JSC HALYK BANK

Interim Financial Information (Unaudited)
For the three months ended 31 March 2010

and Report on Review of Interim Financial Information

JSC HALYK BANK

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)

The following statement, which should be read in conjunction with independent auditors' responsibilities stated in the report on review of 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 interim financial information of JSC Halyk Bank and its subsidiaries (collectively, the "Group").

Management is responsible for the preparation of the interim financial information that present fairly the financial position of the Group at 31 March 2010, the results of its operations, cash flows and changes in equity for the three months then ended, in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

In preparing the 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 have been followed; and
- Preparing the interim financial information on a going concern basis, unless it is inappropriate to presume that the Group 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 Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the interim financial information of the Group comply with IAS 34;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud, errors and other irregularities.

The interim financial information of the Group for the three months ended 31 March 2010 was authorized for issue by the Management Board of the Bank on 17 May 2010.

On behalf of the Management Board:

Nailiya K. Abdulina **Deputy Chairman of the Board**	**Pavel A. Cheussov** **Chief Accountant**
17 May 2010 Almaty, Kazakhstan	17 May 2010 Almaty, Kazakhstan

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Board of Directors of JSC Halyk Bank:

Introduction

We have reviewed the accompanying interim financial information of JSC "Halyk Bank" and its subsidiaries (collectively - the "Group") which comprises the condensed interim consolidated statement of financial position as at 31 March 2010 and the related condensed interim consolidated income statement and condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended and a summary of significant accounting policies and the related explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this 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 interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte, LLP

17 May 2010
Almaty, Kazakhstan

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	31 March 2010 (unaudited)	31 December 2009
ASSETS			
Cash and cash equivalents	5	395,753	480,622
Obligatory reserves	6	27,285	25,949
Financial assets at fair value through profit or loss	7, 32	6,977	8,528
Amounts due from credit institutions	8	59,307	56,101
Available-for-sale investment securities	9, 32	396,805	200,221
Investments held to maturity	10, 32	11,219	17,186
Precious metals		1,604	1,445
Loans to customers	11, 32	1,111,723	1,133,235
Property and equipment		61,232	63,158
Assets held-for-sale		7,326	8,447
Goodwill		3,085	3,190
Intangible assets		6,555	7,475
Insurance assets	12	9,122	4,945
Other assets	13	20,501	12,507
TOTAL ASSETS		2,118,494	2,023,009
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	14, 32	1,386,462	1,274,069
Amounts due to credit institutions	15, 32	138,051	172,706
Financial liabilities at fair value through profit or loss	7	2,919	3,201
Debt securities issued	16	265,524	263,893
Provisions	17	3,269	4,433
Deferred tax liability	18	6,507	6,194
Insurance liabilities	12	14,985	9,586
Other liabilities	19	6,530	7,975
Total liabilities		1,824,247	1,742,057
EQUITY			
Share capital	20	143,695	143,695
Share premium reserve		1,386	1,317
Treasury shares		(101)	(103)
Retained earnings and other reserves		148,952	135,693
		293,932	280,602
Non-controlling interest		315	350
Total equity		294,247	280,952
TOTAL LIABILITIES AND EQUITY		2,118,494	2,023,009

On behalf of the Management Board:

Nailiya K. Abdulina
Deputy Chairman of the Board

17 May 2010
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

17 May 2010
Almaty, Kazakhstan

The notes on pages 10 to 41 form an integral part of this interim financial information.

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)

(Millions of Kazakhstani Tenge, except for earnings per share which is in Tenge)

	Notes	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
Interest income	22, 32	47,411	51,236
Interest expense	22, 32	(23,314)	(26,880)
NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE	22	24,097	24,356
Impairment charge	17	(13,346)	(28,288)
NET INTEREST INCOME		10,751	(3,932)
Fee and commission income	23	8,758	10,744
Fee and commission expense		(562)	(455)
Fees and commissions, net		8,196	10,289
Net gain from financial assets and liabilities at fair value through profit or loss	24, 32	717	417
Net realized gain/(loss) from available-for-sale investment securities		21	(37)
Net gain from redemption of debt securities issued		-	439
Net gain on foreign exchange operations	25	2,025	4,136
Insurance underwriting income	26	2,899	2,044
Share of loss of associates		(9)	(10)
Other income		575	292
OTHER NON-INTEREST INCOME		6,228	7,281
Operating expenses	27	(11,219)	(9,501)
Recoveries of provisions	17	1,098	1,108
Insurance claims incurred, net of reinsurance		(1,556)	(885)
NON-INTEREST EXPENSES		(11,677)	(9,278)
INCOME BEFORE INCOME TAX EXPENSE		13,498	4,360
Income tax expense	18	(2,124)	(292)
NET INCOME		11,374	4,068
Attributable to:			
Non-controlling interest		34	92
Preferred shareholders		2,490	380
Common shareholders		8,850	3,596
		11,374	4,068
Basic earnings per share (in Kazakhstani Tenge)	28	6.80	3.63
Diluted earnings per share (in Kazakhstani Tenge)	28	6.80	3.63

On behalf of the Management Board:

Nailiya K. Abdulina
Deputy Chairman of the Board

17 May 2010
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

17 May 2010
Almaty, Kazakhstan

The notes on pages 10 to 41 form an integral part of this interim financial information.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
Net income		11,374	4,068
Other comprehensive (loss)/income			
Gain/(loss) on revaluation of available-for-sale investment securities	32	1,227	(1,959)
(Gain)/loss transferred to income statement on sale of available-for-sale investment securities		(21)	37
Loss transferred to income statement on impairment of available-for-sale investment securities		671	-
Gain on revaluation of property and equipment, net of tax		76	-
Exchange differences on translation of foreign operations		(34)	1,045
Other comprehensive income/(loss) for the period		1,919	(877)
Total comprehensive income for the period		13,293	3,191
Attributable to:			
Non-controlling interest		34	92
Preferred shareholders		2,911	301
Common shareholders		10,348	2,798
		13,293	3,191

On behalf of the Management Board:

