EURASIAN DEVELOPMENT BANK

Condensed Interim Financial Information (unaudited)
For the six months ended 30 June 2009 and 2008

EURASIAN DEVELOPMENT BANK

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EURASIAN DEVELOPMENT BANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2009 AND 2008 (UNAUDITED)

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report on review of condensed interim financial information, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the condensed interim financial information of Eurasian Development Bank (the "Bank").

Management is responsible for the preparation of the condensed interim financial information that present fairly the financial position of the Bank as at 30 June 2009, the results of its operations, cash flows and changes in equity for the six months ended 30 June 2009 and 2008, in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34").

In preparing the condensed interim financial information, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IAS 34 has been followed, subject to any material departures disclosed and explained in the condensed interim financial information; and
- Preparing the condensed interim financial information on a going concern basis, unless it is inappropriate to presume that the Bank will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Bank;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Bank, and which enable them to ensure that the condensed interim financial information of the Bank comply with IAS 34;
- Taking such steps as are reasonably available to them to safeguard the assets of the Bank; and
- Detecting and preventing fraud, errors and other irregularities.

The condensed interim financial information for the six months ended 30 June 2009 and 2008 was authorized for issue on 6 August 2009 by the Management of the Bank.

On behalf of the Management of the Bank:

I.V. Finogenov
Chairman of the Executive Board

6 August 2009
Almaty, Kazakhstan

M.A. Dzhaukenov
Deputy Chairman of the Executive Board – Financial Director

6 August 2009
Almaty, Kazakhstan

Евразийский Банк Развития

INDEPENDENT AUDITORS' REPORT
ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

To the members of the Council of the Eurasian Development Bank:

Introduction

We have reviewed the accompanying condensed interim statement of financial position of the Eurasian Development Bank (the "Bank") as at 30 June 2009, and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the six-month periods ended 30 June 2009 and 2008, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

M Smith

Mark Smith
Engagement partner
Chartered Accountant
Institute of Chartered Accountants of Scotland
License #M21857
Glasgow, Scotland

Deloitte, LLP

Deloitte, LLP
State license on auditing in the Republic of Kazakhstan
Number 0000015, type MFU-2, given by the Ministry of
Finance of the Republic of Kazakhstan
dated 13 September 2006

Nurlan Bekenov
General Director
Deloitte, LLP

6 August 2009
Almaty, Kazakhstan

EURASIAN DEVELOPMENT BANK

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2009 AND 2008 (UNAUDITED)

(in thousands of US dollars)

	Notes	For the six months ended 30 June 2009 (unaudited)	For the six months ended 30 June 2008 (unaudited)
Interest income	4	52,063	47,922
Interest expense	4	(13,770)	(12,699)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		38,293	35,223
(Provision)/reversal of provision for impairment losses on loans to customers	5	(4,284)	95
NET INTEREST INCOME		34,009	35,318
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	6	7,369	(26,015)
Gain on sale of financial assets available-for-sale		2,609	-
Net (loss)/gain on foreign exchange operations		(6,440)	17,410
Fee and commission income		1,307	-
Fee and commission expense		(235)	(657)
Other income		1,151	318
NET NON-INTEREST INCOME/(EXPENSE)		5,761	(8,944)
OPERATING INCOME		39,770	26,374
OPERATING EXPENSES	7	(9,614)	(12,522)
NET PROFIT		30,156	13,852
OTHER COMPREHENSIVE INCOME:			
Net unrealized gain on revaluation of financial assets available-for-sale		30,174	233
TOTAL COMPREHENSIVE INCOME		60,330	14,085

On behalf of the Management of the Bank:

I.V. Finogenov
Chairman of the Executive Board

6 August 2009
Almaty, Kazakhstan

M.A. Dzhaukenov
Deputy Chairman of the Executive Board - Financial Director

6 August 2009
Almaty, Kazakhstan

Евразийский Банк Развития

Selected explanatory notes on pages 9-34 form an integral part of this condensed interim financial information.

EURASIAN DEVELOPMENT BANK

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2009 (UNAUDITED) AND 31 DECEMBER 2008

(in thousands of US dollars)

	Notes	30 June 2009 (unaudited)	31 December 2008
ASSETS:			
Cash and balances with national (central) banks of the Member-states	8	166,817	155
Financial assets at fair value through profit or loss	9	66	8,331
Loans and advances to banks	10	704,739	694,597
Loans to customers	11	483,903	435,699
Financial assets available-for-sale	12	266,824	267,062
Investments held-to-maturity	13	510,755	577,201
Property and equipment	14	18,799	17,845
Intangible assets		1,385	1,328
Other assets	15	5,044	5,429
TOTAL ASSETS		2,158,332	2,007,647
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and deposits from banks	16	473,029	464,357
Financial liabilities at fair value through profit or loss	9	1,150	742
Debt securities issued	17	83,632	-
Other liabilities	18	8,108	11,065
Total liabilities		565,919	476,164
EQUITY:			
Share capital	19	1,500,600	1,500,000
Reserve fund		44,839	24,569
Financial assets available-for-sale fair value deficit		(28,021)	(58,195)
Retained earnings		74,995	65,109
Total equity		1,592,413	1,531,483
TOTAL LIABILITIES AND EQUITY		2,158,332	2,007,647

On behalf of the Management of the Bank:

I.V. Finogenov
Chairman of the Executive Board

6 August 2009
Almaty, Kazakhstan

M.A. Dzhaukenov
Deputy Chairman of the Executive Board
Financial Director

6 August 2009
Almaty, Kazakhstan

Евразийский Банк Развития

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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2009 AND 2008 (UNAUDITED)

(in thousands of US dollars)

	Share capital	Reserve fund	Financial assets available-for-sale fair value reserve/ (deficit)	Retained earnings	Total equity
31 December 2007	804,787	4,940	-	44,198	853,925
Issue of odinary share capital (unaudited)	695,213	-	-	-	695,213
Unrealized gain on revaluation of financial assets available-for-sale (unaudited)	-	-	233	-	233
Net profit (unaudited)	-	-	-	13,852	13,852
Total other comprehensive income (unaudited)					14,085
30 June 2008 (unaudited)	1,500,000	4,940	233	58,050	1,563,223
31 December 2008	1,500,000	24,569	(58,195)	65,109	1,531,483
Issue of odinary share capital (unaudited)	600	-	-	-	600
Unrealized gain on revaluation of financial assets available-for-sale (unaudited)	-	-	32,783	-	32,783
Gain on sale of financial assets available-for-sale (unaudited)	-	-	(2,609)	-	(2,609)
Net profit (unaudited)	-	-	-	30,156	30,156
Total other comprehensive income (unaudited)					60,330
Transfer to reserve fund (unaudited)	-	20,270	-	(20,270)	-
30 June 2009 (unaudited)	1,500,600	44,839	(28,021)	74,995	1,592,413

On behalf of the Management of the Bank:

I.V. Finogenov
Chairman of the Executive Board

6 August 2009
Almaty, Kazakhstan

M.A. Dzhaukenov
Deputy Chairman of the Executive Board
Financial Director

6 August 2009
Almaty, Kazakhstan

Евразийский Банк Развития

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EURASIAN DEVELOPMENT BANK

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 AND 2008 (UNAUDITED)

(in thousands of US dollars)

	Notes	For the six months ended 30 June 2009 (unaudited)	For the six months ended 30 June 2008 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received on loans to customers		13,428	5,388
Interest received on loans and advances to banks		10,563	11,560
Interest and income received from financial assets and liabilities at fair value through profit and loss		7,369	1,929
Interest income on financial assets available-for-sale		11,494	2,200
Interest received on investments held to maturity		11,693	-
Interest paid on loans and deposits from banks		(13,220)	(11,729)
Fee and commission received		1,490	1
Fee and commission paid		(262)	408
Other income received		1,151	318
Operating expenses paid		(11,041)	(10,407)
Cash inflow/(outflow) from operating activities before changes in operating assets and liabilities		32,665	(332)
Changes in operating assets:			
Increase in loans to customers		(46,642)	(80,146)
Decrease in loans and advances to banks		82,552	47,632
Decrease/(increase) in financial assets and liabilities at fair value through profit and loss		8,673	(195,185)
Increase in other assets		(786)	(501)
Changes in operating liabilities:			
(Decrease)/increase in deposits from banks		(24,230)	8,481
(Decrease)/increase in other liabilities		(894)	1,381
Net cash inflow/(outflow) from operating activities		51,338	(218,670)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of financial assets available-for-sale		(6,000)	-
Maturity of financial assets available-for-sale		7,000	-
Proceeds from sale of financial assets available-for-sale		31,878	-
Purchase of investments held-to-maturity		(568,877)	(337,704)
Maturity of investments held-to-maturity		635,000	160,000
Purchase of property, equipment and intangible assets		(728)	(3,107)
Net cash inflow/(outflow) from investing activities		98,273	(180,811)

