external environment throughout 2010 contributed not only to the recovery of the Kazakhstani financial system, but also to the consolidation of moderate positive results achieved after peak of financial crisis was passed. The most serious financial problems observed in 2009 in three local banks - "BTABank" JSC, "Alliance Bank" JSC and "Temirbank" JSC – were solved in 2010 as a result of an agreement with the banks' external creditors on further restructuring of these banks' debts. In total, this process lasted for one and a half years and, as a result, the problem banks' aggregate external debt decreased by more than 11 billion USD while its share in total liabilities lowered from 34% to 24%. Undoubtedly, completion of the banks' liabilities restructuring significantly contributed to the overall banking sector's rehabilitation and to the mitigation of systemic risk. All three problem financial institutions were additionally capitalized by the banks' major shareholder -- the State National Welfare Fund "Samruk-Kazyna" which obtained from 67% to 82% of these banks' shares. Thus, the estimated aggregate own

capital of the whole banking sector doubled to 1.8 trillion KZT over 2010, returning to a positive value.

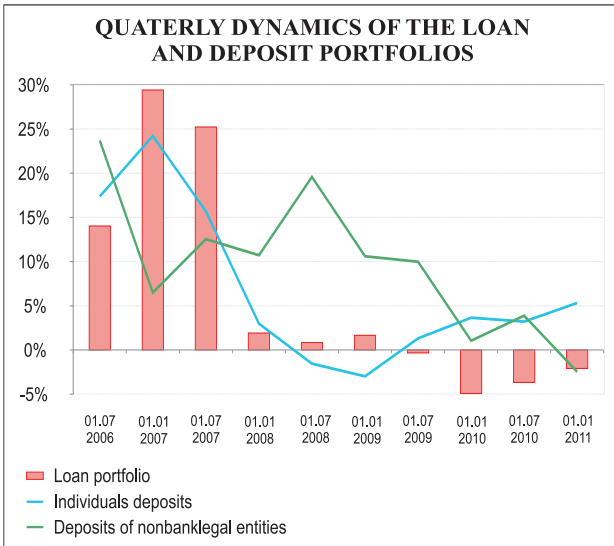
As a whole, the annual growth of the banks' assets composed 4.1%, or 474.2 billion KZT, up to 12 trillion KZT, including 4.4 trillion KZT in foreign currency. Meanwhile, the aggregate loan portfolio contracted by 5.9% or 573 billion KZT to 9.1 trillion KZT, while the ratio of bank loans to GDP declined from 57% to 47%. To emphasize, most of this reduction was a result of writing off loans during restructuring of "BTA Bank" JSC debts. Without consideration of "BTA Bank" JSC the total loan portfolio showed positive trend with an increase by 310.3 billion KZT, or 4.4%. Such small growth can be attributed to the banks' stiffened requirements to the potential borrowers leading to a significant decrease in the total volume of allotted loans. The latter effect, in turn, emerged as a result of a growing problem of the loan portfolio's quality. So, as of December 31, 2010 the share of standard loans reached 26.4% while the share of doubtful loans composed 53.6% (including doubtful loans of the fifth category – 13.7%) and bad loans – 20.1%.



The annual aggregate deposits growth rate composed 13.7%, or 821.5 billion KZT, up to 6.8 trillion KZT including increase in retail deposits by 16.2%, or 313.5 billion KZT, up to 2.3 trillion KZT. In each quarter of 2010 inflow rate of deposits did not exceed 5% which means that at a time of slow loans growth rate total deposits growth rate has not returned to the pre-crisis level yet.

However, given that the average share of the TOP-8 banks' liquid assets (banks whose total assets compose up

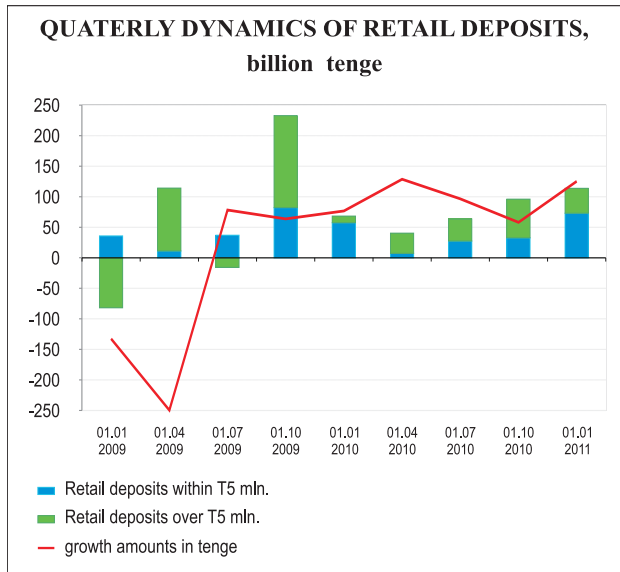
to 82% of the banking sector's aggregate assets) varied from 12.3% to 34.6% during the year, it can be concluded that commercial banks did not need to augment their liabilities.



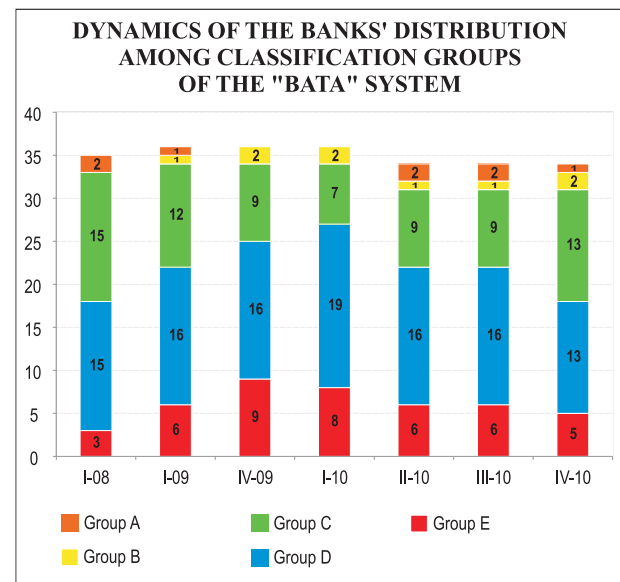
Meanwhile, changes in the structure of local banks' funding in favor of individuals' deposits turned out to be of the most important consequences of the global financial crisis. Offering more and more favorable terms for deposit accounts banks have become more active in attracting individuals' savings. To compare, as of January 1, 2007 the retail deposits' share in the total bank's liabilities varied from 7% to 24% among the TOP-8 banks, while in just four years this indicator has considerably grown and as of January 1, 2011 it already ranged from 14% to 48%.

As of December 31, 2010 the bulk of the retail deposits portfolio's structure was represented by the term deposits with the total share of 86.7%, current and card accounts represented 11.7%, call deposits – 1.5% and conditional deposits – 0.1%.

While the growth in the aggregate amount of retail deposits in 2009 was mainly accounted by the increase of deposits over T15 million in foreign currency, the increase of term deposits within T5 million in national currency has become a major contributor to the positive dynamics of the aggregate individuals' deposits in 2010. In general, the growth of term deposits within 5 million KZT composed 140.2 billion KZT (24.2%) during the reporting year. To emphasize, deposits up to 3 million KZT constituted the major part of this growth, or 105.3 out of 140.2 billion KZT. The volume of term deposits whose amount varies from 5 to 15 million KZT also grew by 77.5 billion KZT (41%) over the year. Meanwhile, the net annual growth of term deposits exceeding 15 million KZT totaled 95.3 billion KZT (or 11%).



In the reporting year 11 out of 34 member-banks improved their positions within the DPS "BATA" by moving to the groups with lower calendar premiums' rates. The DPS "BATA" distributes member-banks among five classification groups – "A", "B", "C", "D" and "E" with the following respective rates of calendar premiums: 0.04%, 0.08%, 0.11%, 0.19% and 0.38%. Whereas in the fourth quarter of 2009 25 out of 36 member-banks were assigned the groups "D" and "E", in one year, i.e. in the fourth quarter of 2010, the total number of member-banks in these groups reached only 18 out of 34 member-banks.



OVERVIEW

OF THE KAZAKHSTANI DEPOSIT INSURANCE SYSTEM

■ Kazakhstani mandatory deposit insurance system has been in operation since November, 1999 and is aimed at protecting interests of commercial banks' depositors, in particular small unsophisticated depositors composing the vast majority of the country's population. As of December 31, 2010 the total share of the individuals' bank accounts fully covered by the Fund's maximum insurance coverage limit (5 million KZT) was equal to 99.7%.

The major regulatory legal act on deposit insurance in Kazakhstan is the Law of RK "On Mandatory Insurance of Deposits Placed in the Second-Tier Banks of the Republic of Kazakhstan" as of July 7, 2006. This law stipulates main principles and regulations related to the deposit insurance system and the coverage reimbursement process in case of a member-banks' forcible liquidation.

Kazakhstani deposit insurance system includes all banks having the FSA's license for accepting retail deposits as well as opening and maintaining individuals' bank accounts. The DIS member-banks pay mandatory calendar premiums to the Fund on a quarterly basis and these premiums go into the KDIF's special reserve. Amounts of the member-banks' calendar premiums depend on the assigned premium rates, differentiated according to the banks' financial standing and risk profile. Under the Law on Mandatory Deposit Insurance KDIF may require member-banks to pay additional and extraordinary premiums or may apply for a loan from the National Bank in case of the Fund's special reserve shortage.