Nailiya K. Abdulina
Deputy Chairman of the Board

17 May 2010
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

17 May 2010
Almaty, Kazakhstan

The notes on pages 10 to 41 form an integral part of this interim financial information.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Share capital Common shares	Share capital Non-convertible preferred shares	Share capital Convertible preferred shares	Share premium reserve	Treasury shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property and equipment revaluation reserve*	Retained earnings*	Total	Non-controlling interest	Total equity
31 December 2009		83,571	46,891	13,233	1,317	(103)	1,667	(976)	18,121	116,881	280,602	350	280,952
Net income		-	-	-	-	-	-	-	-	11,340	11,340	34	11,374
Other comprehensive (loss)/income		-	-	-	-	-	(34)	1,877	76	-	1,919	-	1,919
Total comprehensive (loss)/income		-	-	-	-	-	(34)	1,877	76	11,340	13,259	34	13,293
Treasury shares purchased	20	-	-	-	-	(4)	-	-	-	-	(4)	-	(4)
Treasury shares sold	20	-	-	-	69	6	-	-	-	-	75		75
Dividends of subsidiaries		-	-	-	-	-	-	-	-	-	-	(69)	(69)
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets		-	-	-	-	-	-	-	(36)	36	-	-	-
31 March 2010 (unaudited)		83,571	46,891	13,233	1,386	(101)	1,633	901	18,161	128,257	293,932	315	294,247

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Common shares	Share capital Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Treasury shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property and equipment revaluation reserve*	Retained earnings*	Total	Non-controlling interest	Total equity
31 December 2008		49,824	2,474	13,233	1,908	(69)	121	(1,797)	22,502	102,602	190,798	257	191,055
Net income		-	-	-	-	-	-	-	-	3,976	3,976	92	4,068
Other comprehensive income/(loss)		-	-	-	-	-	1,045	(1,922)	-	-	(877)	-	(877)
Total comprehensive income/(loss)		-	-	-	-	-	1,045	(1,922)	-	3,976	3,099	92	3,191
Common shares issued	20	26,958	-	-	-	-	-	-	-	-	26,958	-	26,958
Treasury shares purchased	20	-	-	-	(245)	(39)	-	-	-	-	(284)	-	(284)
Treasury shares sold	20	-	-	-	9	5	-	-	-	-	14	-	14
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets		-	-	-	-	-	-	-	(56)	56	-	-	-
31 March 2009 (unaudited)		76,782	2,474	13,233	1,672	(103)	1,166	(3,719)	22,446	106,634	220,585	349	220,934

* These amounts are included within Retained earnings and other reserves in the condensed interim consolidated statement of financial position.

On behalf of the Management Board:

Nailiya K. Abdulina
Deputy Chairman of the Board
17 May 2010
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant
17 May 2010
Almaty, Kazakhstan

The notes on pages 10 to 41 form an integral part of this interim financial information.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received from financial assets at fair value through profit or loss		11	62
Interest received from cash equivalents and amounts due from credit institutions		742	570
Interest received on available-for-sale investment securities		1,814	1,845
Interest received on investments held-to-maturity		34	79
Interest received from loans to customers		34,202	29,616
Interest paid on due to customers		(12,284)	(11,891)
Interest paid on due to credit institutions		(1,128)	(4,222)
Interest paid on debt securities issued		(1,448)	-
Fee and commission received		7,566	10,858
Fee and commission paid		(562)	(455)
Other income received		4,642	6,122
Operating expenses paid		(9,349)	(9,340)
Cash flows from operating activities before changes in net operating assets		24,240	23,244
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets:			
Obligatory reserves		(1,336)	586
Financial assets at fair value through profit or loss		2,144	4,753
Amounts due from credit institutions		(4,824)	(1,283)
Precious metals		(135)	29
Loans to customers		10,435	49,209
Insurance assets		(5,733)	(168)
Other assets		(4,745)	1,760
Increase/(decrease) in operating liabilities:			
Financial liabilities at fair value through profit or loss		(279)	(50)
Amounts due to customers		119,371	125,259
Amounts due to credit institutions		(34,178)	(46,039)
Insurance liabilities		8,282	1,472
Other liabilities		(860)	(5,488)
Net cash inflow from operating activities before income tax		112,382	153,284
Income tax paid		(2,596)	(1,599)
Net cash inflow from operating activities		109,786	151,685
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase and prepayment for property and equipment and intangible assets		(2,177)	(3,620)
Proceeds on sale of property and equipment		13	45
Proceeds on sale of available-for-sale investment securities		107,064	63,208
Purchase of available-for-sale investment securities		(301,417)	(17,680)
Proceeds from redemption of investments held-to-maturity		6,943	4,475
Purchase of investments held-to-maturity		(521)	(16,572)
Net cash (outflow)/inflow from investing activities		(190,095)	29,856

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds on common shares issued	20	-	26,958
Proceeds on sale of treasury shares	20	75	14
Purchase of treasury shares		(4)	(284)
Dividends paid		(69)	-
Proceeds on debt securities issued		-	14,161
Redemption and repayment of debt securities issued		-	(16,375)
Net cash inflow from financing activities		2	24,474
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		(4,562)	80,491
Net change in cash and cash equivalents		(84,869)	286,506
CASH AND CASH EQUIVALENTS, beginning of the period		480,622	161,088
CASH AND CASH EQUIVALENTS, end of the period	5	395,753	447,594

On behalf of the Management Board:

Nailiya K. Abdulina
Deputy Chairman of the Board

17 May 2010
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

17 May 2010
Almaty, Kazakhstan

The notes on pages 10 to 41 form an integral part of this interim financial information.

1. PRINCIPAL ACTIVITIES

JSC Halyk Bank (the "Bank") and its subsidiaries (together the "Group") provide retail and corporate banking services principally in Kazakhstan, Russia, Kyrgyzstan and Georgia, and pension asset management and insurance services in Kazakhstan. The Bank was incorporated in 1995 and is domiciled in Kazakhstan. The Bank operates under a general license for banking operations, operations with securities and custody services renewed by the Agency for Regulation and Supervision of Financial Markets and Financial Organizations of Kazakhstan ("FMSA") on 6 August 2008. The Bank is a member of the obligatory deposit insurance system provided by the JSC Kazakhstani Fund for Deposits Guarantee.

The Bank's primary business includes originating loans and guarantees, attracting deposits, trading in securities and foreign currencies, executing transfers, cash and credit card operations and rendering other banking services to its customers. In addition, the Bank acts as the government's agent in channelling various budgetary payments and pensions through its nationwide network.

The Bank has a primary listing with the Kazakhstan Stock Exchange ("KASE"). In addition, certain of the Bank's debt securities issued are primarily listed on the Luxembourg and London Stock Exchanges. The Bank has also sold Global Depository Receipts ("GDRs") through a listing on the London Stock Exchange.

On 15 January 2009, the Group and JSC "Sovereign Wealth Fund "Samruk-Kazyna" ("Samruk-Kazyna"), an entity controlled by the Kazakhstan Government, have signed a series of agreements related to the realization of joint measures towards the support of the economy of the Republic of Kazakhstan within the terms of a stabilization program of the Kazakhstan Government. In accordance with the agreements signed Samruk-Kazyna will not intervene in the operating policies of the Group and its stake in the share capital of the Group will not exceed 25% of the issued common shares of the Group.