EURASIAN DEVELOPMENT BANK

CONDENSED INTERIM STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE SIX MONTHS ENDED 30 JUNE 2009 AND 2008 (UNAUDITED)

(in thousands of US dollars)

	Notes	For the six months ended 30 June 2009 (unaudited)	For the six months ended 30 June 2008 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of share capital		600	695,213
Proceeds from issuance of debt securities		81,932	-
Proceeds from loans from banks		34,182	-
Net cash inflow from financing activities		116,714	695,213
NET INCREASE IN CASH AND CASH EQUIVALENTS		266,325	295,732
CASH AND CASH EQUIVALENTS, at beginning of the period		400,110	438,508
Effect of changes in foreign exchange rate on cash and cash equivalents		(6,238)	19,060
CASH AND CASH EQUIVALENTS, at end of the period	8	660,197	753,300

On behalf of the Management of the Bank:

I.V. Finogenov
Chairman of the Executive Board

6 August 2009
Almaty, Kazakhstan

M.A. Dzhaukenov
Deputy Chairman of the Executive Board
Financial Director

6 August 2009
Almaty, Kazakhstan

Selected explanatory notes on pages 9-34 form an integral part of this condensed interim financial information.

(in thousands of US dollars, if not stated otherwise)

1. ORGANISATION

The Eurasian Development Bank (the "Bank") is an international organization, which was established in accordance with the Agreement Establishing the Eurasian Development Bank, entered into between the Russian Federation and the Republic of Kazakhstan (the "Member-states") on 12 January 2006 (the "Agreement on incorporation"). This Agreement on Incorporation became effective on 16 June 2006, upon fulfillment of domestic procedures necessary for it to become effective.

The Bank's membership is open to new participants such that other states and international organizations may join the Agreement on Incorporation of the Bank. The strategic objective of the Bank is to promote the development of a market economy in its Member-states, including their economic growth and the expansion of mutual trade and economic relations through investment activity. The Bank was established to assist Member-states in integrating their economies and developing their infrastructure.

In December 2008, the Council of the Bank approved the accession of the Republic of Armenia, the Republic of Belarus and the Republic of Tajikistan to the Agreement on incorporation. The Republic of Tajikistan and the Republic of Armenia have already fulfilled their respective appropriate domestic procedures related to the ratification of the Establishment Agreement of the Bank, made their contributions to the share capital and become members of the Bank. The Republic of Armenia and the Republic of Tajikistan were formally admitted as Member-states of the Bank on 3 April 2009 and 22 June 2009 respectively. The Republic of Belarus still has to contribute to the share capital to become a member of the Bank, all other terms for acceptance of the country have been met.

The Bank's principal activities consist of lending, operations with securities, foreign currencies and provision of loans and guarantees. The Bank finances large and medium investment projects that are medium-term and long-term in duration, including industrial and innovative programs of the Member-states and interstate target programs. The Bank also provides financing for investment projects of inter regional significance, and lends to industrial companies of the Member-states.

The headquarters of the Bank are registered at: 98, Panfilov Street, Almaty, the Republic of Kazakhstan.

The total number of employees of the Bank as at 30 June 2009 was 191 (31 December 2008: 181).

In accordance with its Charter, the Bank possesses immunity against any legal proceedings, except for cases which do not result from execution of its powers. The property and the assets of the Bank possess the same immunities from search, requisition, arrest, confiscation, expropriation or any other form of withdrawal or alienation prior to final judgment in relation to the Bank. The Bank is exempted from any taxes, levies, duties and other payments, except for those that represent a payment for specific types of service.

As at 30 June 2009 and 31 December 2008, share capital of the Bank was owned as follows:

	30 June 2009 USD'000	**31 December 2008 USD'000**
The Russian Federation	1,000,000	1,000,000
The Republic of Kazakhstan	500,000	500,000
The Republic of Tajikistan	500	-
The Republic of Armenia	100	-
	1,500,600	1,500,000

Specific volatility in global financial markets and financial markets of the Russian Federation and of the Republic of Kazakhstan

In recent months a number of major economies around the world have experienced volatile capital and credit markets. A number of major global financial institutions have been placed into bankruptcy, taken over by other financial institutions and/or supported by government funding. As a consequence of the recent market turmoil in capital and credit markets both globally and in the Republic of Kazakhstan and the Russian Federation, notwithstanding any potential economic stabilization measures that may be put into place by the Governments of the Republic of Kazakhstan and the Russian Federation, there exists economic uncertainties surrounding the continual availability, and cost, of credit both for the Bank and its counterparties, the potential for economic uncertainties to continue in the foreseeable future and, as a consequence, the potential that assets may not be recovered at their carrying amount in the regular course of business, and a corresponding impact on the Bank's profitability.

2. BASIS OF PRESENTATION

Accounting basis

The condensed interim financial information of the Bank has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34"). Accordingly, certain information and disclosures normally required to be included in the notes to the annual financial statements have been omitted or condensed. The condensed interim financial information should be read in conjunction with the financial statements and with selective notes to the financial statements of the Bank for the years ended 31 December 2008 and 2007.

The condensed interim financial information has been prepared on the accrual basis of accounting under the historical cost convention, except for the measurement at fair value of financial assets available-for-sale, financial assets and liabilities at fair value through profit or loss, and derivative financial instruments.

The preparation of the condensed interim financial information in conformity with IAS 34 requires Management of the Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities of the Bank, and disclosure of contingent assets and liabilities at the date of the financial information, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the allowance for impairment of loans and receivables and determination of the fair value of financial instruments.

The condensed interim financial information reflects all adjustments that, in the opinion of Management of the Bank, are necessary for a fair presentation of the results of operations for the interim period. All such adjustments to the financial information are of a normal, recurring nature. Because the results from common banking activities are so closely related and responsive to changes in market conditions, the results for any interim period are not necessarily indicative of the results that can be expected for the year.

Functional currency

The functional currency of the Bank is the US dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this condensed interim financial information the Bank has applied the same accounting policies and methods of computation as those applied in the annual financial statements of the Bank for the year ended 31 December 2008. In addition, the Bank selected an accounting policy for debt securities issued as follows.

Debt securities issued

Debt securities issued are initially recognized at fair value. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings, using the effective interest method.

Changes in accounting policies

The Bank has adopted IFRS 8 "Operating Segments" and IAS 1 "Presentation of Financial Statements" (revised 2007) as at 1 January 2009.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Bank that are regularly reviewed by the Bank's Management to allocate resources and assess their performance. The internal reports about the components of the Bank that are regularly reviewed by the Bank's Management have exactly the same composition and format that was historically disclosed in the Bank's operating segments information. Therefore, the adoption of IFRS 8 did not have any impact on the Bank's operating segments and related disclosures.

IAS 1 (revised 2007) requires the presentation of a statement of changes in equity as a primary statement and disclosure of other comprehensive income either as part of the statement of comprehensive income or as a separate statement immediately following income statement. As a result, the condensed interim statement of comprehensive income disclosing other comprehensive income for the period has been included as the primary financial statement.