Within 14 working days after the enactment of the court's decision on a member-bank's forcible liquidation the Fund makes a public announcement through various mass media channels covering all regions of Kazakhstan about the member-bank's liquidation, duration of the payout process, name of the agent bank or national postal service which will reimburse the depositors, etc. The Fund selects an agent bank to make the payouts on a tender basis and transfers the required amount of funds from its special reserve to the agent bank. While choosing an agent bank KDIF considers such criteria as the bank's financial standing, its size of branch network, past experience in deposit insurance coverage reimbursement and other factors. Individuals' conditional, term and call deposits, current and card accounts, including individual entrepreneurs' deposits, are all covered by the mandatory deposit insurance. Individual depositor applies to the agent bank with an identification document and with contract of a bank account to obtain an insurance coverage.

The coverage amount to be reimbursed to the depositors is calculated as the value of the deposit account balance without the accrued interest but no more than five million KZT per depositor per each bank¹.

After expiry of the official payouts period through the agent bank but no later than one year from the end of the bank's forcible liquidation process depositors may apply for reimbursement directly to the Fund.

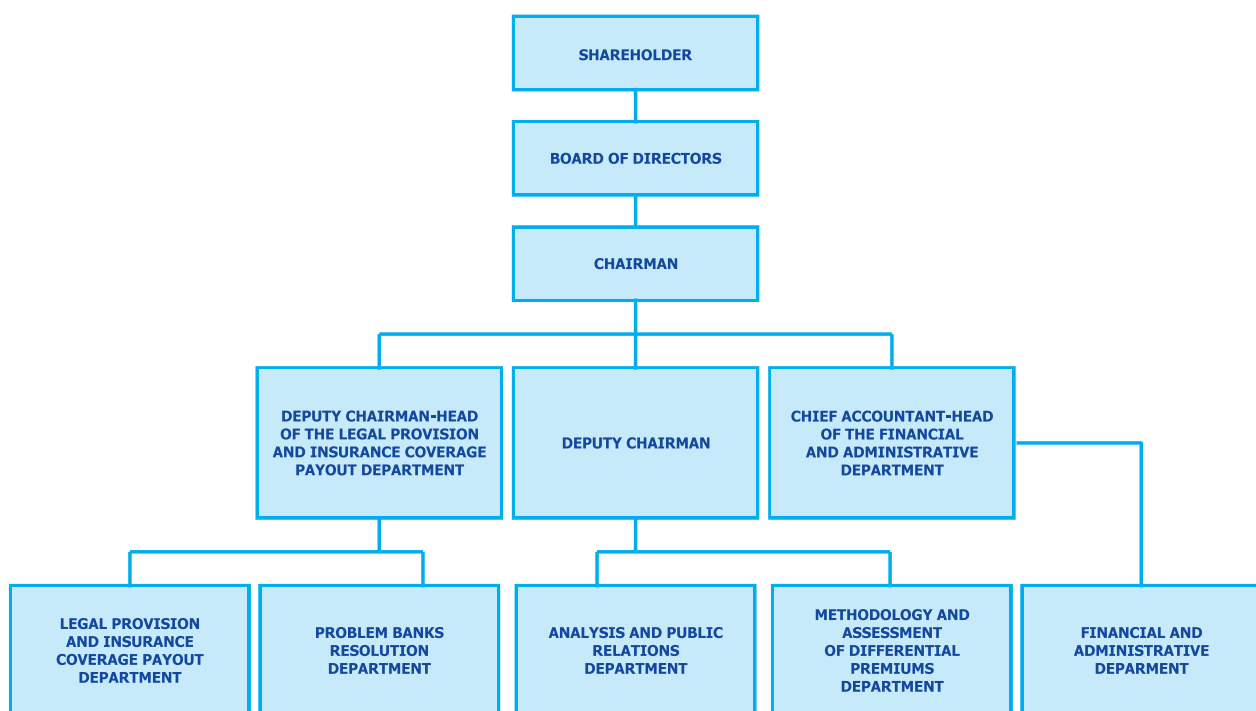
Since the KDIF's establishment three banks have been forcibly liquidated in Kazakhstan – "Komir-bank" JSC (in 2003), "Nauryz Bank Kazakhstan" (in 2005) JSC and "Valut –Tranzit Bank" JSC (in 2007). In total, the Fund has reimbursed about 67 thousand depositors of all three banks in the aggregate amount of 15 billion KZT.

¹ This current deposit insurance coverage limit is valid until January 1, 2012 according to the Law of the Republic of Kazakhstan "On introducing amendments to some legislative acts of the Republic of Kazakhstan on the issues of the financial system's stability" as of October 23, 2008.

ABOUT THE KDIF

“Kazakhstan Deposit Insurance Fund” JSC is a non-commercial organization whose sole shareholder, founder and supreme governing body is the National Bank of the Republic of Kazakhstan. The Fund was established in November, 1999 with the purpose of maintaining public confidence in the Kazakhstani banking system and stimulating growth of individuals’ deposits as one of the important banks’ internal sources of funding.

KDIF’S ORGANIZATIONAL STRUCTURE





DEPARTMENTS OF THE FUND

Some changes were introduced into the Fund's organizational structure during the reporting year. In the beginning of September, 2010 the Bank Analysis and Statistics Department was divided into the Methodology and Assessment of Differential Premiums Department and the Analysis and Public Relations Department, while the Methodology and Legal Provision Department was renamed into the Legal Provision and Insurance Coverage Payout Department.

The main functions of the Fund's departments are presented below:

Methodology and Assessment of Differential Premiums Department

- determination of member-banks' classification groups and corresponding calendar premiums' rates within the DPS "BATA" system and notification of member-banks about them;
- consideration of member-banks' objections to the KDIF's determination of their classification groups and corresponding calendar premiums' rates;
- conducting analysis on the dynamics of different member-banks' indicators within the DPS "BATA" system;
- gathering, processing and analysis of member-banks' financial reports;
- improvement of the differential premium rates' assessment methodology;
- calculation of calendar, additional and extraordinary premiums' amounts to be paid by member-banks to the Fund as well as monitoring these payments' completeness and timeliness;
- adjustment and development of the Informational System "BATA", etc.

Problem Banks Resolution Department

- participation in the member-bank's receivership process during the period of the bank's conservatorship or withdrawal of license for conducting all banking operations;
- participation in the forcibly liquidated member-bank's liquidation commission;
- involvement in calculating the insurance coverage to be paid to the forcibly liquidated member-banks' depositors, together with the temporary administration appointed during the period of withdrawal of license on conducting all banking operations and the liquidation commission of a failed bank;
- participation in the creditors' committee of a forcibly liquidated member-bank;
- consideration and preparation of proposals on the development of the insolvent banks' liquidation and alternative bank resolution methods, and other.

■ Legal Provision and Insurance Coverage Payout Department

- preparation of proposals on amendments to the legislation regulating the Fund's activity and the deposit insurance system's functioning;
- preparation of proposals and comments on the normative legal acts' drafts sent by regulatory bodies or AFK for KDIF's endorsement;
- participation in the special working groups of the AFK and FSA on the issues of legislation's improvement;
- gathering and analyzing materials, development of normative legal acts' and other internal policies' drafts on the major Fund's activities;
- ensuring compliance of orders and other Fund's normative acts and documents with the Kazakhstan legislation, preparation of proposals on their amendments or their revocation in case of their contradiction to the current legislation;
- reviewing banks' applications for entry in the deposit insurance system and documents provided by them in case of their names' changes, issuing member-banks' certificates of membership in the DIS, record-keeping of all these issued and abrogated certificates;
- legal provision, data processing and control over the payouts to the forcibly liquidated member-banks' depositors as well as keeping up correspondence, conducting negotiations and mutual settlement of the coverage payout accounts with an agent bank;
- legal provision during the Fund's state purchases process;
- preparation of different agreements and contracts to be signed by the Fund, legal examination of incoming agreements' drafts from the contractors; record-keeping of all the KDIF's agreements, etc.



■ Analysis and Public Relations Department

- preparation of informational and analytical reviews on the DIS current condition and development, retail deposit market dynamics in Kazakhstan and banks' financial standing in accordance with the DPS "BATA";
- development of the Fund's Public Awareness Campaign Concept and its implementation;
- cooperation with the International Association of Deposit Insurers and other international deposit insurance-related organizations as well as coordination of the Fund's other departments operations in this field of activity;
- preparation of the Fund's Annual Report and Corporate Plan on the annual basis, etc.

■ Financial and Administrative Department

- control over safekeeping of the Fund's property as well as rational and economical usage of all the Fund's resources;
- book-keeping of the Fund and partaking in its improvement and automation;
- preparation of statistical, financial and other reports for the corresponding authorized supervisory bodies and the Fund's investment activity analysis;
- development of the Fund's Business Plan for the next financial year, analysis and control over its execution as well as preparation of reports on the Business Plan's execution for the Fund's shareholder;
- preparation of the Fund's state purchases plan, analysis and control over its execution;
- stock-taking of funds, inventory holdings, fixed assets, intangible assets, receivables and liabilities of the Fund, and other.