On 27 March 2009, Samruk-Kazyna acquired 259,064,909 common shares of the Group for a total amount of KZT 26,951 million. On 29 May 2009, Samruk-Kazyna acquired 196,232,499 non-convertible preferred shares of the Group for a total amount of KZT 33,049 million. As at 31 March 2010 Samruk-Kazyna owned a 24.61% stake of voting shares in the Group's share capital. The Group is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva.

As at 31 March 2010 and 31 December 2009 the Group was owned by the following shareholders, which own more than 5% of the issued shares of the Group:

	31 March 2010 (unaudited)		**31 December 2009**	
	Stake in total shares issued *	**Stake in total voting shares ****	**Stake in total shares issued ***	**Stake in total voting shares ****
Timur Kulibayev and Dinara Kulibayeva	41.80%	67.43%	41.80%	67.33%
Samruk-Kazyna	26.81%	24.61%	26.81%	24.57%
Others	31.39%	7.96%	31.39%	8.10%
	100.00%	100.00%	100.00%	100.00%

* Total shares issued include common and preferred shares

** GDRs are not included in the calculation of stake in total voting shares since the information on the holders of GDRs is undisclosed and as such GDRs are recognized as non-voting. Holders of GDRs have the option to disclose their information at any time. On disclosure of their information the holders of GDRs have the right to participate in voting.

As at 31 March 2010 the Bank operated through its head office in Almaty and its 22 regional branches, 125 sub-regional offices and 475 cash settlement units (as at 31 December 2009 - 22, 125 and 475, respectively) located throughout Kazakhstan. The address of the Bank's registered office is: 97 Rozybakiyev Street, Almaty, 050046, Kazakhstan.

The interim financial information of the Group for the three months ended 31 March 2010 was authorized for issue by the Management Board of the Bank on 17 May 2010.

2. BASIS OF PRESENTATION

Accounting basis

The interim financial information of the Group has been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34"). The condensed interim consolidated statement of financial position as at 31 December 2009 was derived from the audited consolidated financial statements but does not include all of the disclosures required by IFRS. However, the Group believes that the disclosures are adequate to make the interim financial information presentation not misleading.

Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with IFRS have been omitted or condensed as set out by IAS 34. However, such information reflects all adjustments (consisting of normal recurring adjustments) which are, in the opinion of Group management, necessary to fairly state the results of interim periods. Interim results are not necessarily indicative of results to be expected for the full year.

The interim financial information should be read in conjunction with the consolidated financial statements and with the notes to the consolidated financial statements of the Group for the year ended 31 December 2009.

This interim financial information is presented in millions of Kazakhstani Tenge ("KZT" or "Tenge"), except for earnings per share amounts and unless otherwise indicated. The interim financial information have been prepared on the accrual basis of accounting under the historical cost convention, except for certain financial instruments that are accounted for at fair value and insurance liabilities which are accounted for based on actuarial calculations and certain property and equipment which are carried at revalued cost less depreciation.

Consolidated Subsidiaries

This interim financial information includes the following subsidiaries:

Subsidiary	Holding, %		Country	Industry
	31 March 2010 (unaudited)	31 December 2009		
JSC Halyk Leasing	100.00	100.00	Kazakhstan	Leasing
JSC Kazteleport	100.00	100.00	Kazakhstan	Telecommunications
HSBK (Europe) B.V.	100.00	100.00	Netherlands	Issue and placement of Eurobonds, attracting of syndicated loans
OJSC Halyk Bank Kyrgyzstan	100.00	100.00	Kyrgyzstan	Banking
JSC Halyk Finance	100.00	100.00	Kazakhstan	Broker and dealer activities
LLP Halyk Inkassatsiya	100.00	100.00	Kazakhstan	Cash collection Services
JSC Halyk Life	100.00	100.00	Kazakhstan	Life insurance
JSC Halyk Capital	100.00	100.00	Kazakhstan	Broker and dealer activities
LLP NBK-Finance	100.00	100.00	Russia	Broker and dealer activities
JSC NBK Bank	100.00	100.00	Russia	Banking
JSC Halyk Bank Georgia	100.00	100.00	Georgia	Banking
JSC Kazakhinstrakh	100.00	100.00	Kazakhstan	Insurance
JSC Accumulated Pension fund of Halyk Bank	98.64	98.64	Kazakhstan	Pension assets accumulation and management

Associates

The following associate is classified within other assets and accounted for under the equity method:

Associate	Holding, %	Country	Activity	Share in net loss	Total assets	Total liabilities	Equity	Total revenue
As at 31 March 2010 and for the three-month period then ended (unaudited)								
JSC Processing Center	25.14	Kazakhstan	Processing	(9)	103	1	102	1
As at 31 December 2009 and for the year then ended								
JSC Processing Center	25.14	Kazakhstan	Processing	(27)	208	1	207	49

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this interim financial information, the Group has applied the same accounting policies and methods of computation as those applied in the consolidated financial statements of the Group for the year ended 31 December 2009. There were no changes in accounting policies during the three months ended 31 March 2010.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's interim financial information requires management to make estimates and judgments that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. Management evaluates its estimates and judgements on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following estimates and judgments are considered important to the portrayal of the Group's financial condition.

Allowance for impairment of loans and receivables – The Group regularly reviews its loans and receivables to assess for impairment. The Group's loan impairment provisions are established to recognize incurred impairment losses in its portfolio of loans and receivables. The Group considers accounting estimates related to allowance for impairment of loans and receivables a key source of estimation uncertainty because (i) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired loans and receivables are based on recent performance experience, and (ii) any significant difference between the Group's estimated losses and actual losses will require the Group to take provisions which, if significantly different, could have a material impact on its future consolidated income statement and its consolidated statement of financial position.

The Group uses management's judgement to estimate the amount of any impairment loss in cases where a borrower has financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Group estimates changes in future cash flows based on past performance, past customer behaviour, observable data indicating an adverse change in the payment status of borrowers in a group, and national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans and receivables. The Group uses management's judgement to adjust observable data for a group of loans or receivables to reflect current circumstances not reflected in historical data.
The Group uses management's judgement to adjust observable data for a group of loans or receivables to reflect current circumstances not reflected in historical data.

The allowances for impairment of financial assets in the interim financial information have been determined on the basis of existing economic and political conditions. The Group is not in a position to predict what changes in conditions will take place in Kazakhstan and what effect such changes might have on the adequacy of the allowances for impairment of financial assets in future periods.