Standards and interpretations issued but not adopted

The Bank has not applied the following IFRS and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") that have been issued:

- IFRS 3 "Business Combinations" – The International Accounting Standards Board ("IASB") published IFRS 3 and related revisions to IAS 27 "Consolidated and Separate Financial Statements" following the completion in January 2008 of its project on the acquisition and disposal of subsidiaries. There were no transactions during the interim reporting period perpetrated by the Bank that would be related to the acquisition or disposal of its subsidiaries.
- The IASB published revisions to IAS 32 "Financial Instruments: Presentation" and consequential revisions to other standards in February 2008 to improve the accounting for and disclosure of puttable financial instruments. These revisions are not expected to have a material affect on the Bank.
- In May 2008, the IASB issued amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements" that change the investor's accounting for the cost of an investment in a subsidiary, jointly controlled entity or associate. It does not affect the interim financial information but may prospectively affect the Bank's accounting and presentation of receipts of dividends from such entities.

- In December 2008 the IFRIC issued interpretation IFRIC 17 'Distributions of Non-Cash Assets to Owners' and the IASB made consequential amendments to IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". The interpretation requires distributions to be presented at fair value with any surplus or deficit to be recognised in income statement. The amendment to IFRS 5 extends the definition of disposal groups and discontinued operations to disposals by way of distribution. The interpretation is not expected to have a material effect on the interim financial information.
- On 5 March 2009, the IASB issued an amendment to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRIC 9 "Reassessment of Embedded Derivatives" effective for annual periods ending on or after 30 June 2009. These amendments clarify that on reclassification of a financial asset out of the "at fair value through profit or loss" category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The Bank will apply this amendment for the annual period beginning on 1 January 2009 and does not expect that it will have a significant impact on the interim financial information.
- On 5 March 2009 the IASB issued amendments to IFRS 7 "Financial instruments: Disclosures" named "Improving Disclosures about Financial Instruments". The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements. In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk. The Bank will apply this amendment for the annual period beginning on 1 January 2009.

4. NET INTEREST INCOME

	For the six months ended 30 June 2009 (unaudited)	**For the six months ended 30 June 2008 (unaudited)**
Interest income comprises:		
Interest income on assets recorded at amortized cost:		
- interest income on impaired assets	7,316	2,295
- interest income on unimpaired assets	33,396	21,925
Interest income on financial assets held-for-trading	-	21,496
Interest income on financial assets available-for-sale	11,351	2,206
Total interest income	52,063	47,922
Interest income on assets recorded at amortized cost comprises:		
Interest on loans to customers	19,276	7,502
Interest on investments held-to-maturity	11,604	1,606
Interest on loans and advances to banks	9,832	15,112
Total interest income on assets recorded at amortized cost	40,712	24,220
Interest expense comprises:		
Interest expense on liabilities recorded at amortized cost comprise:		
Interest on loans and deposits from banks	(11,940)	(12,699)
Interest on debt securities issued	(1,830)	-
Total interest expense on financial liabilities recorded at amortized cost	(13,770)	(12,699)
Net interest income before provision for impairment losses on interest bearing assets	38,293	35,223

5. ALLOWANCE FOR IMPAIRMENT LOSSES

The movements in allowance for impairment losses on loans to customers were as follows:

	For the six months ended 30 June 2009 (unaudited)	For the six months ended 30 June 2008 (unaudited)
Beginning of period	1,377	556
Provisions/(reversal of provision) (unaudited)	4,284	(95)
Revaluation (unaudited)	42	-
End of period (unaudited)	5,703	461

6. NET GAIN/(LOSS) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the six months ended 30 June 2009 (unaudited)	For the six months ended 30 June 2008 (unaudited)
Net gain/(loss) on financial assets and liabilities held-for-trading	7,369	(26,015)
Total net gain/(loss) on financial assets and liabilities at fair value through profit or loss	7,369	(26,015)
Net gain/(loss) on operations with financial assets and liabilities held-for-trading comprise:		
Net realized gain/(loss) on operations with derivative financial instruments	8,453	(9,877)
Net unrealized loss on operations with derivative financial instruments	(1,084)	(2,696)
Realized gain on trading operations	-	77
Unrealized loss on fair value adjustment	-	(13,519)
Total net gain/(loss) on operations with financial assets and liabilities held-for-trading	7,369	(26,015)

7. OPERATING EXPENSES

	For the six months ended 30 June 2009 (unaudited)	For the six months ended 30 June 2008 (unaudited)
Staff costs and other payments to employees	4,871	5,113
Premises expenses	1,095	617
Depreciation and amortization	838	572
Professional services	443	801
Maintenance expenses	388	229
Business trip expenses	338	498
Communication expenses	293	326
Business development expenses	263	339
Security	241	112
Research and regional development expenses	219	3,042
Other expenses	200	335
Office, postal and printing expenses	184	97
Transportation expenses	166	233
Training	75	208
	9,614	12,522

8. CASH AND BALANCES WITH NATIONAL (CENTRAL) BANKS OF THE MEMBER - STATES

	30 June 2009 (unaudited)	31 December 2008
Balances with the National Bank of the Republic of Kazakhstan	166,755	116
Cash	62	39
Total cash and balances with national (central) banks of the Member-states	166,817	155

Cash and cash equivalents for the purposes of the statement of cash flows comprised the following:

	30 June 2009 (unaudited)	31 December 2008	30 June 2008 (unaudited)
Cash and balances with national (central) banks of the Member-states	166,817	155	154
Loans and advances to banks of OECD countries, the Russian Federation and the Republic of Kazakhstan	493,380	399,955	753,146
Total cash and cash equivalents	660,197	400,110	753,300

9. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2009 (unaudited)			31 December 2008		
	Nominal amount	Net fair value Asset	Net fair value Liability	Nominal Amount	Net fair value Asset	Net fair value Liability
Derivative financial instruments:						
Foreign currency contracts						
Swaps	342,158	-	(1,097)	295,708	7,786	(742)
Spots and forwards	25,553	66	(53)	25,000	545	-
		66	(1,150)		8,331	(742)

10. LOANS AND ADVANCES TO BANKS

	30 June 2009 (unaudited)	31 December 2008
Correspondent accounts in other banks	356,517	259,874
Loans under reverse repurchase agreements	140,970	223,412
Term deposits in other banks	136,899	140,194
Loans to banks	70,329	70,792
Correspondent accounts in other banks on broker operations	24	47
Trust management funds	-	278
	704,739	694,597

As at 30 June 2009, the Bank had receivables in the amount of 253,062 thousand US dollars from a bank of the Member-state of the Bank. As at 31 December 2008, the Bank had receivables amounting to 234,654 thousand US dollars and 198,604 thousand US dollars from two banks of the Member-states of the Bank. These amounts individually exceeded 10% of the Bank's equity as at 30 June 2009 and 31 December 2008, respectively.

As at 30 June 2009 and 31 December 2008, there was no allowance for impairment losses on loans and advances to banks.

The carrying value of loans and fair value of collateral under reverse repurchase agreements as at 30 June 2009 and 31 December 2008 is presented as follows:

	30 June 2009 (unaudited)		**31 December 2008**	
	Carrying value of loans	**Fair value of collateral**	**Carrying value of loans**	**Fair value of collateral**
Bonds issued by banks and financial institutions of the Russian Federation	49,375	60,494	144,591	165,346
Bonds issued by non-financial organizations	51,489	65,836	78,821	94,717
Eurobonds of the Russian Federation	40,106	47,373	-	-
	140,970	173,703	223,412	260,063

11. LOANS TO CUSTOMERS

	30 June 2009 (unaudited)	**31 December 2008**
Loans to customers	489,606	437,076
Less allowance for impairment losses (Note 5)	(5,703)	(1,377)
	483,903	435,699

The table below summarizes the amount of loans secured by type of collateral, rather than the fair value of the collateral itself:

	30 June 2009 (unaudited)	**31 December 2008**
Loans collateralized by guarantees	234,242	246,524
Loans collateralized by pledge of real estate, equipment and inventories	207,708	144,667
Loans collateralized by pledge of future cash receipts	47,656	45,885
	489,606	437,076
Less: allowance for impairment losses	(5,703)	(1,377)
	483,903	435,699

Analysis by sector:	30 June 2009 (unaudited)	31 December 2008
Machinery construction	118,601	77,724
Woodworking	98,448	78,301
Mining and metallurgy	85,239	109,329
Energy	78,103	64,451
Agriculture	66,233	89,034
Transport and communication	33,266	8,953
Oil and gas	9,716	9,284
	489,606	437,076
Less allowance for impairment losses	(5,703)	(1,377)
	483,903	435,699

As at 30 June 2009 the maximum credit risk exposure on loans to customers amounted to 483,903 thousand US dollars (31 December 2008: 435,699 thousand US dollars).