KDIF'S

ADMINISTRATIVE BODIES

SHAREHOLDER

■ The supreme governing body of the Fund is its sole shareholder – the National Bank of Kazakhstan. The Deputy Governor of the National Bank, Ms. Dina Galiyeva, is empowered to make all decisions within the shareholder's competence.

Ms. Dina Galiyeva

Deputy Governor of the National Bank of
Kazakhstan

The exclusive competence of the KDIF's shareholder includes such issues as voluntary reorganization or liquidation of the Fund, decision-making on the placement of KDIF's shares and the price of their placement, assignment of the Board of Directors' members and their early termination, appointment of the Fund's Chairman, determination of the Fund's reserve capital usage procedures, approval of the KDIF's annual financial statements and other functions in accordance with the Law of the Republic of Kazakhstan "On Joint Stock Companies".

BOARD OF DIRECTORS

■ During the reporting year the Board of Directors consisted of the Deputy Governor of the NBRK who also acted as a Chairman of the Fund's Board of Directors; Chairman of the Fund, three managers of the National Bank's departments, Deputy Chairman of the Financial Supervision Agency as well as two independent directors.

During 2010 the Fund's Board of Directors held 6 meetings which addressed the following issues:

- approval of the KDIF's Business Plan (budget) for 2011;
- approval of the KDIF's Corporate Plan for 2010-2012;
- appointment of the corporate secretary and determination of his/her terms of office;
- approval of the amendments to the Contract of Adhesion as well as to the Rules on evaluating compliance of the member-banks' insured deposits automated database with the Fund's requirements stipulated in the Contract of Adhesion;
- approval and adjustment of the KDIF's accounting policies, and the principles of the Fund's risk management;
- approval of amendments to the Rules on mandatory calendar, additional and extraordinary premiums' amount determination and payment procedures;
- discussion of methodology on determining the recommended deposit interest rates on newly attracted individuals' deposits in both national and foreign currencies;
- consideration and approval of amendments to the Fund's personnel structure, and other issues.

In April 2010 the proposal of the KDIF's Advisory Council to reduce the recommended deposit interest rates on newly attracted individuals' deposits from 11,5% to 10% in national currency and from 8% to 7% in foreign currencies was approved and endorsed at the Board of Directors' meetings.

Mr. Daniyar Akishev
Chairman of the Board,
Deputy Governor of
the National Bank of
Kazakhstan

Ms. Bakhyt Mazhenova
Chairman of the
Kazakhstan Deposit
Insurance Fund

**Ms. Gulfayruz
Shaykakova**
Director of the Research
and Statistics Department
of the National Bank of
Kazakhstan

Mr. Oleg Smolyakov
Head of the Financial
Stability Division of
the National Bank of
Kazakhstan

Mr. Uriy Gerasimenko
Director of the Monetary
Operations Department
of the National Bank of
Kazakhstan

Mr. Kuat Kozhakhmetov
Deputy Chairman of the
Financial Supervision
Agency

**Mr. Zhanat
Kurmanov**
Independent
Director

**Ms. Yuliya
Yakupbayeva**
Independent
Director, Managing Director
of the Association of
Financiers of Kazakhstan

ADVISORY COUNCIL

■ The Advisory Council provides the Fund with necessary proposals and recommendations, shares the banking sector's view on different issues with the KDIF and participates in the development of various deposit insurance-related materials. The Advisory Council's functioning is regulated by its internal standing orders. The Advisory Council's decisions are advisory in nature.

The Advisory Council consists of member-banks' representatives selected at a member-banks' general meeting by voting. Advisory Council's members are reelected on the annual basis. In 2010 a representative of the "ATFBank" JSC was elected a Chairman of the Advisory Council by its members.

During the reporting year the following issues were discussed at the Advisory Council's meetings: amendments to the Rules on mandatory calendar, additional and extraordinary premiums' amount determination and payment procedures, decrease in the recommended interest rates on newly attracted individuals' deposits as well as adjustments to the Contract of Adhesion. Also, the Advisory Council decided to establish a special working group consisting of the member-banks' representatives aimed at improving the methodology on determination of the differential premiums' rates.

THE FUND'S ADVISORY COUNCIL MEMBERS IN 2010

"ATFBank" JSC
"Bank CenterCredit" JSC
"BTA Bank" JSC
"Eurasian Bank" JSC
"Halyk Savings Bank of Kazakhstan" JSC
"Kaspi Bank" JSC
"Kazkommertsbank" JSC
Subsidiary bank "HSBC Bank Kazakhstan" JSC
Subsidiary bank "Sberbank" JSC
"Temirbank" JSC
"House Construction Savings Bank of Kazakhstan" JSC (observer)

RISK MANAGEMENT SYSTEM

The KDIF's internal control system was established in order to ensure financial efficiency and profitability of asset management and to determine the probability of losses, reliability, completeness and timeliness of financial and management information as well as compliance with the legislative requirements.

The Fund's risk assessment procedure is performed according to the Principles of risk management adopted in 2008. The KDIF's Committee for Risk Management annually assesses risks of all the business processes, prepares a summary risk map reflecting the data on

significantly high, high and middle level of risks inherent in the Fund's activity, and prepares proposals on further measures aimed at mitigating such risks.

Moreover, an independent auditor also annually assesses the level of risks inherent in the Fund's activities and the internal control system over the KDIF's business processes. Based on this examination's results the auditor presents recommendations for the improvement of these systems, and, subsequently, the Fund takes corresponding risk-minimization measures.

Type of risks	Measures taken by the KDIF to mitigate the risk in 2010
Risk of failure to adequately fulfill the payout function	Inspections for compliance of the insured deposits automated database with the Fund's requirements were conducted in 10 member-banks.
Risk of the Special Reserve's shortage	The Fund's authorized capital was increased up to 121 billion KZT by its shareholder.
Risk of the unsatisfied Fund's claims by the failed bank's liquidation commission	The KDIF participates in the liquidation commission and in the creditors' committee of the forcibly liquidated member-banks.
Liquidity risk	The Fund's investment strategy is reviewed and adjusted on the annual basis if necessary.
Legal risk	Monitoring of the Kazakhstani current legislation with a view to its adjustment if necessary.
	Analysis and making necessary amendments to the Fund's statutes and other internal documents.
Personnel risk	Providing necessary training to the Fund's staff and improving their professional qualifications.
Risk of the systemic banking crisis	Monitoring of the market environment and holding necessary consultations with the authorized bodies.

MEMBER-BANKS

OF THE DEPOSIT INSURANCE SYSTEM

As of the end of the reporting year the total number of commercial banks operating in Kazakhstan equaled 39 including 34 banks-members of DIS, i.e. banks having a license for accepting retail deposits as well as opening and maintaining individuals' bank accounts in national and foreign currencies from the FSA. In general, the total number of DIS member-banks decreased over 2010: "Masterbank" JSC was excluded from the DIS in August due to its reorganization into a Credit Organization "Master- Credit" LLC. In the same month of 2010 the

FSA Board decided to withdraw the license for accepting retail deposits, opening and maintaining individuals' bank accounts from "Kazakhstan innovative commercial bank" JSC due to the bank's systematic violations of the financial supervisors' prudential requirements.

Furthermore, in September of 2011 financial regulator suspended the license of "Danabank" JSC for accepting retail deposits, opening and maintaining individuals' bank accounts for a period of 3 months.

List of Deposit Insurance System's member-banks as of December 31, 2010

1. "Alliance Bank" JSC
2. "AsiaCredit Bank" JSC
3. "ATFBank" JSC
4. "Bank "Astana-Finance" JSC
5. "Bank CenterCredit" JSC
6. "BankPositive Kazakhstan (Subsidiary Bank of Bank Hapoalim B.M.)" JSC
7. "BTA Bank" JSC
8. "Citibank Kazakhstan" JSC
9. "DANABANK" JSC
10. "Delta Bank" JSC
11. "Eurasian Bank" JSC
12. "Halyk Savings Bank of Kazakhstan" JSC
13. "Home Credit Bank" JSC
14. "House Construction Savings Bank of Kazakhstan" JSC
15. "Industrial and Commercial Bank of China in Almaty" JSC
16. "Kaspi Bank" JSC
17. "Kazinvestbank" JSC
18. "Kazkommertsbank" JSC
19. "METROKOMBANK" JSC
20. "Nurbank" JSC
21. "SENIM-BANK" JSC
22. "Tsesnabank" JSC
23. "Shinhan Bank Kazakhstan" JSC
24. Subsidiary Bank "Alfa-Bank" JSC
25. Subsidiary Bank "Bank of China in Kazakhstan" JSC
26. Subsidiary JSC "Bank VTB (Kazakhstan)"
27. Subsidiary Bank "HSBC Bank Kazakhstan" JSC
28. Subsidiary Bank "Kazakhstan-Ziraat International Bank" JSC
29. Subsidiary Bank "National Bank of Pakistan in Kazakhstan" JSC
30. Subsidiary Bank "RBS (KAZAKHSTAN)" JSC
31. Subsidiary Bank "Sberbank of Russia" JSC
32. Subsidiary Bank "Taib Kazakh Bank" JSC
33. "Temirbank" JSC
34. "Zaman-Bank" JSC

DIFFERENTIAL PREMIUM SYSTEM AND INFORMATIONAL SYSTEM “BATA”

■ Differential premium system “BATA”¹ was implemented in 2007. Under this system the amount of the member-banks’ mandatory calendar premiums transferred to the Fund depends on their financial standing and risk profile. The Fund uses both qualitative and quantitative indicators in the calculation of each member-bank’s mandatory calendar premium rates and quarterly accumulated total scores. Member-banks are distributed among five classification groups with their own corresponding premium rates according to their assigned quarterly accumulated total scores. The lower the level of

the financial soundness and the higher the risk exposure of a member-bank, the higher the differential premium rate it will be assigned. Thus, DPS is fairer than the flat rate system as it provides banks with additional incentives to minimize their risks, to comply with the Fund’s and regulatory bodies’ prudential and other requirements and to improve their financial indicators.