The carrying amount of the allowance for impairment of loans to customers as at 31 March 2010 is KZT 218,284 million (as at 31 December 2009: KZT 207,101 million).

Taxation – Kazakhstan tax, currency and customs legislations are subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and state authorities. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar periods proceeding the period of review.

As at 31 March 2010 management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained. Significant additional actual taxes, penalties and interest may be assessed following any challenges by the relevant authorities, which could have a material impact on the Group's reported net income.

Claims liability and reserves arising from insurance contracts – For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of incurred but not reported reserves ("IBNR") claims at the statement of financial position date. For certain lines of business, IBNR claims form the majority of the statement of financial position claims provision. It can take a significant period of time before the ultimate claims cost can be established with certainty. For hull, property, accident and liability insurance, the Group actuarially determines the liability using past claim settlement trends to predict future claims settlement amounts. In estimating the cost of reported and IBNR claims for certain other lines of business, management applies current government guidance as provided by FMSA, due to the absence of sufficient historical data. Under this guidance, the IBNR reserve is calculated using the expected loss ratio for each line of business, less the cumulative losses actually reported. General insurance claims provisions are not discounted for the time value of money.

The gross reserves for claims and the related receivables for reinsurance recoveries are based on information available to management and the ultimate amounts may vary as a result of subsequent information and events and may result in adjustments to the amounts recovered. Actual claims experience may differ from the historical pattern on which the estimate is based and the cost of settling individual claims may differ from costs previously estimated. Any adjustments to the amount of reserves will be reflected in the interim financial information in the period in which the necessary adjustments become known and estimable.

Goodwill – Goodwill is the excess cost of an acquisition over the fair value of its net assets. The determination of fair value of assets and liabilities of businesses acquired requires the exercise of management judgement; for example those financial assets and liabilities for which there are no quoted prices, and those non-financial assets where valuations reflect estimates of market conditions. Difference in fair values would result in changes to the goodwill arising and to the post-acquisition performance of the acquisition. Goodwill is not amortized but is tested annually or more frequently for impairment if events or changes in circumstances indicated that it might be impaired.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units or groups of cash-generating units expected to benefit from the combination. Goodwill impairment testing involves the comparison of the carrying value of a cash-generating unit or group of cash generating units with its recoverable amount. The recoverable amount is the higher of the unit's fair value and its value in use. Value in use is the present value of expected future cash flows from the cash-generating unit or group of cash-generating units. Fair value is the amount obtainable for the sale of the cash-generating unit in an arm's length transaction between knowledgeable, willing parties.

Impairment testing inherently involves a number of judgmental areas: the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting; the assessment of the discount rate appropriate to the business; estimation of the fair value of cash-generating units; and the valuation of the separable assets of each business whose goodwill is being reviewed.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	31 March 2010 (unaudited)	31 December 2009
Cash on hand	14,884	42,437
Recorded as loans and receivables in accordance with IAS 39:		
Correspondent accounts with Organization for Economic Co-operation and Development countries (the "OECD") based banks	8,197	17,238
Correspondent accounts with non-OECD based banks	2,655	5,678
Overnight deposits with OECD based banks	81,871	102,847
Short-term deposits with National Bank of Kazakhstan ("NBK")	188,075	207,058
Short-term deposits with OECD based banks	94,809	94,540
Short-term deposits with non-OECD based banks	4,630	5,459
Short-term deposits with Kazakhstan banks	632	5,365
	395,753	480,622

Interest rates and currencies in which interest earning cash and cash equivalents are denominated are presented as follows:

	31 March 2010 (unaudited)		31 December 2009	
	KZT	Foreign currencies	KZT	Foreign currencies
Overnight deposits with OECD based banks	-	0.1%-0.2%	-	0.1%-0.2%
Short-term deposits with NBK	1.0%	-	1.0%	-
Short-term deposits with OECD based banks	-	0.2%-0.3%	2.0%	0.2%-0.4%
Short-term deposits with non-OECD based banks	1.7%	2.6%-5.0%	-	5.0%
Short-term deposits with Kazakhstan banks	0.1%-1.0%	-	1.5%-1.6%	-

Fair value of assets pledged and carrying value of short-term deposits, included in short-term deposits with Kazakhstan banks, under reverse repurchase agreements classified as cash and cash equivalents as at 31 March 2010 and 31 December 2009 are presented as follows:

	31 March 2010 (unaudited)		31 December 2009	
	Carrying value of deposits	Fair value of collateral	Carrying value of deposits	Fair value of collateral
Treasury bills of the Ministry of Finance of Kazakhstan	500	630	3,010	3,367
NBK notes	132	147	2,352	2,475
	632	777	5,362	5,842

6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	31 March 2010 (unaudited)	31 December 2009
Recorded as loans and receivables in accordance with IAS 39:		
Cash on hand allocated to obligatory reserves	20,199	-
Due from the NBK allocated to obligatory reserves	7,086	25,949
	27,285	25,949

The obligatory reserves represent the minimum reserve deposits and cash on hand balances required by the NBK and used for calculation of the minimum reserve requirement.

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

Financial assets at fair value through profit or loss comprise:

	31 March 2010 (unaudited)	31 December 2009
Financial assets held for trading:		
Derivative financial instruments	5,335	5,179
Equity securities of Kazakhstan banks	1,156	1,012
Bonds of Kazakhstan banks	195	-
Mutual investment funds shares	194	202
Corporate bonds	82	25
Equity securities of Kazakhstan corporations	15	1,508
Securities of foreign countries and organizations	-	602
	6,977	8,528

Financial liabilities at fair value through profit or loss comprise:

	31 March 2010 (unaudited)	31 December 2009
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	2,919	3,201

Interest rates and maturities of financial assets at fair value through profit or loss are presented as follows:

	31 March 2010 (unaudited)		31 December 2009	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Bonds of Kazakhstan banks	5.0% - 15.0%	2010-2014	-	-
Corporate bonds	9.0% - 18.0%	2010-2015	8.0%	2010-2015
Securities of foreign countries and organizations	-	-	0.7%	2011

Derivative financial instruments comprise:

	31 March 2010 (unaudited)			31 December 2009		
	Nominal amount	Net fair value		Nominal amount	Net fair value	
		Asset	Liability		Asset	Liability
Foreign currency contracts:						
Forwards	75,251	3,831	2,859	46,104	3,782	3,019
Options	9,492	1,315	-	6,913	1,322	-
Swaps	9,273	189	60	6,784	75	182
		5,335	2,919		5,179	3,201

As at 31 March 2010 and 31 December 2009, the Group used quoted market prices from independent information sources for all of its financial assets recorded at fair value through profit or loss, with the exception of derivative financial instruments, which are valued using valuation models based on market data.