As at 30 June 2009 the maximum credit risk exposure on loan commitments and overdrafts extended by the Bank to its customers amounted to 418,979 thousand US dollars (31 December 2008: 615,994 thousand US dollars).

As at 30 June 2009 loans to customers included loans in the amount of 173,743 thousand US dollars (31 December 2008: 138,999 thousand US dollars), that were individually determined to be impaired due to some delays in implementation of production plans and deterioration of market conditions. As at 30 June 2009, these loans had various types of collateral with a fair value of 128,974 thousand US dollars (31 December 2008: 112,822 thousand US dollars).

12. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	30 June 2009 (unaudited)	31 December 2008
Debt securities	233,265	231,322
Equity securities	33,559	35,740
	266,824	267,062

	30 June 2009 (unaudited)		31 December 2008	
	Nominal interest rate	Fair value	Nominal interest rate	Fair value
Debt securities				
Bonds issued by banks and financial institutions of the Russian Federation	6.2-11%	92,138	6.2-8.8%	59,650
Eurobonds of the Russian Federation	7.5%	72,410	7.5-12.75%	73,913
Bonds issued by non-financial organizations	6.66-8.88%	55,219	6.61-8.88%	48,472
Bonds issued by banks and financial institutions of the Republic of Kazakhstan	8-10%	10,887	7.25-10%	10,189
City of Moscow bonds	5.06%	1,900	5.06%	1,242
Bonds issued by banks and financial institutions of other countries	7%	711	7-11%	37,856
		233,265		231,322

	30 June 2009 (unaudited)		31 December 2008	
	Ownership interest	Fair value	Ownership interest	Fair value
Equity securities				
Shares of OJSC "Bank of Khanty-Mansiysk"	5%	33,559	5%	35,740
		33,559		35,740

13. INVESTMENTS HELD-TO-MATURITY

	30 June 2009 (unaudited)		31 December 2008	
	Nominal interest rate	Amount	Nominal interest rate	Amount
Eurobonds of the Russian Federation	7.5%	284,292	7.5%	290,588
Bonds issued by Governments of foreign countries	-	149,981	-	199,649
Bonds issued by banks and financial institutions of the Russian Federation	6.61-8%	32,303	6.61-10.89%	55,287
Bonds issued by non-financial organizations	9.63-10.88%	44,179	9.63%	31,677
		510,755		577,201

The fair value of investments held-to-maturity is disclosed in Note 25.

14. PROPERTY AND EQUIPMENT

	Land	Vehicles	Furniture and equipment	Construction-in-progress	Total
At historical cost					
31 December 2007	1,231	879	1,022	9,297	12,429
Additions	-	286	673	5,569	6,528
Disposals	-	-	(1)	(146)	(147)
31 December 2008	1,231	1,165	1,694	14,720	18,810
Additions	-	148	265	915	1,328
30 June 2009	1,231	1,313	1,959	15,635	20,138
Accumulated depreciation and amortization					
31 December 2007	-	152	204	-	356
Charge for the year	-	252	358	-	610
Eliminated on disposals	-	-	(1)	-	(1)
31 December 2008	-	404	561	-	965
Charge for the year	-	154	220	-	374
30 June 2009	-	558	781	-	1,339
Net book value					
30 June 2009	1,231	755	1,178	15,635	18,799
31 December 2008	1,231	761	1,133	14,720	17,845

15. OTHER ASSETS

	30 June 2009 (unaudited)	31 December 2008
Other financial assets recorded as loans and receivables in accordance with IAS 39:		
Accrued commission income	190	373
	190	373
Other non-financial assets:		
Prepaid amounts on construction works	2,325	3,348
Prepaid expenses	647	612
Value added tax reimbursable	210	609
Prepayments and other debtors	1,672	487
Total other assets	5,044	5,429

16. LOANS AND DEPOSITS FROM BANKS

	30 June 2009 (unaudited)	31 December 2008
Recorded at amortized cost:		
Syndicated loan from a group of banks due in July 2010, interest rate LIBOR+1.0%, net of discount	299,280	298,850
Term deposits of banks and other financial institutions	89,024	-
Loan from a bank due in July 2009, interest rate LIBOR+0.5%, net of discount	50,543	50,713
Loan from a bank due in April 2011, interest rate EURIBOR+1.8%, net of discount	34,182	-
Loans under repurchase agreements	-	114,794
Total loans and deposits from banks	473,029	464,357

The syndicated loan is subject to certain financial covenants under the terms of the loan agreements. During the six-month periods ended 30 June 2009 and year ended 31 December 2008, the Bank was in compliance with all such covenants.

Fair value of assets pledged and carrying value of loans under repurchase agreements as at 30 June 2009 and 31 December 2008 are presented as follows:

	30 June 2009		31 December 2008	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Eurobonds of the Russian Federation	-	-	122,052	114,794
Total	-	-	122,052	114,794

Maturities of loans and deposits from banks are included in Note 26 under liquidity risk.

These liabilities are measured at amortized cost.

17. DEBT SECURITIES ISSUED

On 28 April 2009, the Bank has issued bonds on the stock exchange of the Regional Financial Centre of Almaty city ("RFCA"). The bonds are denominated in Kazakhstani tenge and the total par value of the bond issue is 15,000,000 thousand Kazakhstani tenge (99,562 thousand US dollars as at the date of issue). As at 30 June 2009, bonds with a nominal amount of 12,260,000 thousand Kazakhstani tenge (81,527 thousand US dollars) were outstanding. The bonds have senior payment priority and mature on 28 April 2014. The bonds bear an interest rate which is indexed to the consumer price index of Kazakhstan, with the rate fixed at 15% untill 28 April 2010. As at 30 June 2009, accrued interest for the bonds amounted 2,140 thousand US dollars, discount was 35 thousand US dollars and the total amount of the debt securities issued was 83,632 thousand US dollars.

18. OTHER LIABILITIES

	30 June 2009 (unaudited)	31 December 2008
Other financial liabilities:		
Deferred income	3,994	3,977
Retirement savings plan	2,441	1,634
Short-term payments to employees	471	3,858
Accrued commission expenses	254	213
	7,160	9,682
Other non-financial liabilities:		
Accrued administrative expenses	381	144
Other payables	567	1,239
Total other liabilities	8,108	11,065

19. SHARE CAPITAL

As at 30 June 2009, authorized share capital consists of 1,515,600 common shares (31 December 2008: 1,500,000 common shares), and the number of issued shares consists of 1,500,600 common shares (31 December 2008: 1,500,000 common shares) with a nominal value of 1,000 US dollars each. Each share has one voting right.

As at 30 June 2009, the Bank's share capital comprised of the following:

	Share capital issued (unaudited)	Share capital authorized but not issued (unaudited)	Share capital authorized (unaudited)
The Russian Federation	1,000,000	-	1,000,000
The Republic of Kazakhstan	500,000	-	500,000
The Republic of Tajikistan	500	-	500
The Republic of Armenia	100	-	100
The Republic of Belarus	-	15,000	15,000
Total share capital	1,500,600	15,000	1,515,600

As at 31 December 2008 the Bank's share capital comprised the following:

	Share capital issued	Share capital authorized but not issued	Share capital authorized
The Russian Federation	1,000,000	-	1,000,000
The Republic of Kazakhstan	500,000	-	500,000
Total share capital	1,500,000	-	1,500,000

The table below provides a reconciliation of the number of shares outstanding as at 30 June 2009 and 31 December 2008:

	Number of shares issued, quantity	Issued share capital, thousand USD
31 December 2007	804,787	804,787
Issue of ordinary share capital	695,213	695,213
31 December 2008	1,500,000	1,500,000
Issue of ordinary share capital (unaudited)	600	600
30 June 2009 (unaudited)	1,500,600	1,500,600

The Bank has established a reserve fund that represents a segregation of a portion of its retained earnings. The Council of the Bank determines annually what amount of the prior year's profit will be transferred to this fund. The Charter of the Bank has restricted any distributions to participants until such time as this reserve fund represents fifteen percent of total share capital. Any such distributions will be made to participants proportionately based upon the number of the quantity of shares held.