Classification groups and their corresponding differential premium rates within the DPS “BATA” are given in the table below.

DIS member-bank’s classification group within the «BATA» system	A	B	C	D	E
Member-bank’s calendar premium rate (% from all its individuals’ deposits)	0.04%	0.08%	0.11%	0.19%	0.38%

The Fund regularly revises and updates the methodology on estimating the differential premium rates taking into consideration all the member-banks’ recommendations and remarks as well as changes in the country’s banking sector, in the banking legislation and in the forms of financial statements approved by regulators. During the crisis the DPS “BATA” proved to be an adequate measurement system of the member-banks’ risks. Problems in many of the country’s big banks affected their positions in the DPS “BATA” classification groups as they moved into worse groups. As the country’s financial market conditions deteriorated and changes in both external and internal banking system’s environment took place it became necessary to inspect statistical significance of each “BATA” system’s indicator.

Therefore, the methodology on determination of differential premium rates was revised and updated by the Fund in the reporting period. Particularly, the DPS “BATA” methodology was considerably improved. This work was done in the following stages:

- elaboration of new indicators based on suggestions of the banks-members of the working group, initiated by the Advisory Council and the KDIF itself;

- statistical testing (selected indicators’ dispersion and correlation analysis, estimation of the factors’ statistical significance and ponderability);

- determination of threshold values for both current and new indicators on the basis of their values’ sensitivity testing;

- negotiation of proposed adjustments and updates into the “BATA” system during the KDIF’s Advisory Council and the Board of Directors’ meetings, followed by their ratification by the Board of Directors.

The Fund also developed a specialized informational system “BATA” to automate the calculation of differential premium rates process under the DPS “BATA”. This IS “BATA” enables the KDIF to automatically download the banks’ financial data, to calculate all the indicators’ values within the DPS, to generate final relevant reports and notification letters for each member-bank, etc. IS “BATA” is aimed at minimizing the common risk of miscalculations due to the high labor intensiveness of the indicators’ calculation process, usage of the huge volume of information and also the human factor risk.

In June 2010 IS “BATA” was registered as an item of the Fund’s intellectual property.

1 in Kazakh language - banks’ analysis

INSPECTION OF THE MEMBER-BANKS

■ Since February 2009 the Fund has been inspecting the member-banks' automated database of all their insured deposits on its compliance with the Contract of Adhesion's requirements. The major purpose of these inspections was to verify completeness and accuracy of keeping records on the bank's liabilities and claims to their depositors as of any date.

Establishment of the Fund's requirements to maintain record keeping and verification of its fulfillment by member-banks are aimed at minimizing risk of failure of one the KDIF's main functions –payouts to the depositors in case of a member-bank's forcible liquidation.

In the reporting year KDIF inspected 10 member-banks ("Kaspi Bank" JSC, "Eurasian Bank" JSC, "METROKOMBANK" JSC, "Bank Astana-Finance"

JSC, " Delta Bank" JSC, "Tsesnabank" JSC, "Citibank Kazakhstan" JSC, Subsidiary bank "Taib Kazakh Bank" JSC, "Kazkommertsbank" JSC, "Bank CenterCredit" JSC) for compliance of their automated insured deposits database with the Fund's requirements.

After these inspections the banks eliminated all discrepancies in the data revealed by the Fund's employees in accordance with the Contract of Adhesion requirements.

Moreover, during additional inspections in the reporting year the member banks' interest rates on newly attracted individuals' deposits were checked for compliance against the maximum interest rates recommended by the Fund.

KDIF'S SPECIAL RESERVE AND INVESTMENT RESULTS

KDIF's special reserve is formed on an ex-ante basis which complies with the Core Principles for the Effective Deposit Insurance Systems developed by the IADI jointly with the Basel Committee on Banking Supervision of the Bank for International Settlements and adopted in June 2009.

According to the Law of RK on "Mandatory insurance of deposits placed in the second-tier banks of the Republic of Kazakhstan" KDIF forms a special reserve for the insurance coverage reimbursement to the depositors in case of a member bank's forcible liquidation, within the limits of the following sources of funding:

- member-banks' premiums;
- fines applied to the member-banks failed to appropriately fulfill the Contract of Adhesion requirements;
- reimbursement of the deposit coverage already paid or being paid to the forcibly liquidated member-

banks' depositors by the Fund from the bank's liquidation commissions;

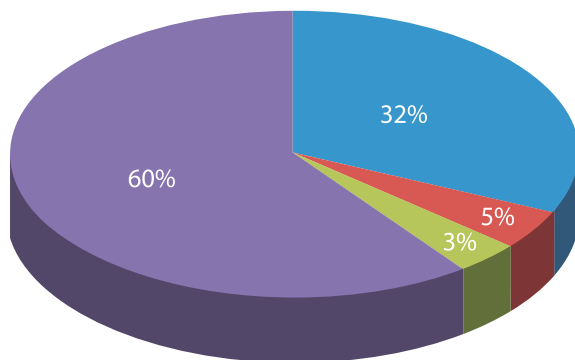
- income from the Fund's assets investment;
- a share of the Fund's authorized capital not exceeding 50% (subject to the shareholder's decision).

As of the year end the size of the special reserve increased by 34.9 billion KZT (or by 38%) and composed 126.1 billion KZT.

Member-banks' calendar premiums made up 46.8 billion KZT in the Fund's special reserve, the amount received from the failed banks' liquidation commissions—5.1 billion KZT, the Fund's income over the period of 2000-2009 totaled 13.7 billion KZT, fifty percent of the Fund's authorized capital amounted to 60.5 billion KZT.

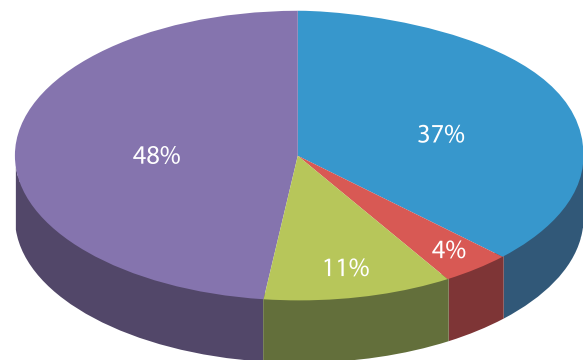
Structure of the KDIF's special reserve

December 31, 2009



- Calendar premiums
- Reimbursement from banks' liquidation commissions
- Net profit during 2000-2008
- Fund's expenses up to fifty percent of its authorized capital

December 31, 2010



- Calendar premiums
- Reimbursement from banks' liquidation commissions
- Net profit during 2000-2009
- Fund's expenses up to fifty percent of its authorized capital

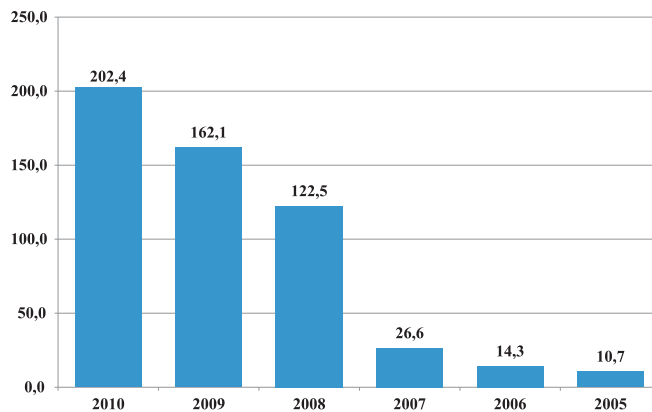
The National Bank replenished the Fund's authorized capital from 16 to 110 billion KZT in 2009 and up to 121 billion KZT in the reporting year by the decision of the NBRK' governance. This was done in order to strengthen financial standing of the local deposit insurance system, to maintain public confidence in it during the crisis period and also to adjust the Fund's special reserve to its heightened liabilities after the increase in the deposit coverage limit to five million KZT in October 2008.

Besides, the National Bank is planning to additionally capitalize the Fund in the amount of 12.1 billion KZT by the end of 2011. According to the Law on Mandatory Deposit

Insurance the target level of the Fund's special reserve shall not compose less than 5% of the total member-banks' insurable deposits amount. As of December 31, 2010 this indicator reached 5.6%.

As of the year end the Fund's total assets amounted to 202.4 billion KZT, increasing by 40.2 billion KZT over the reporting year. The KDIF's assets growth dynamics is represented on the diagram below.

KDIF's assets during the period 2005-2010, billion KZT



The total amount of invested assets reached 193.6 billion KZT. Over 2010 Fund's assets held under the trust management grew by 38.5 billion KZT while the total investment annual income amounted to 8.2 billion KZT.