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	31 March 2010 (unaudited)	31 December 2009
Recorded as loans and receivables in accordance with IAS 39:		
Term deposits	51,514	49,380
Deposit pledged as collateral for derivative financial instruments	7,665	6,545
Loans to Kazakhstan credit institutions	143	185
	59,322	56,110
Less - Allowance for loan impairment (Note 17)	(15)	(9)
	59,307	56,101

Interest rates and maturity of amounts due from credit institutions are presented as follows:

	31 March 2010 (unaudited)		31 December 2009	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Term deposits	0.8%-12.5%	2010-2013	5.5%-8.5%	2010
Deposit pledged as collateral for derivative financial instruments and other transactions	0.2%-1.8%	2012	0.1%	2012
Loans to Kazakhstan credit institutions	12.0%-17.0%	2010-2015	11.1%	2015

9. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	31 March 2010 (unaudited)	31 December 2009
NBK notes	236,039	84,622
Treasury bills of the Ministry of Finance of Kazakhstan	129,405	95,956
Corporate bonds	14,945	6,142
Securities of foreign countries and organizations	7,548	7,363
Bonds of Kazakhstan banks	3,203	1,168
Bonds of Development Bank of Kazakhstan	2,540	2,514
Mutual investment funds shares	2,184	1,307
Equity securities of Kazakhstan corporations	1,700	1,446
Equity securities of Kazakhstan banks	246	57
Treasury bills of the Kyrgyz Republic	196	200
Equity securities of foreign corporations	171	176
	398,177	200,951
Less – Allowance for impairment (Note 17)	(1,372)	(730)
	396,805	200,221
Subject to repurchase agreements	52,816	87,856

Interest rates and maturities of available-for-sale investment securities are presented as follows:

	31 March 2010 (unaudited)		31 December 2009	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
NBK notes	1.4%-2.5%	2010	2.0%-3.1%	2010
Treasury bills of the Ministry of Finance of Kazakhstan	1.7%-18.7%	2010-2024	2.0%-18.7%	2010-2019
Corporate bonds	5.9%-19.2%	2010-2021	0.2%-19.2%	2010-2021
Securities of foreign countries and organizations	5.2%-15.0%	2010-2014	7.4%-15.0%	2011-2014
Bonds of Kazakhstan banks	4.2%-12.3%	2010-2016	6.1%-15.0%	2010-2016
Bonds of Development Bank of Kazakhstan	7.0%	2026	7.0%	2026
Treasury bills of the Kyrgyz Republic	9.0%	2011	3.0%-19.0%	2010

As at 31 March 2010 and 31 December 2009, the Group used quoted market prices from independent informational sources to determine the fair value all of its available-for-sale investment securities.

In October 2008 the IASB has issued amendments to IAS 39 “Financial Instruments: Recognition and Measurement”, which allow the reclassification of financial assets out of the financial assets at fair value through profit or loss category in rare circumstances if certain other requirements are met. On 31 December 2008 in accordance with these amendments the Group has reclassified certain debt and equity securities with total fair value of KZT 4,925 million as of 31 December 2008 out of financial assets at fair value through profit or loss category into the available-for-sale investment securities.

The reclassification was made only for those securities which have had a significant decline in volume of transactions in the financial markets as a result of the current financial crisis. The Group has revised its investment policy in relation to these securities and has the intention and ability to hold these securities for the foreseeable future.

Fair value of debt and equity securities which were previously reclassified is presented in the tables below:

Debt securities:	Effective interest rate, %	As at reporting date 31 March 2010 (unaudited) Fair value	As at reclassification date 31 December 2008 Fair value
Bonds of Development Bank of Kazakhstan	7.0%	2,540	2,213
Securities of foreign countries and organizations	8.0%-28.0%	368	1,987
		2,908	4,200

Equity securities:	As at reporting date 31 March 2010 (unaudited) Fair value	As at reclassification date 31 December 2008 Fair value
Mutual investment funds shares	1,147	651
Equity securities of Kazakhstan corporations	51	74
	1,198	725

Estimated future cash flows from debt securities which were previously reclassified are presented in the tables below.

Debt securities:	As at reclassification date 31 December 2008
Bonds of Development Bank of Kazakhstan	4,711
Securities of foreign countries and organizations	2,939
	7,650

The net gain/(loss) that would be recognized in the condensed interim consolidated income statement for the three months ended 31 March 2010 and 2009 from the debt and equity securities which were reclassified is presented in the tables below.

Debt securities:	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
Bonds of Development Bank of Kazakhstan	95	(1,454)
Securities of foreign countries and organizations	14	61
	109	(1,393)

Equity securities:	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
Mutual investment funds shares	26	12
Equity securities of Kazakhstan corporations	(6)	(18)
	20	(6)

10. INVESTMENTS HELD TO MATURITY

Investments held to maturity securities comprise:

	31 March 2010 (unaudited)	31 December 2009
Securities of foreign countries and organizations	5,967	10,893
Treasury bills of the Ministry of Finance of Kazakhstan	4,629	4,471
Corporate bonds	456	449
Notes of National Bank of Georgia	167	1,373
	11,219	17,186

Interest rates and maturities of investments held to maturity are presented as follows:

	31 March 2010 (unaudited)		31 December 2009	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	8.1%-11.1%	2013-2015	5.1%-6.1%	2010
Corporate bonds	6.0%-14.0%	2011-2017	6.3%-14.0%	2011-2017
Securities of foreign countries and organizations	3.7%-19.0%	2010-2011	3.0%-19.0%	2010
Notes of National Bank of Georgia	3.0%-8.1%	2010	3.0%-8.1%	2010

11. LOANS TO CUSTOMERS

Loans to customers comprise:

	31 March 2010 (unaudited)	31 December 2009
Recorded as loans and receivables in accordance with IAS 39:		
Originated loans to customers	1,328,926	1,339,191
Overdrafts	878	1,145
Promissory notes	203	-
	1,330,007	1,340,336
Less – Allowance for loan impairment (Note 17)	(218,284)	(207,101)
	1,111,723	1,133,235

As at 31 March 2010, the annual interest rates charged by the Group ranged from 9% to 24% per annum for KZT-denominated loans (as at 31 December 2009 – from 9% to 24%) and from 7% to 17% per annum for US Dollar-denominated loans (as at 31 December 2009 – from 7% to 17%).