The objective of the Bank's share capital is to cover potential losses from its operations. In accordance with the Bank's internal policies the Bank's capital should exceed 16% of the sum of credit, market and operational risks, estimated as per the Basle II Standardized approach. As at 30 June 2009 and 31 December 2008, the Bank was in compliance with its internal policy requirements. The Bank is not subject to any capital requirements from external regulatory entities.

20. CAPITAL RISK MANAGEMENT

The Bank manages its capital to ensure that the Bank will be able to continue as a going concern while improving its performance through the optimization of debt and equity.

The capital structure of the Bank consists of debt, which mainly includes loans and deposits from banks disclosed in Note 16, and equity attributable to equity holders, comprising issued ordinary share capital, reserves and retained earnings as disclosed in the statements of changes in equity.

The Assets and Liabilities Management Committee ("ALMC") reviews the capital structure on a monthly basis. As a part of this review, the ALMC considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the ALMC, the Executive Board of the Bank makes decisions over the issue of new debt or the redemption of existing debt. Changes in the share capital of the Bank are approved by the Council of the Bank.

21. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the statement of financial position.

The Bank's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Bank uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

As at 30 June 2009 and 31 December 2008 the nominal or contract amounts were:

	30 June 2009 (unaudited)	31 December 2008
Commitments on loans and unused credit lines	418,979	615,994
Total contingent liabilities and credit commitments	418,979	615,994

Capital commitments

As at 30 June 2009 and 31 December 2008 capital commitments amounted to 630 thousand US dollars and 150 thousand US dollars, respectively.

Operating environment

The Bank's principal business activities are in the Republic of Kazakhstan and the Russian Federation. Laws and regulations affecting the business environment in the Republic of Kazakhstan and in the Russian Federation are subject to changes and the Bank's assets and operations could be at risk due to negative changes in the political and business environment.

22. SUBSEQUENT EVENTS

On 7 July 2009 the Bank has increased the volume of its first Eurobonds denominated in Kazahstani tenge by 5 bln. tenge (approx. 33 mln. US dollars).

23. TRANSACTIONS WITH RELATED PARTIES

Related parties and transactions with related parties are assessed in accordance with IAS 24 "Related Party Disclosures." As discussed in Note 1, the Bank's operations include the financing of projects within its Member-states, which include projects undertaken by local or national governmental entities. Accordingly, the Bank enters into numerous transactions with related parties as a result of its ownership by the Member-states. These balances and transactions have been disclosed throughout the financial statements and as such have not been included below.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Bank had the following transactions with related parties:

	For six months ended 30 June 2009 (unaudited)		For six months ended 30 June 2008 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Key management personnel compensation:				
Short-term employee benefits:				
Staff costs and other payments to employees	1,147	4,290	1,389	4,570
Accommodation costs of employees	201	581	264	543
Key management personnel compensation	1,348	4,871	1,653	5,113

24. SEGMENT REPORTING

The Bank's primary format for reporting segment information is based on geographic location of the operating segment. Based on the current structure of the Bank it has three operating segments. The Bank internally manages its business on a geographical basis and uses geographical basis to make operating business decisions.

Segment information for the primary geographical segments of the Bank is set out below. All revenues earned are generated from external customers.

	Russia (unaudited)	**Kazakhstan (unaudited)**	**Other countries (unaudited)**	**Total As at and for the six months ended 30 June 2009 (unaudited)**
Interest income	24,782	20,953	6,328	52,063
Interest expense	(4,246)	(1,851)	(7,673)	(13,770)
Provisions for impairment losses on loans to customers	(1,150)	(3,134)	-	(4,284)
Net gain/(loss) on financial assets at fair value through profit or loss	3,610	4,067	(308)	7,369
Net gain/(loss) on derecognition of financial assets available-for-sale previously recorded in equity	3,035	(426)	-	2,609
Net loss on transactions in foreign currencies	(493)	(2,701)	(3,246)	(6,440)
Fee and commission income	844	463	-	1,307
Fee and commission expense	(194)	(40)	(1)	(235)
Other income	692	459	-	1,151
External operating income/(loss)	26,880	17,790	(4,900)	39,770
Operating expenses	(1,535)	(7,821)	(258)	(9,614)
Net profit/(loss)	25,345	9,969	(5,158)	30,156
Cash and balances with national (central) banks of the Member-states	-	166,817	-	166,817
Financial assets at fair value through profit or loss	17	49	-	66
Loans and advances to banks	381,166	70,448	253,125	704,739
Loans to customers	178,093	305,810	-	483,903
Financial assets available-for-sale	255,226	10,887	711	266,824
Investments held-to-maturity	360,774	-	149,981	510,755
Property and equipment	887	17,912	-	18,799
Intangible assets	3	1,382		1,385
Other assets	1,841	2,904	299	5,044
Total assets	1,178,007	576,209	404,116	2,158,332
Total liabilities	92,941	87,697	385,281	565,919
Capital expenditure	-	171	-	171
Depreciation and amortization	38	800	-	838

	Russia (unaudited)	Kazakhstan (unaudited)	Other countries (unaudited)	Total For the six months ended 30 June 2008 (unaudited)
Interest income	26,547	12,093	9,282	47,922
Interest expense	(199)	(283)	(12,217)	(12,699)
Reversal of provision for impairment losses on loans to customers	-	95	-	95
Net (loss)/gain on financial assets at fair value through profit or loss	(26,597)	1,575	(993)	(26,015)
Net gain on transactions in foreign currencies	2,433	140	14,837	17,410
Fee and commission expense	(171)	(38)	(448)	(657)
Other income	-	318	-	318
External operating income	2,013	13,900	10,461	26,374
Operating expenses	(897)	(11,451)	(174)	(12,522)
Net (loss)/profit	1,116	2,449	10,287	13,852

	Russia	Kazakhstan	Other countries	Total As at 31 December 2008
Cash and balances with national (central) banks of the Member-states	-	155	-	155
Financial assets at fair value through profit or loss	7,370	961	-	8,331
Loans and advances to banks	507,365	70,926	116,306	694,597
Loans to customers	106,715	328,984	-	435,699
Financial assets available-for-sale	218,477	10,729	37,856	267,062
Investments held-to-maturity	377,552	-	199,649	577,201
Property and equipment	710	17,135	-	17,845
Intangible assets	3	1,325	-	1,328
Other assets	1,230	3,976	223	5,429
Total assets	1,219,422	434,191	354,034	2,007,647
Total liabilities	120,106	6,491	349,567	476,164
Capital expenditure	682	6,553	-	7,235
Depreciation and amortization	87	1,270	-	1,357

The amounts disclosed in the segment analysis above are regularly provided to and reviewed by the chief operating decision maker.

Changes in interest and exchange rates mean that period on period comparisons of gross interest and other trading income and expense are not meaningful and therefore management only consider these items on a net basis. No analysis of total revenues from external customers is therefore presented.

External operating income, assets, capital expenditure have been allocated based on the domicile of the counterparty. Tangible assets (cash on hand, property and equipment) have been allocated based on the country in which they are physically held.

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the instrument could be exchanged in a current arm's length transaction between knowledgeable willing parties, other than in a forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Bank could realize in a market exchange from the sale of its full holdings of a particular instrument.

The fair value of financial assets and liabilities approximates the carrying amount in the condensed interim statement of financial position of the Bank, with the exception of these presented below:

	30 June 2009 (unaudited)		31 December 2008	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Investments held-to-maturity	510,755	475,447	577,201	570,524

The Bank holds in its portfolio of investments held-to-maturity securities of internationally recognised organizations. The Bank assesses decrease in market value of the securities as temporary and did not recognize any impairment loss for the securities as at 30 June 2009.

26. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the Bank's business and is an essential element of the Bank's operations. The main risks inherent to the Bank's operations are those related to:

- Credit risk;
- Liquidity risk; and
- Market risk.

The Bank recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Bank has established a risk management framework, whose main purpose is to protect the Bank from risk and allow it to achieve its performance objectives. The risk management framework involves the Council of the Bank, the Executive Board of the Bank, the Risk Management Department, the Credit Committee of the Bank, the Assets and Liabilities Management Committee ("ALMC"), and different departments and staff in the Bank's daily operations. Through the risk management framework, the Bank manages the following risks:

Credit risk

The Bank is exposed to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Management of credit risk is performed by the Council, the Executive Board and the Credit Committee of the Bank. These groups manage credit risk primarily through approving the issuance of loans only within set limits.

The Council of the Bank determines credit risk limits by determining the maximum credit risk exposure on single borrower or group of borrowers. The Executive Board sets limits in relation to the credit risk on one borrower or groups of borrowers, as well as limits on individual counterparties (including banks and brokers), and determines the amount and structure of risk bearing assets. In accordance with internal limits, the maximum credit exposure on a single borrower or a group of associated borrowers cannot be more than 25 per cent of the Bank's equity. The Bank's Executive Board has the right to approve projects on a group of associated borrowers with a maximum exposure of 100 million US dollars. In cases where the credit exposure exceeds the limit, the Council of the Bank is responsible for the approval of the project.

For the purpose of effective credit risk management, employees of relevant departments of the Bank are included in the Credit Committee and participate in the process of considering loan applications. Based on the presentation and preliminary decision of the Credit Committee, either the Executive Board or the Council of the Bank within the limits of their powers, reviews and approves investment projects and makes decisions on any changes and amendments to the existing loan agreements.

Functions of the Credit Committee include establishing control over the level of credit risk. The Credit and Investment Department and Risk Management Department monitor the level of credit risk via analysis of counterparties financial reports, performance and market data and inform the Credit Committee if negative trends are found. Credit risks are compared to the limits set on a daily basis.

Project financing

The Bank sets project financing as its core activity. Hence, credit risk management is the major and integral part of activities of the Bank and the major risk that the Bank is exposed to.

The Bank estimates that the major components of credit risk in project financing are:

- project risks;
- financial risks;
- market and industry risks;
- operational risks;
- country or sovereign risks;
- collateral risks; and
- legal, social, ecological risks.

The process of credit risk management in project financing consists of the identification of potential risks, analysis of the risks, and management and control of revealed risks.

During the identification phase the Bank reveals all components of credit risk associated with a particular project. The Bank prepares a risk matrix for each project where all major types of risks associated with a project are summarized and the magnitude of risks is assessed.

A further analysis of identified risks is performed to determine the possible consequences of risks when they occur. At this stage the Bank prepares a sensitivity analysis for each project. The main sensitivity analysis performed by the Bank are interest rate sensitivity analysis, currency sensitivity analysis, inflation sensitivity analysis, commodity price change sensitivity analysis, and an analysis of the effect of a change in major production costs of borrowers. Major factors considered in the identification of risks for the Bank are potential financial performance of borrowers and their expected debt servicing. The Bank also performs an analysis of each industry where borrowers operate to identify if there could be any risks due to current or possible negative market trends.

Risk identification and control is aimed at minimizing the credit risks of the Bank while providing necessary rate of return. The Bank developed and implemented the following action plan to protect its financial assets from impairment:

- risk sharing due to co-participation with other financial institutions;
- proposals of economic hedging strategies;
- optimization of financing structure;
- optimization of collateral structure; and
- monitoring of industry trends and the project realization to anticipate potential future problems.

As risks have increased significantly due to the volatility in the global financial markets, the Bank proposed additional actions to control credit risks:

- performance of additional stress-tests of projects to consider currency exchange rates volatility, price risks, and inflation;
- analysis of short-term solvency of borrowers; and
- use of a conservative approach to the acceptance of collateral.

Maximum Exposure

The Banks maximum exposure to credit risk varies significantly and is dependant on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk of financial assets and contingent liabilities. For financial assets the maximum exposure is equal to the carrying value of those assets prior to any offset or collateral. For financial guarantees and other contingent liabilities the maximum exposure to credit risk is the maximum amount the Bank would have to pay if the guarantee was called on, or in the case of commitments, if the loan amount was called on.

As at 30 June 2009 (unaudited):

	Maximum exposure (unaudited)	**Offset (unaudited)**	**Net exposure after offset (unaudited)**	**Collateral pledged (unaudited)**	**Net exposure after offset and collateral (unaudited)**
Cash and balances with national (central) banks of the Member-states	166,817	-	166,817	-	166,817
Financial assets at fair value through profit or loss	66	-	66	-	66
Loans and advances to banks	704,739	-	704,739	140,970	563,769
Loans to customers	483,903	-	483,903	284,334	199,569
Financial assets available-for-sale	266,824	-	266,824	-	266,824
Investments held-to-maturity	510,755	-	510,755	-	510,755
Other assets	190	-	190	-	190

As at 31 December 2008:

	Maximum exposure	**Offset**	**Net exposure after offset**	**Collateral pledged**	**Net exposure after offset and collateral**
Cash and balances with national (central) banks of the Member-states	155	-	155	-	155
Financial assets at fair value through profit or loss	8,331	-	8,331	-	8,331
Loans and advances to banks	694,597	-	694,597	260,063	434,534
Loans to customers	435,699	-	435,699	367,194	68,505
Financial assets available-for-sale	267,062	-	267,062	-	267,062
Investments held-to-maturity	577,201	-	577,201	-	577,201
Other assets	373	-	373	-	373

Collateral for loans to customers comprised of:

As at 30 June 2009 (unaudited):

	Nominal value	**Bank’s evaluated value**
Guarantees	380,517	203,004
Real estate or rights thereon	249,584	54,309
Future inflows	202,912	27,021
	833,013	284,334

As at 31 December 2008:

	Nominal value	Bank's evaluated value
Guarantees	345,848	177,446
Real estate or rights thereon	407,016	154,198
Future inflows	118,500	35,550
	871,364	367,194

Financial assets are graded according to the current credit ratings that have been issued by an internationally recognized agency. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB-. Financial assets which have ratings lower than BBB- are classed as non-investment grade.

The following table details the credit ratings of financial assets held by the Bank:

	AAA (unaudited)	AA (unaudited)	A (unaudited)	BBB (unaudited)	<BBB- (unaudited)	Not rated (unaudited)	30 June 2009 Total (unaudited)
Cash and balances with national (central) banks of the Member-states	47	-	-	166,770	-	-	166,817
Financial assets at fair value through profit or loss	-	-	-	-	66	-	66
Loans and advances to banks	-	-	153,539	285,108	266,092	-	704,739
Loans to customers	-	-	-	-	-	483,903	483,903
Financial assets available-for-sale	-	711	-	96,405	100,027	69,681	266,824
Investments held-to-maturity	149,981	-	-	336,184	24,590	-	510,755
Other assets	-	-	-	-	-	190	190

	AAA	AA	A	BBB	<BBB-	Not rated	31 December 2008 Total
Cash and balances with national (central) banks of the Member-states	10	-	-	145	-	-	155
Financial assets at fair value through profit or loss	-	-	-	-	8,331	-	8,331
Loans and advances to banks	-	-	116,028	198,650	379,919	-	694,597
Loans to customers	-	-	-	-	-	435,699	435,699
Financial assets available-for-sale	-	533	-	149,319	44,147	73,063	267,062
Investments held-to-maturity	199,649	-	-	354,603	22,949	-	577,201
Other assets	-	-	-	-	-	373	373

As at 30 June 2009, the Bank had issued loans to 14 customers (31 December 2008: 13) and one bank (31 December 2008: one bank). The loans are made with the intention to develop economies of the Member-states. The borrowers are not rated by international rating agencies, however, the Bank is able to perform specific monitoring of each individual loan. Each loan is regularly reviewed by the Bank's internal Credit Committee.