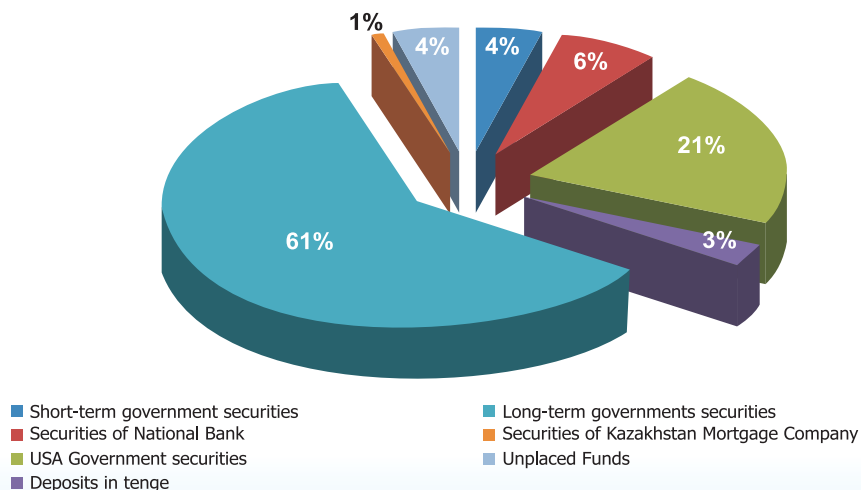
National Bank acts as the trustee of the Fund's assets. The list of financial instruments allowed for investment and order of investment are also determined by the NBRK in accordance with the legislation. The Fund's investment strategy is regularly revised by its Board of Directors taking into account the situation on the currency market and in

the banking sector, as well as the profitability of financial instruments and other factors.

In 2010 the range of financial instruments where the Fund's trustee placed the KDIF's assets was expanded by investment in the U.S. Government securities.

The Fund's investment portfolio structure as of the end of the reporting year is represented on the following pie chart below.

KDIF's Investment Portfolio Structure as of December 12, 2010



PAYOUTS TO THE DEPOSITORS

■ During the reporting year the Fund continued to reimburse depositors of the forcibly liquidated banks - "Nauryz Bank Kazakhstan" JSC and "Valut-Tranzit Bank" JSC.

As of December 31, 2010 the insurance coverage was reimbursed to 3,637 depositors of "Nauryz Bank Kazakhstan" JSC in the amount of 679.5 million tenge and to 63,179 depositors of "Valut-Tranzit Bank" JSC totaling 13, 871 billion KZT. During 2010 the Fund reimbursed 26 depositors of both banks in the total amount of about 3 million KZT.

In April, 2010 the Fund's employees completed mutual settlement of accounts on the coverage reimbursement to the depositors of failed "Valut-Tranzit Bank" JSC with the agent bank "BTA Bank" JSC.

In December 2009 the Ministry of Justice of the Republic of Kazakhstan registered termination of "Komirbank" JSC activity, forcibly liquidated upon the court's decision as of February 26, 2002.

FUND'S PARTICIPATION IN THE MEMBER-BANKS' LIQUIDATION PROCESS AND CREDITORS' COMMITTEES

■ In 2010 the Fund continued to participate in the liquidation commissions and creditors' committees of the forcibly liquidated member-banks thereby gradually recovering its special reserve. The Head of the Fund's Problem Banks Resolution Department is a Chairman of the creditors' committee of "Nauryz Bank Kazakhstan" JSC and also a Deputy Chairman of the creditors' committee of "Valut-Tranzit Bank" JSC. Moreover, two Fund's representatives are involved in the liquidation commission of "Valut-Tranzit Bank" JSC, one of them acting as its Deputy Chairman.

As of December 31, 2010 the liquidation commission of "Nauryz Bank Kazakhstan" JSC satisfied 88% of the total Fund's claims amount.

Also, by the end of the reporting year the Fund's claims satisfied by the liquidation commission of "Valut-Tranzit Bank" JSC composed 31% or 4, 452 billion KZT.

As a member of the liquidation commission and creditors' committee of "Valut-Tranzit Bank" JSC, the Fund performed the following tasks during the reporting year:

- analysis of the bank's pawned property condition;
- analysis of the claims-related work;
- validity analysis of the liquidation proceedings' expenses, recommendations for the liquidation commission's functioning optimization and costs reduction;

- participation in the round tables discussions with the representatives of FSA, Public prosecutor's office of Karaganda Region, the courts administrator and Mayor's office of Karaganda region aimed at discussing problems of the liquidation proceedings and their solutions;

- taking action on favorable outstanding debt repayment on credit agreements with "Valut-Tranzit Bank" JSC. As a result, an outstanding debt in the amount of 92.4 million KZT was voluntarily repaid on the pre-trial basis; about 1,200 borrowers participated in the action;

- monthly meetings with the depositors of "Valut-Tranzit Bank" JSC, regular discussions of the liquidation procedure's problems with the depositors' initiative group, consulting its representatives on the "Valut-Tranzit Bank" JSC liquidation procedure as well as conducting public awareness campaign on the Kazakhstani deposit insurance system's functioning.

The following table provides information on the Fund's liabilities towards the depositors of three liquidated banks and also on the repaid and non-repaid liabilities on coverage payouts of their liquidation commissions towards the Fund in absolute and percentage terms as of December 31, 2010.

Name of the liquidated bank	Size of the Fund's liabilities towards the depositors	Repaid liabilities towards the Fund		Non-repaid liabilities towards the Fund	
	million KZT	million KZT	%	million KZT	%
"Komirbank" JSC	1,8	1,8	100	-	-
"Nauryz Bank Kazakhstan" JSC	772	679,4	88	92,6	12
"Valut-Tranzit Bank" JSC	14 172	4 452	31,4	9 720	68,6

KDIF'S INVOLVEMENT IN LEGISLATIVE ACTIVITY

■ Legislation improvement has always been one of the Fund's priority activities. In this connection, the Fund was actively involved in the development of draft law "On introducing amendments to some legislative acts of the Republic of Kazakhstan on mortgage lending, protection of consumers of financial services' and investors' rights" in 2010.

KDIF also participated in the preparation of the Concept on improving the financial institutions' liquidation process and in the task force on developing proposals for making amendments to the legislation on the bridge bank's establishment and functioning and the Purchase and Assumption operations.

While working in the task force on introducing amendments to the legislation on Islamic financing issues the Fund prepared proposals for the Islamic Deposit

Insurance's implementation in Kazakhstan based on the international best practice and sent them to the Agency of the Republic of Kazakhstan for the Regulation of the Financial Regional Center of Almaty and the NBRK for consideration.

In addition, the Fund participated in the implementation of the Action Plan on the Concept for development of the Kazakhstani financial sector in the post-crisis period in terms of establishing the deposit coverage limit for all individuals' bank deposits for the period after January 1, 2012.

Moreover, during the reporting year KDIF significantly improved the Fund's internal documents and procedures related to its executive powers' activity, record-keeping issues and day-to-day operations.

INTERNATIONAL COOPERATION

■ As a member of the International Association of Deposit Insurers the Fund can directly access the latest developments and the best international practice in deposit insurance enabling it to develop a national deposit insurance system in accordance with the best international standards. In its turn, the Fund itself is always actively involved in such developments.

IADI was established in May 2002. The Association's main mission is international cooperation and experience sharing in deposit insurance across the world. As of the end of 2010 IADI numbered 63 deposit insurers-members from 62 countries.

Being a member of both Asia-Pacific and Eurasia IADI regional committees the Fund is actively working on the development of and experience sharing in deposit insurance within the respective geographic regions. The Fund initiated holding an international conference "Early Warning System: Ways and Methods of Implementation" in Almaty in May 2005 and IADI together with several international organizations (EBRD, USAID, SECO) helped realize this initiative. Also, in May 2009 the Fund hosted the Seventh Annual Meeting of the Asia Regional Committee of IADI and international conference "Primary Responsibilities of the Deposit Insurer in Case of a Bank Failure" in Almaty.

At the IADI Annual General Meeting in 2007 the Chairman of the Fund Bakhyt Mazhenova was elected a Treasurer of the IADI, and in 2009 she was reelected for this position for the period of three years.

In the reporting year the KDIF also contributed to the development of researches and guidelines within the

frame of the IADI Research and Guidance Committee's and Subcommittees' activities on such topics as "Preventive measures against the systemic crisis", "Payouts to the depositors", "Islamic deposit insurance issues" and "Establishment of differential premium systems".

In January 2010 the Eighth Annual Meeting of the Asia-Pacific Regional Committee of IADI was held in Goa (India), where one of the Fund's representatives made a presentation on the deposit insurers' funding issues.

In late April 2010 the Fund's Chairman also took active part in the IADI summit-conference on strengthening the deposit insurance systems during the crisis and post-crisis periods by making a presentation on the global financial crisis' impact on the Kazakhstani deposit insurance system. The conference was hosted by the Philippine Deposit Insurance Corporation in Cebu. The summit-conference gathered Governors and representatives of 60 member-organizations of IADI, and a Resolution on further cooperation strengthening and development among the IADI members was prepared based on this conference's results.

The Kazakhstani delegation consisting of the Chairman and three other KDIF's representatives, as well as the Deputy Governor of the National Bank took part in the Tenth Annual General Meeting of IADI and conference "Financial Safety Net: Further Development Paths" held in Tokyo (Japan) at the end of October 2010. The Fund's Chairman made a presentation on an important topic: "Re-privatization of nationalized banks in Kazakhstan".