As at 31 March 2010, the Group had a concentration of loans of KZT 253,784 million from the ten largest borrowers that comprised 19% of the Group's total gross loan portfolio (as at 31 December 2009 – KZT 259,063 million; 19%) and 86% of the Group's total equity (as at 31 December 2009 – 92%). As at 31 March 2010 an allowance for loan impairment amounting to KZT 41,672 million was made against these loans (as at 31 December 2009 – KZT 25,294 million).

Loans are made to the following sectors:

	31 March 2010 (unaudited)	%	31 December 2009	%
Retail loans:				
- mortgage loans	144,493	11%	149,442	10%
- consumer loans	137,346	10%	149,073	11%
	281,839		298,515	
Wholesale trade	292,632	22%	271,719	20%
Construction	184,256	14%	190,819	14%
Retail trade	97,347	7%	100,359	8%
Real estate	96,089	7%	94,513	7%
Services	91,850	7%	94,606	7%
Agriculture	87,507	7%	105,034	8%
Metallurgy	44,647	3%	40,768	3%
Food industry	32,404	2%	31,435	2%
Oil and gas	23,514	2%	22,601	2%
Transportation	22,256	2%	22,398	2%
Hotel industry	21,144	2%	22,082	2%
Energy	10,196	1%	11,180	1%
Machinery	8,571	1%	7,305	1%
Mining	5,795	0%	4,474	0%
Communication	4,803	0%	702	0%
Other	25,157	2%	21,826	2%
	1,330,007	100%	1,340,336	100%

As at 31 March 2010 the amount of accrued interest on impaired loans comprised KZT 109,863 million (as at 31 December 2009 – KZT 101,860 million).

12. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	31 March 2010 (unaudited)	31 December 2009
Reinsurance premium unearned	2,509	2,163
Reinsurance amounts recoverable	2,814	1,147
	5,323	3,310
Premiums receivable	3,799	1,635
Insurance assets	9,122	4,945

Insurance liabilities comprised the following:

	31 March 2010 (unaudited)	31 December 2009
Gross unearned insurance premium reserve	7,530	5,394
Reserves for insurance claims	5,070	3,008
	12,600	8,402
Payables to reinsurers and agents	2,385	1,184
Insurance liabilities	14,985	9,586

13. OTHER ASSETS

Other assets comprise:

	31 March 2010 (unaudited)	31 December 2009
Other financial assets recorded as loans and receivables in accordance with IAS 39:		
Debtors on banking activities	7,378	1,305
Debtors on non-banking activities	1,411	1,319
Accrued commission for managing pension assets	1,318	416
Accrued other commission income	738	448
Other	151	171
	10,996	3,659
Less – Allowance for impairment (Note 17)	(737)	(930)
	10,259	2,729
Other non financial assets:		
Income tax prepaid	6,714	7,426
Prepayments for property and equipment	1,576	516
Inventory	1,137	1,042
Advances for taxes other than income tax	580	543
Deferred tax assets (Note 18)	320	247
Investments in associates	222	228
Other	378	318
	10,927	10,320
Less – Allowance for impairment (Note 17)	(685)	(542)
	10,242	9,778
	20,501	12,507

14. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	31 March 2010 (unaudited)	31 December 2009
Recorded at amortized cost:		
Term deposits:		
Legal entities	643,012	556,287
Individuals	325,322	317,527
	968,334	873,814
Current accounts:		
Legal entities	332,034	317,702
Individuals	86,094	82,553
	418,128	400,255
	1,386,462	1,274,069

As at 31 March 2010, the Group's ten largest customers accounted for approximately 51% of the total amounts due to customers (31 December 2009 – 52%).

Management believes that in the event of withdrawal of funds, the Group would be given sufficient notice so as to realize its liquid assets to enable repayment.

An analysis of customer accounts by sector follows:

	31 March 2010 (unaudited)	%	31 December 2009	%
Individuals and entrepreneurs	411,416	30%	400,080	31%
Oil and gas	355,108	26%	369,987	29%
Transportation	92,528	7%	72,754	6%
Wholesale trade	91,819	7%	80,858	6%
Government	84,062	6%	83,822	7%
Other consumer services	69,880	5%	85,684	7%
Construction	66,858	5%	65,418	5%
Energy	37,238	3%	20,573	2%
Financial sector	32,880	2%	30,365	2%
Metallurgy	28,533	2%	25,853	2%
Insurance	23,684	2%	11,580	1%
Communication	17,081	1%	12,737	1%
Healthcare and social services	16,491	1%	3,137	0%
Education	15,343	1%	10,281	1%
Other	43,541	3%	940	0%
	1,386,462	100%	1,274,069	100%

15. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	31 March 2010 (unaudited)	31 December 2009
Recorded at amortized cost:		
Loans and deposits from Kazakhstan banks	53,350	90,134
Correspondent accounts	42,199	40,082
Loans and deposits from OECD based banks	23,242	27,292
Loans from the Fund for Small Entrepreneurship Development "DAMU"	11,014	11,925
Overnight deposits	6,000	1,000
Loans from other financial institutions	1,968	1,933
Loans and deposits from non-OECD based banks	278	340
	138,051	172,706

Interest rates and maturities of amounts due to credit institutions are presented as follows:

	31 March 2010 (unaudited)		31 December 2009	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Loans and deposits from Kazakhstan banks	0.1%-4.5%	2010	0.5%-8.5%	2010
Loans and deposits from OECD based banks	0.9%-7.7%	2010-2023	1.1%-7.7%	2010-2023
Loans from the Fund for Small Entrepreneurship Development "DAMU"	7.7%	2016	7.7%	2016
Overnight deposits	0.1-0.8%	2010	0.5%-1.2%	2010
Loans from other financial institutions	2.4%-3.2%	2011-2014	2.7%-3.2%	2011-2014
Loans and deposits from non-OECD based banks	2.4%	2012	2.7%	2012

Fair value of assets pledged and carrying value of loans under repurchase agreements as at 31 March 2010 and 31 December 2009 are presented as follows:

	31 March 2010 (unaudited)		31 December 2009	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
NBK notes	51,324	48,762	58,870	55,935
Treasury bills of the Ministry of Finance of Kazakhstan	1,492	1,343	28,986	26,160
	52,816	50,105	87,856	82,095

In accordance with the contractual terms of the loans from certain OECD based banks, the Group is required to maintain certain financial ratios, particularly with regard to capital adequacy. Certain of the Group's outstanding financing agreements include covenants restricting the Group's ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group's other financing arrangements.

As at 31 March 2010 and 31 December 2009, the Group was in compliance with the covenants of the various debt agreements the Group has with other banks and financial institutions.