Loans to customers are classified based on internal assessments and other analytical procedures. The Bank classifies loans according to their risk and the exposure that they potentially present to the Bank. At present, the Bank uses classifications as follows:

Loans classified to the *1st Category (standard loans)* are expected to possess minimal credit risk. The financial condition of the borrower is assessed as stable and there is no indication of any external or internal factors to suggest that the financial condition of the borrower has deteriorated. In case there are some minor negative indicators, the Bank has confidence that the borrower will be able to cope with such temporary difficulties. Interest and principal are repaid in full and in a timely fashion. The borrower is considered as having the ability to repay the loan in accordance with its terms and conditions. Security provided for the loan must cover at least 100 per cent of the outstanding amount, not less than 75 per cent in case of highly liquid collateral (which may include a Government guarantee, bank guarantee with an individual rating not lower than AA - from one of the rating agencies, corporate guarantee with an individual rating not lower than AA, cash collateral, Government securities or precious metals).

Loans classified to the *2nd category* are expected to possess medium credit risk. The financial condition of the borrower is stable, though there is evidence of a temporary deterioration in the financial condition of the borrower, including a decrease in income or a loss of market share. The borrower may delay loan repayments or the interest but only in single cases and not more than for 5 days.

Loans classified to the *3d category* are expected to possess significant credit risk. The financial condition of the borrower is stable, though there is evidence of a temporary deterioration in the financial condition of the borrower, including a decrease in income or a loss of market share. Due to temporary difficulties the borrower repays the loan and the interest with several short delays.

Loans classified to the *4th category* are expected to bear high credit risk. There is evidence of a more severe deterioration in the financial condition of the borrower, including negative operating results and a declining liquidity position. The current financial condition of the borrower can be considered unstable and raises concerns as to the ability of the borrower to improve its current financial performance, thus casting doubt on the borrower's ability to repay the loan and the interest in full. Due to severe deterioration of financial health the borrower may repay the loan and interest with several long delays.

Loans classified to the *5th category* are considered to have the highest credit risk. The deterioration in the financial condition of the borrower has reached a critical level, including significant operating losses, a loss of market position, negative equity and it is probable that the borrower will be unable to repay the loan and the interest in full. The borrower has considerable repayments' delays more than for 30 days.

Loss – In the absence of any information to the contrary, the borrower's financial condition and operations have reached the point where it is evident that the borrower cannot repay the loan and the collateral value is negligible. The loan is uncollateralized or the value of the collateral covers less than 50 per cent of the borrowers' outstanding debt.

	30 June 2009 (unaudited)	**31 December 2008**
Standard loans	315,863	298,077
Loans classified to 2nd category	173,743	138,999
	489,606	437,076
Less – Allowance for loan impairment (Note 5)	(5,703)	(1,377)
Loans to customers	483,903	435,699

As at 30 June 2009 the number of loans classified as 2nd category was five (31 December 2008: four loans).

The banking industry is generally exposed to credit risk through its financial assets and contingent liabilities. Credit risk exposure of the Bank is concentrated within the Russian Federation and the Republic of Kazakhstan. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Bank's risk management policy are not breached.

The following table details the carrying value of assets that are impaired and the ageing of those that are past due but not impaired:

	Neither past due nor impaired (unaudited)	Financial assets past due but not impaired (unaudited)	Financial assets that have been impaired (unaudited)	30 June 2009 Total (unaudited)
Cash and balances with national (central) banks of the Member-states	166,817	-	-	166,817
Financial assets at fair value through profit or loss	66	-	-	66
Loans and advances to banks	704,739	-	-	704,739
Loans to customers	315,863	-	168,040	483,903
Financial assets available-for-sale	266,824	-	-	266,824
Investments held-to-maturity	510,755	-	-	510,755
Other assets	190	-	-	190

	Neither past due nor impaired	Financial assets past due but not impaired	Financial assets that have been impaired	31 December 2008 Total
Cash and balances with national (central) banks of the Member-states	155	-	-	155
Financial assets at fair value through profit or loss	8,331	-	-	8,331
Loans and advances to banks	694,597	-	-	694,597
Loans to customers	298,077	-	137,622	435,699
Financial assets available-for-sale	267,062	-	-	267,062
Investments held-to-maturity	577,201	-	-	577,201
Other assets	373	-	-	373

Liquidity risk

Liquidity risk refers to the risk of the availability of sufficient funds to meet loan repayments and other financial commitments associated with financial instruments as they actually fall due.

The ALMC manages this risk through analysis of asset and liability maturity and performance of money market transactions by the Treasury department of the Bank to maintain current liquidity and optimize cash flows. The Risk Management Department of the Bank monitors liquidity indicators, gap-positions, payments list and stress-tests.

An analysis of the liquidity and interest rate risks is presented in the following table. The presentation below is based upon the information provided internally to key management personnel of the entity.

	Weighted average effective interest rate	Up to 1 month (unaudited)	1 month to 3 months (unaudited)	3 month to 1 year (unaudited)	1 year to 5 years (unaudited)	Over 5 years (unaudited)	Maturity undefined (unaudited)	30 June 2009 Total (unaudited)
FINANCIAL ASSETS:								
Cash and balances with national (central) banks of the Member-states	4.25%	166,817	-	-	-	-	-	166,817
Loans and advances to banks	4.46%	634,410	-	-	70,329	-	-	704,739
Loans to customers	8.90%	-	-	36,490	111,150	336,263	-	483,903
Financial assets available-for-sale	8.19%	-	-	5,560	55,565	172,140	-	233,265
Investments held-to-maturity	7.77%	49,999	124,572	-	51,892	284,292	-	510,755
Total interest bearing financial assets		851,226	124,572	42,050	288,936	792,695	-	2,099,479
Financial assets at fair value through profit or loss		66	-	-	-	-	-	66
Financial assets available-for-sale		-	-	-	-	-	33,559	33,559
Other assets		190	-	-	-	-	-	190
Total financial assets		851,482	124,572	42,050	288,936	792,695	33,559	2,133,294
FINANCIAL LIABILITIES:								
Loans and deposits from banks	4.59%	139,567	-	-	333,462	-	-	473,029
Debt securities issued	15.00%	-	-	-	83,632	-	-	83,632
Total interest bearing financial liabilities		139,567	-	-	417,094	-	-	556,661
Financial liabilities at fair value through profit or loss		1,150	-	-	-	-	-	1,150
Other liabilities		4,253	-	466	2,441	-	-	7,160
Total financial liabilities		144,970	-	466	419,535	-	-	564,971
Liquidity gap		706,512	124,572	41,584	(130,599)	792,695	33,559	
Interest sensitivity gap		711,659	124,572	42,050	(128,158)	792,695	-	
Cumulative interest sensitivity gap		711,659	836,231	878,281	750,123	1,542,818	1,542,818	
Cumulative interest sensitivity gap as a percentage of total financial assets		33.36%	39.20%	41.17%	35.16%	72.32%	72.32%	

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2008 Total
FINANCIAL ASSETS:								
Loans and advances to banks	4.87%	623,805	-	-	70,792	-	-	694,597
Loans to customers	9.11%	-	-	-	143,418	292,281	-	435,699
Financial assets available-for-sale	8.19%	-	871	6,746	62,738	160,967	-	231,322
Investments held-to-maturity	7.77%	49,969	159,552	24,992	52,099	290,589	-	577,201
Total interest bearing financial assets		673,774	160,423	31,738	329,047	743,837	-	1,938,819
Cash and balances with national (central) banks of the Member-states		155	-	-	-	-	-	155
Financial assets at fair value through profit or loss		8,331	-	-	-	-	-	8,331
Financial assets available-for-sale		-	-	-	-	-	35,740	35,740
Other assets		373	-	-	-	-	-	373
Total financial assets		682,633	160,423	31,738	329,047	743,837	35,740	1,983,418
FINANCIAL LIABILITIES:								
Loans and deposits from banks	5.57%	114,794	-	50,713	298,850	-	-	464,357
Total interest bearing financial liabilities		114,794	-	50,713	298,850	-	-	464,357
Financial liabilities at fair value through profit or loss		742	-	-	-	-	-	742
Other liabilities		4,190	3,858	-	1,634	-	-	9,682
Total financial liabilities		119,726	3,858	50,713	300,484	-	-	474,781
Liquidity gap		562,907	156,565	(18,975)	28,563	743,837	35,740	
Interest sensitivity gap		558,980	160,423	(18,975)	30,197	743,837	-	
Cumulative interest sensitivity gap		558,980	719,403	700,428	730,625	1,474,462	1,474,462	
Cumulative interest sensitivity gap as a percentage of total assets		28.18%	36.27%	35.31%	36.84%	74.34%	74.34%	

A further analysis of the liquidity and interest rate risks is presented in the following tables in accordance with IFRS 7. The amounts disclosed in this table do not correspond to the amounts recorded on the condensed interim statement of financial position as the presentation below includes a maturity analysis for financial assets and liabilities that indicates the total remaining contractual payment (including interest payments) which are not recognized in the statement of financial position under the effective interest rate method.