Participants of the Eighth Annual Meeting of the Asia-Pacific
Committee of IADI (Goa)

Participants of the Tenth Annual General Meeting of IADI (Tokyo)

Furthermore, in October of the reporting year the KDIF took over as a Chair of the IADI Eurasia Regional Committee. It will lead the Committee until October 2012.

In addition, at the end of November 2010 several of the Fund's employees shared their experiences in building and developing the domestic deposit insurance system at the Eurasia Regional Committee of IADI seminar "The Role of the Deposit Insurers in the Stabilization of Financial Systems" in Baku (Azerbaijan). The seminar's participants discussed such topical issues as the development of the

deposit insurance systems during the crisis period, deposit insurers' sources of funding and assets investment, depositors' reimbursement procedure, deposit insurers' involvement in the banks' liquidation process as well as their public awareness activity. Presentations on the aforementioned topics were also made by Deposit Insurance Agency of the Russian Federation, Deposit Guarantee Fund of Ukraine, Azerbaijan Deposit Insurance Fund and Uzbekistan Citizens' Bank Deposit Guarantee Fund.

HUMAN RESOURCE MANAGEMENT

Human resource development is one of the KDIF's most important strategic goals. The Fund thoroughly conducts the candidates' recruitment for its opening positions, paying close attention to such factors as the

candidates' work experience in financial and banking sectors, quality of their education and academic degree, as well as basic computer skills and mastery of English, Kazakh and Russian languages.

Main characteristics of the Fund's staff during 2009-2010

Indicators	At the end of 2009	At the end of 2010
Total number of the KDIF's employees	25	26
Employees with PhD and Master's academic degrees	4	7
Average age of the Fund's employees	36 years	34 years
Number of males/number of females ratio	28% / 72%	31% / 69%

The Fund's top management regularly holds special introductory seminars for new hires with a view to familiarizing them with the specifics of the KDIF's activity and its organizational structure.

The Fund's employees continuously improve their professional qualification and expertise by attending specialized seminars, conferences and trainings including business trips implying participation in different events organized by IADI and its member-organizations. Upon their return to the KDIF employees are required to prepare a relevant presentation for their colleagues aimed at sharing their experience and knowledge obtained due to participation in the IADI's and regional committees' activities.

Moreover, the Fund holds different corporate team-building activities on several professional and national holidays during the year with the aim of enhancing its corporate spirit and improving the overall working environment. In addition, the Fund's employees regularly participate in the mini-football competitions, as well as in individual ping-pong and chess tournaments organized twice a year by the National Bank.

PUBLIC AWARENESS

■ The Fund's public awareness traditionally represents one of its major priority activities as this activity's success helps accomplish the KDIF's key goal stipulated in the legislation -- maintaining public confidence in the domestic banking sector. During the year KDIF used various mass media channels to conduct its public awareness activity in Kazakh, Russian and, partially, English languages.

PERIODIC PRINTED PUBLICATIONS

In the reporting year a number of articles, announcements and interviews explaining the local deposit insurance system's functioning principles and its further development perspectives, as well as informational commercials popularizing the Fund's "hot line" action were published in the national and regional periodic newspapers. This mass media channel has long proved to be the most efficient means of circulating information about the KDIF. Also, a complete register of the deposit insurance system's member-banks and the Fund's annual audited financial statements are published in the national newspapers on the quarterly and annual basis, respectively.

Moreover, two articles covering the most topical issues of the Fund's activity and development prospects were published in the specialized British financial magazine "Central Asia Finance" in the reporting year with a view to building the KDIF's image in the global community.

As a whole during 2010 the Fund published nearly 80,000 sq cm of different printed material which was placed in about 150 printed editions.

In May 2010 an online conference was organized between the KDIF's Chairman Bakhyt Mazhenova and the public on the "Millionaire" newspaper's website. A number of different topics such as deposits' insurability, deposit coverage limit, reimbursement process to the liquidated member-banks' depositors and other were discussed with the newspaper's readers. Due to the urgency of the issues brought up during the internet conference the Chairman's answers were uploaded on the newspaper's and the Fund's websites, and also published by other online data portals.

In addition, the Fund's Chairman held a briefing for journalists on the most topical deposit insurance issues in the reporting year.



TELEVISION AND RADIO

During the reporting period various news releases and interviews with the Fund's employees and top management on the most urgent deposit insurance topics were broadcasted on several TV channels and radio stations in Kazakh and Russian languages.

Also the Fund's representatives gave their expert consultations and advice in such specialized TV shows as "ABC of Capital", "Tenge territory" and "Financial competence". Moreover, KDIF placed new video and audio image commercials on air of the Republican TV channels and radio stations. These commercials popularized its "hot line" action. In general, the total number of video and audio image commercials broadcasted on TV and radio during the reporting year composed more than 200.

"HOT LINE" TOLL-FREE CALL CENTER

Numerous calls received by the Fund's staff from the depositors through the hot line number (8-800-080-10-20) clearly demonstrate the effectiveness of the Fund's public awareness activity. All incoming calls through the toll-free call center are paid by the KDIF. During the year depositors asked the Fund's employees more than 1,100 questions through the toll-free call center in both Kazakh and Russian languages. The most popular depositors' questions dealt with the future of the deposit coverage limit after January 1, 2012.

BROCHURES FOR THE DEPOSITORS

In the reporting year the Fund published the newly designed brochure "What you should know about deposit insurance", and sent it to the member-banks' public service centers for distribution among the depositors. The brochure contains the most frequently asked questions from the depositors, incoming through the Fund's toll free call center and e-mail address via the online feedback system, and answers to these questions.

INTERNET

The most important information about the Fund and the deposit insurance system in general is provided for public convenience on the KDIF's official website www.kdif.kz in three languages – Kazakh, Russian and English. The website contains information about the history of the Fund, its organizational structure and main functions, analytical materials on the development of the domestic individuals' deposits market, legislative and regulatory legal acts, news on the major developments in the Fund's activities, information about the tenders for KDIF's state purchases of goods and services, and other useful information for the member-banks, their depositors and the Fund's suppliers. Moreover, depositors can ask the Fund's specialists any question through the KDIF's corporate e-mail address displayed on the website.

Director of
NAK "Centeraudit-Kazakhstan" LP
(State general license on auditing activity
№ 0000017 as of December 27, 1999.

V.V.Radostovec

To the shareholders
of Kazakhstan Deposit Insurance Fund JSC

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Kazakhstan Deposit Insurance Fund JSC comprising the statement of financial position, the comprehensive income statement, statement of changes in equity, cash flow statement as of December 31, 2009, a summary of the organization's significant accounting policies, and other explanatory notes.

Management's responsibility for the financial statements

KDIF's management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control over the preparation and fair presentation of financial statements that should be free from material misstatement due to either fraud or error; selecting and applying appropriate accounting policies; and making reasonable accounting estimates in the given circumstances.

Auditor's responsibility

Our responsibility is to express an impartial opinion on these financial statements based on our completed audit. We conducted our audit in accordance with the International Auditing Standards. These standards require us to comply with the ethical norms and requirements, as well as to plan and perform the audit to obtain reasonable assurance that the KDIF's financial statements are free from material misstatement.

An audit involves performing procedures to obtain an audited evidence about the amounts and disclosures in the financial statements. The auditing procedures selected depend on the auditor's judgment, including the risk assessment on material misstatement of the financial statements due to either fraud or error. While making these risk assessments we have considered the internal control related to the entity's preparation and fair presentation of the financial statements in order to design appropriate audit procedures in the current circumstances, but not for the purpose of deciding on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of all the accounting policies used and the correctness of accounting estimates made by the KDIF's management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements in all material aspects fairly present the Fund's financial position as of 31 December 2010, its financial performance and cash flows as of the year end, in accordance with the International Financial Reporting Standards.

Auditor in charge "NAK «Centeraudit-Kazakhstan" LLP
(General State License № 0000320 from 02.05.1997)

Signed by
Pyatkova I.B.