16. DEBT SECURITIES ISSUED

Debt securities issued consisted of the following:

	31 March 2010 (unaudited)	31 December 2009
Recorded at amortized cost:		
Subordinated debt securities issued:		
Inflation indexed KZT denominated bonds	19,510	19,120
Fixed rate KZT denominated bonds	16,883	15,996
Reverse inflation indexed KZT denominated bonds	8,617	8,947
Total subordinated debt securities outstanding	45,010	44,063
Unsubordinated debt securities issued:		
USD denominated bonds	210,867	208,627
KZT denominated bonds	9,647	11,203
Total unsubordinated debt securities outstanding	220,514	219,830
Total debt securities outstanding	265,524	263,893

The coupon rates and maturities of these debt securities issued follow:

	31 March 2010 (unaudited)		31 December 2009	
	Coupon rate, %	Maturity, year	Coupon rate, %	Maturity, year
Subordinated debt securities issued:				
Inflation indexed KZT denominated bonds	inflation rate plus 1%	2015	inflation rate plus 1%	2015
	inflation rate plus 2%	2010-2017	inflation rate plus 2%	2010-2017
Fixed rate KZT denominated bonds	7.5%-14.0%	2014-2019	7.5%-14.0%	2014-2019
Reverse inflation indexed KZT denominated bonds	15% less inflation rate	2015-2016	15% less inflation rate	2015-2016
Unsubordinated debt securities issued:				
USD denominated bonds	7.3%-9.3%	2013-2017	7.3%-9.3%	2017
KZT denominated bonds	12.7%	2012	12.7%	2012

Subordinated securities are unsecured obligations of the Group and are subordinated in right of payments to all present and future senior indebtedness and certain other obligations of the Group. Interest on debt securities issued is payable on a semi-annual and annual basis.

In accordance with the terms of the USD denominated bonds, the Group is required to maintain certain financial covenants particularly with regard to its capital adequacy, limitations on transactions at less than fair market value and payment of dividends. Furthermore, the terms of the USD denominated bonds include covenants restricting the Group's ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group's other financing arrangements. The Group's management believes that as of 31 March 2010 and 31 December 2009 the Group was in compliance with the covenants of the agreements the Group has with the notes' trustee and holders.

17. ALLOWANCES FOR IMPAIRMENT LOSSES AND PROVISIONS

The movements in the allowances for impairment of interest earning and other assets were as follows:

	Loans to customers	**Amounts due from credit institutions**	**Available-for-sale investment securities**	**Other assets**	**Total**
31 December 2008	(115,052)	(17)	-	(1,074)	(116,143)
(Additional provisions recognized)/recovery of provision	(27,258)	(34)	(223)	(773)	(28,288)
Foreign exchange differences	(12,835)	(5)	-	2	(12,838)
Write-offs	17	-	-	65	82
31 March 2009 (unaudited)	(155,128)	(56)	(223)	(1,780)	(157,187)
31 December 2009	(207,101)	(9)	(730)	(1,472)	(209,312)
Additional provisions recognized	(12,626)	(6)	(642)	(72)	(13,346)
Foreign exchange differences	1,412	-	-	6	1,418
Write-offs	31	-	-	116	147
31 March 2010 (unaudited)	(218,284)	(15)	(1,372)	(1,422)	(221,093)

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

The movements in provisions were as follows:

	Three months ended 31 March 2010 (unaudited)	**Three months ended 31 March 2009 (unaudited)**
At the beginning of the period	(4,433)	(2,889)
Recovery of provisions	2,381	3,835
Additional provisions recognized	(1,283)	(2,727)
Foreign exchange differences	66	(300)
At the end of the period	(3,269)	(2,081)

Provisions represent provisions against letters of credit and guarantees issued.

18. TAXATION

The Bank and its subsidiaries, other than HSBK (Europe) B.V., JSC NBK Bank, OJSC Halyk Bank Kyrgyzstan, LLP NBK-Finance and JSC Halyk Bank Georgia are subject to taxation in Kazakhstan. HSBK (Europe) B.V. is subject to income tax in the Netherlands. JSC NBK Bank and LLP NBK-Finance are subject to income tax in the Russian Federation. OJSC Halyk Bank Kyrgyzstan is subject to income tax in the Republic of Kyrgyzstan. JSC Halyk Bank Georgia is subject to income tax in Georgia.

The income tax expense comprises:

	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
Current tax charge	1,884	435
Deferred tax charge/(benefit)	240	(143)
Income tax expense	2,124	292

Kazakhstan legal entities must file individual tax declarations. Tax rates for banks for the income other than on state and other qualifying securities were 20% during the three months ended 31 March 2010 and 2009. The tax rate for companies other than banks was also 20% during three months ended 31 March 2010 and 2009, except for insurance companies which were taxed at 4%. Income on state and other qualifying securities is tax exempt.

There was a change during 2009 in tax legislation in Kazakhstan in relation to corporate income tax, which is set at 20% for financial years ending 31 December 2009, 2010 and 2011, 17.5% for the financial year ending 31 December 2012 and 15% for financial years ending 31 December 2013 and thereafter.

Deferred tax assets and liabilities comprise:

	31 March 2010 (unaudited)	31 December 2009
Tax effect of deductible temporary differences:		
Fair value of derivatives	539	585
Insurance premium reserves	241	162
Vacation pay accrual	220	198
Losses carried forward	7	333
Bonuses accrued	-	6
Provisions, different rates	-	76
Deferred tax asset	1,007	1,360
Tax effect of taxable temporary differences:		
Loans to customers, allowance for impairment losses	(3,410)	(3,304)
Property and equipment, accrued depreciation	(3,096)	(3,530)
Fair value of derivatives	(516)	(473)
Provisions, different rates	(172)	-
Deferred tax liability	(7,194)	(7,307)
Net deferred tax asset (Note 13)	320	247
Net deferred tax liability	(6,507)	(6,194)

Kazakhstan and other countries where the Group operates currently has a number of laws related to various taxes imposed by both state and regional governmental authorities. Applicable taxes include value added tax, income tax, social taxes, and others. Implementing regulations are often unclear or nonexistent and few precedents have been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organizations; thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

Management believes that the Group is in compliance with the tax laws affecting its operations; however, the risk remains that relevant authorities could take differing positions with regard to interpretive issues.

19. OTHER LIABILITIES

Other liabilities comprise:

	31 March 2010 (unaudited)	31 December 2009
Other financial liabilities:		
Creditors on non-banking activities	435	997
Creditors on bank activities	415	351
Payable for general and administrative expenses	389	437
Other	82	87
	1,321	1,872
Other non financial liabilities:		
Taxes payable other than income tax	2,775	3,789
Salary payable	1,261	1,149
Other prepayments received	1,107	1,158
Current income tax payable	66	7
	6,530	7,975

20. EQUITY

On 27 March 2009 Samruk-Kazyna obtained 19.27% stake in the Group share capital through acquisition of the Group's issued common shares. The amount of contribution to the share capital of the Group made by Samruk-Kazyna equals KZT 26,958 million.