	Up to 1 month (unaudited)	**1 month to 3 months (unaudited)**	**3 month to 1 year (unaudited)**	**1 year to 5 years (unaudited)**	**Over 5 years (unaudited)**	**Maturity undefined (unaudited)**	**30 June 2009 Total (unaudited)**
FINANCIAL ASSETS:							
Cash and balances with national (central) banks of the Member-states	166,907	-	-	-	-	-	166,907
Financial assets at fair value through profit or loss	66	-	-	-	-	-	66
Loans and advances to banks	634,583	-	-	92,762	-	-	727,345
Loans to customers	-	-	45,018	130,317	522,264	-	697,599
Financial assets available-for-sale	-	-	5,640	70,657	393,140	33,559	502,996
Investments held-to-maturity	50,000	124,050	-	63,529	638,309	-	875,888
Other assets	190	-	-	-	-	-	190
Total financial assets	851,746	124,050	50,658	357,265	1,553,713	33,559	2,970,991
FINANCIAL LIABILITIES:							
Loans and deposits from banks	139,648	-	-	353,134	-	-	492,782
Debt securities issued	-	-	-	123,105			123,105
Financial liabilities at fair value through profit or loss	1,150	-	-	-	-	-	1,150
Other liabilities	4,253	-	466	2,441	-	-	7,160
Commitments to extend credit	-	-	-	-	418,979	-	418,979
Total financial liabilities	145,051	-	466	478,680	418,979	-	1,043,176

	Up to 1 month	**1 month to 3 months**	**3 month to 1 year**	**1 year to 5 years**	**Over 5 years**	**Maturity undefined**	**31 December 2008 Total**
FINANCIAL ASSETS:							
Cash and balances with national (central) banks of the Member-states	155	-	-	-	-	-	155
Financial assets at fair value through profit or loss	8,331	-	-	-	-	-	8,331
Loans and advances to banks	626,872	-	-	74,319	-	-	701,191
Loans to customers	-	-	-	186,327	499,007	-	685,334
Financial assets available-for-sale	-	866	7,426	85,932	445,741	35,740	575,705
Investments held-to-maturity	50,000	160,000	25,128	65,543	661,031	-	961,702
Other assets	373	-	-	-	-	-	373
Total financial assets	685,731	160,866	32,554	412,121	1,605,779	35,740	2,932,791
FINANCIAL LIABILITIES:							
Loans and deposits from banks	115,194	-	51,835	323,281	-	-	490,310
Financial liabilities at fair value through profit or loss	742	-	-	-	-	-	742
Other liabilities	4,190	3,858	-	1,634	-	-	9,682
Commitments to extend credit	-	-	-	-	615,994	-	615,994
Total financial liabilities	120,126	3,858	51,835	324,915	615,994	-	1,116,728

Market Risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Bank is exposed. In order to measure its risks the Bank uses the following instruments: duration, modified duration and dollar value of 1 basis point and applies Value-at-Risk models.

Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments due to changes in market interest rates.

The ALMC of the Bank manages interest rate risk through the management of interest-sensitive asset and liability positions of the Bank, and ensures the positive margin and expected profitability from changes in market interest rates with set limits on the maximum amount of interest rate risk accepted by the Bank. The Bank's Risk Management Department monitors interest rate risk, estimates sensitivity of the Bank in relation to changes in interest rates and the influence of changes in interest rates on the net profit of the Bank.

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Treasury Department with the Risk Management Department manages currency risk through the management of the quantities held in open currency positions, which enables the Bank to minimize losses from significant fluctuations of exchange rates of foreign currencies. The Risk Management Department monitors the currency risk limits set by the Executive Board of the Bank.

The Bank's exposure to foreign currency exchange rate risk is presented in the table below:

	US dollars (unaudited)	**Kazakhstani tenge (unaudited)**	**Russian ruble (unaudited)**	**Euro (unaudited)**	**30 June 2009 Total (unaudited)**
Financial assets					
Cash and balances with national (central) banks of the Member-states	69	166,745	3	-	166,817
Financial assets at fair value through profit or loss	66	-	-	-	66
Loans and advances to banks	492,877	-	121	211,741	704,739
Loans to customers	404,045	56,763	-	23,095	483,903
Financial assets available-for-sale	181,604	-	83,319	1,901	266,824
Investments held-to-maturity	510,755	-	-	-	510,755
Other assets	190	-	-	-	190
Total financial assets	1,589,606	223,508	83,443	236,737	2,133,294
Financial liabilities					
Loans and deposits from banks	349,823	-	89,024	34,182	473,029
Financial liabilities at fair value through profit or loss	1,150	-	-	-	1,150
Debt securities issued	-	83,632	-	-	83,632
Other liabilities	6,625	2	4	529	7,160
Total financial liabilities	357,598	83,634	89,028	34,711	564,971
OPEN BALANCE SHEET POSITION	1,232,008	139,874	(5,585)	202,026	

	US dollars	Kazakhstani tenge	Russian ruble	Euro	31 December 2008 Total
Financial assets					
Cash and balances with national (central) banks of the Member-states	31	121	3	-	155
Financial assets at fair value through profit or loss	8,331	-	-	-	8,331
Loans and advances to banks	436,797	-	35,020	222,780	694,597
Loans to customers	420,821	-	-	14,878	435,699
Financial assets available-for-sale	172,225	-	92,658	2,179	267,062
Investments held-to-maturity	577,201	-	-	-	577,201
Other assets	373	-	-	-	373
Total financial assets	1,615,779	121	127,681	239,837	1,983,418
Financial liabilities					
Loans and deposits from banks	349,563	-	114,794	-	464,357
Financial liabilities at fair value through profit or loss	-	742	-	-	742
Other liabilities	8,903	112	9	658	9,682
Total financial liabilities	358,466	854	114,803	658	474,781
OPEN BALANCE SHEET POSITION	1,257,313	(733)	12,878	239,179	

Derivative financial instruments and spot contracts

Transactions are undertaken in derivative financial instruments ("derivatives"), which include cross currency swaps, and forwards. Derivatives are contracts or agreements whose value is derived from one or more underlying indices or asset values inherent in the contract or agreement, which require no or little initial net investment and are settled at a future date.

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above and the following table presents further analysis of currency risk by types of derivative financial instruments and spot contracts:

	US dollars (unaudited)	Kazakhstani tenge (unaudited)	Russian ruble (unaudited)	Euro (unaudited)	30 June 2009 Total (unaudited)
Accounts payable on spot and derivative contracts	(12,656)	(140,169)	-	(215,970)	(368,795)
Accounts receivable on spot and derivative contracts	355,107	-	-	12,604	367,711
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	342,451	(140,169)	-	(203,366)	(1,084)
TOTAL OPEN POSITION	1,574,459	(295)	(5,585)	(1,340)	

	US dollars	Kazakhstani tenge	Russian ruble	Euro	31 December 2008 Total
Accounts payable on spot and derivative contracts	(25,000)	(24,455)	(20,287)	(240,322)	(310,064)
Accounts receivable on spot and derivative contracts	293,395	24,258	-	-	317,653
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	268,395	(197)	(20,287)	(240,322)	7,589
TOTAL OPEN POSITION	1,525,708	(930)	(7,409)	(1,143)	