"NAK "Centeraudit-Kazakhstan" LLP
19 Al-Farabi str.,
Business Center "Nurly-Tau",
Office Tower 1B, office 301-302
Almaty 050059,
Republic of Kazakhstan

BALANCE SHEET

as of December 31, 2010

in tenge

Items	Note	As of the reporting date of the previous period	As of the reporting date of the current period
Section 1 Short-term assets			
Cash (1010-1060)	10	42 925 933 570,12	17 091 545 745,61
Short-term financial investments, total, including:	11	14 609 412 016,77	60 088 572 214,25
Short-term loans granted (1110)	11.1		
Short-term financial assets intended for trade (1120)	11.2		
Short-term investments held to maturity (1130)	11.3		
Short-term investments available for sale (1140)	11.4	14 609 412 016,77	60 088 572 214,25
Other short-term financial investments (1150)	11.5	0,00	0,00
Short-term accounts receivable, total, including:	12	4 694 580 302,13	5 223 967 165,70
Short-term accounts receivable from buyers and customers (1210)	12.1		
Short-term accounts receivable from subsidiaries, associated companies and joint ventures (1220, 1230)	12.2		
Short-term accounts receivable from employees (1250)	12.3	333 190,00	357 586,35
Short-term accounts receivable from leasing (1260)	12.4		
Short-term remuneration receivable (1270)	12.5	2 940 568 969,39	3 066 987 960,96
Other short-term accounts receivable (1280)	12.6	1 753 678 142,74	2 156 621 618,39
Provisions, total, including:	13	489 348,16	987 570,41
Raw stock and materials (1310)	13.1	489 348,16	596 403,41
Finished products (1320)	13.2		
Goods (1330)	13.3		
Incomplete production (1340)	13.4		
Other reserves (1350)	13.5		391 167,00
Provisions for reserves writing-off (1360)	13.6		
Current Tax Assets (1400)	14	0,00	645 458 404,41
Long-term assets intended for sale, total, including:	15		
Long-term assets intended for sale (1510)	15.1		
Groups for retirement intended for sale (1520)	15.2		
Other short-term assets, total, including:	16	4 812 453,89	2 784 679,00
Short-term advances issued (1610)	16.1	4 455 770,46	2 572 636,37
Future periods expenses (1620)	16.2	356 683,43	212 042,63
Other short-term assets (1630)	16.3		
Total short-term assets	100	62 235 227 691,07	83 053 315 779,38
Section 2 Long-term assets			
Long-term financial investments, total, including:	20	99 867 443 615,97	119 309 561 782,68
Long-term loans granted (2010)	20.1		
Long-term financial investments held to maturity (2020)	20.2		
Long-term financial investments available for sale (2030)	20.3	99 867 443 615,97	119 309 561 782,68
Other long-term financial investments (2040)	20.4		
Long-term accounts receivable, total, including:	21	0	0
Investments accounted by equity method (2200)	22		
Investments in real estate, total, including:	23	0	0
Fixed assets, total, including:	24	6 231 832,90	4 950 587,66
Fixed Assets (2410)	24.1	14 048 830,90	15 456 743,40
Depreciation (2420)	24.2	-7 816 998,00	-10 506 155,74
Devaluation of fixed assets (2430)	24.3		
Biological assets (2500)	25		
Goodwill	26		
Intangible assets, total, including	27	9 782 396,00	5 942 780,00
Other intangible assets (2730)	27.1	11 520 000,00	11 520 000,00
Depreciation of other intangible assets (2740)	27.2	-1 737 604,00	-5 577 220,00
Devaluation of fixed assets (2750)	27.3		
Deferred tax assets (2800)	28	3 101 157,00	3 300 745,00
Other long-term assets	29	0	0
Total long-term assets	200	99 886 559 001,87	119 323 755 895,34
Balance (line 100+ line 200)		162 121 786 692,94	202 377 071 674,72
Section 3 Short-term liabilities			
Short-term financial liabilities:	30	0	0
Tax obligations (3100)	31	860 639 899,51	56 435,51
Obligations for other compulsory and voluntary payments (3200)	32	0,00	0,00

Items	Note	As of the reporting date of the previous period	As of the reporting date of the current period
Short-term accounts payable, total, including:	33	378 608 669,91	143 186 752,67
Short-term accounts payable to suppliers and contractors (3310)	33.1	2 112 425,49	179 983,86
Short-term accounts payable to subsidiaries (3320)	33.2		
Short-term accounts payable to associated companies and joint ventures(3330)	33.3		
Short-term indebtedness for labor remuneration (3350)	33.4	603 249,41	566 495,20
Short-term indebtedness for leasing (3360)	33.5		
Current part of long-term accounts payable (3370)	33.6		
Short-term interest payable (3380)	33.7		
Other short-term accounts payable (3390)	33.8	375 892 995,01	142 440 273,61
Short-term estimated liabilities (3400)	34	27 255 304,75	14 445 703,20
Total short-term liabilities	300	1 266 503 874,17	157 688 891,38
Section 4 Long-term liabilities			
Long-term financial obligations, total, including:	40		
Long-term accounts payable, total, including	41		
Long-term estimated liabilities (4200)	42	0,00	0,00
Deferred tax obligations (4300)	43	0,00	0,00
Other long-term liabilities	44		
Section 5 Capital			
Authorized Capital, total, including	50	110 000 000 000,00	121 000 000 000,00
Preferred shares (5010)	50.1		
Common shares (5020)	50.2	110 000 000 000,00	121 000 000 000,00
Deposits and shares (5030)	50.3		
Unpaid capital (5100)	51	0,00	0,00
Redeemed equity instruments (5200)	52		
Provisions, total, including:	54	4 109 766 615, 06	7 600 062 694,72
Reserve capital formed by the constituent documents (5410)	54.1	1 000 000 000,00	1 100 000 000,00
Provisions for fixed assets reevaluation (5420)	54.2		
Provisions for intangible assets reevaluation (5430)	54.3		
Provisions for reevaluation of fixed assets available for sale (5440)	54.4	3 109 766 615,06	6 500 062 694,72
Provisions for conversion of foreign currency acting in foreign operations	54.5		
Other provisions (5460)	54.6	0,00	0,00
Undistributed income (uncovered loss), total, including:	55	10 542 084 115,52	8 007 627 076,38
Undistributed income (uncovered loss) of the reporting year (5510)	55.1	10 542 084 115,52	8 007 627 076,38
Undistributed (uncovered loss) of previous years (5520)	55.2	0,00	0,00
Minority shares	56		
Additional paid-in capital (5710)	57		
Total capital	500	124 651 850 730,58	136 607 689 771,10
Section 6 Special reserve			
Provisions for coverage payouts of KDIF	60	36 203 432 088,19	65 611 693 012,24
Total deposit insurance provisions	600	36 203 432 088,19	65 611 693 012,24
Balance (line 300+line 400+line 500+line 600)		162 121 786 692,94	202 377 071 674,72

INCOME STATEMENT

for the period from January 1, 2010 till December 31, 2010

тенге, тиын

Items	Note	As of the reporting date of the previous year	As of the reporting date of the current year	Over the reporting year actually	Over the reporting year according to plan
1	2	3	4	5	6
Income (loss) from realization of goods and provision of services	10			0,00	0,00
Cost value of realized goods and provided services (7000)	20			0,00	0,00
Gross income	30	0,00	0,00	0,00	
Income from financing (6100)	40	7 215 091 167,64	8 199 588 344,91	8 199 588 344,91	8 611 584 000,00
Other income (6200)	50	6 038 575 182,76	1 599 325 233,79	1 599 325 233,79	0,00
Administrative expenses (7200)	60	279 902 252,61	207 952 740,19	207 952 740,19	204 109 000,00
Expenses for realization of goods and provision of services (7100)	70				
Expenses for financing (7300)	80			0,00	
Other expenses (7400)	90	1 572 345 523,76	1 576 818 324,55	1 576 818 324,55	8 500 000,00
Share of income/loss of subsidiaries accounted by equity method	100				
Income (loss) for the period from continuing activities	110	11 401 418 574,03	8 014 142 513,96	8 014 142 513,96	8 398 975 000,00
Income (loss) from terminated activities	120	0,00	0,00	0,00	
Income (loss) before taxation	130	11 401 418 574,03	8 014 142 513,96	8 014 142 513,96	8 398 975 000,00
Corporate income tax expenses (7700)	140	859 334 458,51	6 515 437,58	6 515 437,58	
Net income (loss)	150	10 542 084 115,52	8 007 627 076,38	8 007 627 076,38	8 398 975 000,00
Minority shares	160				
Net income (net loss) for the period	170	10 542 084 115,52	8 007 627 076,38	8 007 627 076,38	8 398 975 000,00

CASH-FLOW STATEMENT (DIRECT METHOD)

for the period from January 1, 2010 till December 31, 2010

тенге, тиын

Items	Note	Over the previous period	Over the reporting period
1	2	3	4
1. Cash flow from operating activities			
1.1 Cash in-flows, total	10	8 990 219 726,18	250 192 578,87
Realization of goods	11		
Provision of services	12		
Advances received	13		
Dividends	14		
Other revenues	15	8 990 219 726,18	250 192 578,87
1.2 Retirement of monetary funds, total	20	1 573 196 803,23	1 945 917 577,94
Payments to suppliers and contractors	21	116 480 669,10	72 181 471,24
Advances issued	22	20 845 131,23	6 437 728,53
Payments from salary	23	76 244 657,49	84 336 407,29
to accumulating pension funds	24	8 786 139,76	10 004 702,75
to social insurance funds	25	1 491 919,86	2 256 466,98
Payment of interests on loans	26		
Corporate income tax	27	3 267 558,00	645 458 404,41
Other payments to budget	28	16 366 013,01	878 011 423,60
Other payments	29	1 329 714 714,78	247 230 973,14
1.3 Net cash from operating activities (line 10-line 20)	30	7 417 022 922,95	-1 695 724 999,07
2. Cash flow from investment activities			
2.1 Cash in-flows, total	40	170 081 821 295,72	109 291 277 326,97
Sale of fixed assets	41		
Sale of intangible assets	42		
Sale of other long-term assets	43		
Sale of financial assets	44	170 081 821 295,72	101 677 738 222,58
Repayment of loans granted to other organizations	45	0,00	0,00
Other revenues	46	0,00	7 613 539 104,39
2.2 cash out-flows, total, including	50	249 154 551 479,20	162 759 743 678,95
Acquisition of fixed assets	51	3 570 209,00	1 443 729,00
Acquisition of intangible assets	52	8 800 000,00	
Acquisition of other long-term assets	53		
Acquisition of financial assets	54	248 988 402 859,36	162 751 448 948,44
Granting of loans to other organizations	55		
Other payments	56	153 778 410,84	6 851 001,51
2.3 Net cash from investment activities (line 40-line 50)	60	-79 072 730 183,48	-53 468 466 351,98
3. Cash flow from financial activities			
3.1 Cash in-flows, total	70	24 361 141 329,27	29 332 637 478,17
Loans received	71	0,00	0,00
Interest on financial leasing	72	0,00	0,00
Other in-flows	73	24 361 141 329,27	29 332 637 478,17
3.2 Cash out-flows, total	80	6 416 292,42	2 833 951,63
Repayment of loans	81	0,00	0,00
Acquisition of equity shares	82	0,00	0,00
Payment of dividends	83	0,00	0,00
Other	84	6 416 292,42	2 833 951,63
3.3 Net cash from financial activities (line 70-line 80)	90	24 354 725 036,85	29 329 803 526,54
Total: Cash increase (+)/decrease(-) (line 30+/-line 60+/-line 90)		-47 300 982 223,68	-25 834 387 824,51
Cash as of the beginning of the reporting period		90 226 915 793,80	42 925 933 570,12
Cash as of the end of the reporting period		42 925 933 570,12	17 091 545 745,61

REPORT ON CHANGES IN EQUITY

for the period from January 1, 2010 till December 31, 2010

№	Item	RECEIVED including										WITHDRAWN including						Balance at the end of the reporting year
		Balance in the beginning of the reporting year	Shareholders' deposits	Revaluation	other payments	Storno accounts	"Total (column 4+5+6+7)"	re-indexation	depreciation adjustment	outflows at the transfer	disposed upon realization	outflows due to determining unsuitability of further use	other	storno accounts	revaluation	total (column 9+10+11+12+13+14+15+16)		
																	3	
1	Authorized capital, total	110 000 000 000,00	11 000 000 000,00	0,00	0,00	0,00	11 000 000 000,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	121 000 000 000,00	
	including:																	
1.1	Preferred shares (5010)						0,00									0,00		
1.2	Common shares (5020)	110 000 000 000,00	11 000 000 000,00			11 000 000 000,00										0,00	121 000 000 000,00	
1.3	Deposits and shares (5030)					0,00										0,00	0,00	
2	Unpaid capital (5100)	0,00				11 000 000 000,00							11 000 000 000,00			11 000 000 000,00	0,00	
3	Provisions, total	40 313 198 703,25	0,00	21 531 977 597,37	29 511 381 827,38	0,00	51 043 359 424,75	0,00	0,00	0,00	0,00	3 120 903,33	0,00	181 416 681 517,71	18 144 802 421,04	73 211 755 706,96		
	including:						0,00									0,00	0,00	
3.1	Capital reserve determined by constituent documents (5410)	1 000 000 000,00			100 000 000,00		1 000 000 000,00									0,00	1 100 000 000,00	
3.2	Provisions for revaluation, total	3 109 766 615,06	0,00	21 531 977 597,37	0,00	0,00	21 531 977 597,37	0,00	0,00	0,00	0,00	0,00	0,00	181 416 681 517,71	18 141 681 517,71	6 500 062 694,72		
	including:						0,00									0,00	0,00	
3.2.1	Provisions for fixed assets revaluation (5420)						0,00									0,00	0,00	
3.2.2	Provisions for intangible assets revaluation (5430)						0,00									0,00	0,00	
3.2.3	Provisions for revaluation of fixed assets available for sale (5440)	3 109 766 615,06		21 531 977 597,37			21 531 977 597,37							181 416 681 517,71	18 141 681 517,71	6 500 062 694,72		
3.3	Provisions for conversion of foreign currency upon foreign operations (5450)						0,00									0,00	0,00	
3.4	Other provisions (5460)	36 203 432 088,19			29 411 381 827,38		29 411 381 827,38					3 120 903,33				3 120 903,33	65 611 693 012,24	
4	Undistributed income (uncovered loss) (5510; 5520)	10 542 084 115,52			8 007 627 076,38		8 007 627 076,38	0,00	0,00	0,00	0,00	10 542 084 115,52	0,00			10 542 084 115,52	8 007 627 076,38	
5	Additional paid-in capital (5710)						0,00									0,00	0,00	
	TOTAL	160 855 282 818,77	22 000 000 000,00	21 531 977 597,37	37 519 008 903,76	0,00	81 050 986 501,13	0,00	0,00	0,00	0,00	21 545 205 018,85	0,00	181 416 681 517,71	39 686 886 536,56	202 219 382 783,34		

Notice:

- 1) Other income in the line 3.4 "other provisions" appeared due to the special reserve's formation by the accrual accounting of member-banks' calendar premiums in the amount of 18 007 297 711,8 during 2010 and payments to the Fund from liquidation commissions totaling 962 000 000,00 tenge.
- 2) The out-flow in the line 3.4 other provisions emerged due to the insurance coverage reimbursements made to depositors of «Valut-Tranzit Bank JSC»

EXPLANATORY NOTE

to the Financial Statements

№	List of information to be explained in the note	Information
1.	Number and date of legal act, type of organization's activity, list of licenses for engagement in certain activities, arrangements influencing changes in financial information of the reporting year	Resolution of the Board of the National Bank of Kazakhstan №393 dated November 15, 1999; mandatory savings (deposits) guarantee (insurance) of individuals; no license; financial information has not changed.
2.	Alterations in the accounting policy were introduced during the reporting year and their impact was reflected in the operations of the organization's financial and economic activity	No changes have been made
3.	Accrual method of fixed assets' depreciation according to the organization's policy	Direct Method
4.	Information about cash in-flows, types and cost of cash out-flows (without consideration of internal transference)	No acquisitions of fixed assets have been made.
5.	Information on long-term leased fixed assets	Long-term leased fixed assets are absent
6.	Explanation of incompleting construction with indication of type, starting date, project cost, level of preparedness, amounts invested and planned launching date	Incompleting construction is absent
7.	Information on investment inflows and list of subsidiaries, depended organizations, jointly-controlled entities with indication of interest	Subsidiaries and depended organizations are absent
8.	Information on real estate investments	Real estate investments are absent
9.	Evaluation methods of inventory holdings according to the organization's policy	Average cost method
10.	Explanation of reasons for inventory holdings discarding up to net realizable value, not related to operating activity.	Inventory holdings were written off for conducting the organization's activity
11.	Explanation on major debtors indicating starting and maturity dates, subject of agreement and amounts of debt	The amount of notes payable composed T5 871 998 206,48, from which T3 066 292 072,06 is "Accrued interests on securities"; T2 156 621 618,39 is "Accrued member-banks' calendar premiums", beginning date is December 31, 2010, etc. The detailed explanation can be found in the appendix to the current report.
12.	The reserve estimation on doubtful liabilities and conformity to the organization's accounting policy	Doubtful liabilities are absent
13.	Record-keeping of financial investments in accordance with the organization's accounting policy	Financial investments are classified as suitable for sale
14.	Information on financial investment inflows, including the list of financial investments, maturity dates, interest payments on financial investments	Fund's financial investments are Government securities (securities of the Ministry of Finance, obligations of the Kazakhstan Mortgage Company, notes of the National Bank of the Republic of Kazakhstan); the list of financial instruments, maturity dates, interest payments and other detailed information is provided in the Report on financial investments.
15.	Disclosure of changes in equity	Changes in the shareholders' equity section was due to reflection of the amounts of member banks' calendar contributions on an accrual basis and compensation payments from the liquidation commission.

№	List of information to be explained in the note	Information
16.	Explanation on loans, including information on interest rates, starting periods and purposes of borrowing and other features of loan agreements	Loans are absent
17.	Information on calculation of dividends and participants' earnings	Dividends are not estimated
18.	Information on main creditors indicating starting period and maturity date, subject of agreement and amount of debt.	Accounts payable composed T157 778 491,38, including T7 741 972,68 of employees' short-term interest payments; and T5 480 767,00 of other short-term liabilities. The detailed explanation of the accounts payable can be found in the appendix to the current report.
19.	Explanation of income accounts 6100, 6200, 6300, 6400 and expenses' accounts 7300, 7500, 7600	"The income for the year 2010 composed T9 798 913 578,70. The disclosure of revenues and expenses is provided in the corresponding appendixes to the current report."
20.	Explanation of other general and administrative expenses	Other general and administrative expenses for the reporting year composed T207 952 740,19. The detailed explanation is provided in the appendix to the current report.
21.	Disclosure of adjusted amounts due to mistakes made in the process of preparing financial statements of previous periods; correction of significant mistakes	Adjustments have not been implemented.
22.	Disclosure of reasons for non-achievement of planned indicators provided by the forms 3, 4 and 5	During the reporting year the actual profit composed T8 007 627 076,38 compared to the planned T8 398 975 000,00.
23.	Other information (in case of a significant increase in single financial indicators' values in turnover balance in comparison with the previous period, the reasons are subject to disclosure in the explanatory note)	
24.	"Disclosure of the deferred corporate income tax amount"	As of 01.01.2011 the amount of the deferred income tax composed T3 300 745,00.

Chairman

B. Mazhenova

Chief accountant

A. Pichitayeva