Authorized, issued and fully paid number of shares as at 31 March 2010 and 2009 were as follows:

31 March 2010 (unaudited)

	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
Common shares	2,400,000,000	(1,091,584,040)	1,308,415,960	(7,697,940)	1,300,718,020
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(23,970,139)	285,889,291
Convertible preferred shares	80,225,222	-	80,225,222	(295,021)	79,930,201

31 March 2009 (unaudited)

	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
Common shares	2,400,000,000	(1,156,848,692)	1,243,151,308	(8,003,853)	1,235,147,455
Non-convertible preferred shares	600,000,000	(575,258,000)	24,742,000	(327,601)	24,414,399
Convertible preferred shares	80,225,222	-	80,225,222	(178,981)	80,046,241

All shares are KZT denominated. Movements of shares outstanding are as follows:

	Number of shares			Nominal (placement) amount		
	Common	Non-convertible preferred	Convertible preferred	Common	Non-convertible preferred	Convertible preferred
31 December 2008	979,431,057	24,542,679	80,111,545	49,755	2,474	13,233
Capital contributions	259,134,648	-	-	26,958	-	-
Purchase of treasury shares	(3,909,543)	(128,280)	(65,304)	(39)	-	-
Sale of treasury shares	491,293	-	-	5	-	-
31 March 2009 (unaudited)	1,235,147,455	24,414,399	80,046,241	76,679	2,474	13,233
31 December 2009	1,300,516,169	285,889,251	79,930,401	83,468	46,891	13,233
Purchase of treasury shares	(424,220)	-	(200)	(4)	-	-
Sale of treasury shares	626,071	40	-	6	-	-
31 March 2010 (unaudited)	1,300,718,020	285,889,291	79,930,201	83,470	46,891	13,233

At 31 March 2010, the Group held 7,697,940 of the Group's common shares as treasury shares at KZT 101 million (31 March 2009 – 8,003,853 at KZT 103 million).

Common Shares

Each common share is entitled to one vote and dividends.

Preferred shares

In accordance with IAS 32 "Financial Instruments: Presentation", both the non-convertible and convertible preferred shares (together, the "Preferred Shares") are classified as compound instruments. On a return of capital on liquidation, the assets of the Group available for distribution are applied in priority to any payment to the holders of common shares in paying to the holders of the Preferred Shares an amount equal to the nominal capital paid up or credited as paid up.

The terms of the Preferred Shares require that the Bank pay a nominal dividend amount of 0.01 KZT per share in order to comply with Kazakhstan legislation, which represents the liability component. This legislation requires joint stock companies to pay a certain guaranteed amount of dividends on preferred shares. According to Kazakhstan legislation on Joint Stock Companies, dividend payments on the preference shares cannot be less than the dividends paid on common shares. Furthermore, the dividends on common shares will not be paid until dividends on preference shares are fully paid.

The payment of additional dividends on the Preferred Shares is determined based on a formula specified in the preference share agreement and is based on the Group's profitability. Where the Group has net income no greater than KZT 160 times the quantity of issued Preferred Shares, multiplied by a factor of inflation as published by the NBK plus one per cent, the dividend per Preferred Share is determined as net income divided by the quantity of issued Preferred Shares. Where net income is greater than this, the dividend per Preferred Share is calculated as KZT 160 multiplied by a factor of inflation as published by the NBK plus one per cent. Inflation in either calculation will range between three and nine per cent. Dividends on the Preferred Shares are only paid if declared and approved by the Board of Directors at the Annual General Meeting of the Shareholders.

The Preferred Shares do not have any voting rights, unless the payment of preferred dividends has been delayed for three months or more from the date they became overdue.

Share premium reserve – Share premium reserve represents an excess of contributions received over the nominal value of shares issued.

Convertible preferred shares – Each convertible preferred share is convertible to one common share at the discretion of the Board of Directors. In addition, the Group will pay a compensation amount to each convertible preferred shareholder on conversion based on a formula specified in the preference share agreement. This payment is calculated such that, at the date of conversion, if the value of the common shares received by the preferred shareholder is less than KZT 160 per share, the Group will reimburse the preferred shareholders for the difference in cash at the time of conversion.

21. COMMITMENTS AND CONTINGENCIES

Financial Commitments and Contingencies – The Group's financial commitments and contingencies comprised the following:

	31 March 2010 (unaudited)	**31 December 2009**
Guarantees issued	65,337	64,845
Commercial letters of credit	16,664	20,356
Commitments to extend credit	15,618	16,723
Financial commitments and contingencies	97,619	101,924
Less: cash collateral against letters of credit	(2,941)	(3,518)
Less: provisions (Note 17)	(3,269)	(4,433)
Total financial commitments and contingencies, net	91,409	93,973

Guarantees issued included above represent financial guarantees where payment is not probable as at the reporting date, and therefore have not been recorded in the condensed interim consolidated statement of financial position. As at 31 March 2010, the ten largest guarantees accounted for 82% of the Group's total financial guarantees (as at 31 December 2009 – 78%) and represented 18% of the Group's total equity (as at 31 December 2009 – 18%).

As at 31 March 2010, the ten largest letters of credit accounted for 80% of the Group's total commercial letters of credit (as at 31 December 2009 – 76%) and represented 5% of the Group's total equity (as at 31 December 2009 – 5%).

The Group requires collateral to support credit-related financial instruments when it is deemed necessary. Collateral held varies, but may include deposits held in the banks, government securities and other assets.

Trust Activities – In the normal course of its business, the Group enters into agreements with clients to manage the clients' assets with limited decision making rights and in accordance with specific criteria established by the clients. The Group may only be liable for losses or actions aimed at appropriation of the clients' funds if such funds or securities are not returned to the client. The maximum potential financial risk of the Group on any date is equal to the volume of the clients' funds, net of any unrealized income/loss on the client's position. The balance of the clients' funds under the management of the Group, as at 31 March 2010 is KZT 598 billion (31 December 2009 – KZT 560 billion).

Legal proceedings – From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these interim financial information.

Taxation – Commercial legislation of the countries where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on Management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the interim financial information.

Tax periods in Kazakhstan remain open to review by the tax authorities for five years. However, tax authorities may perform additional reviews, if considered necessary. In accordance with judicial rulings, the period of review can be altered, if the court acknowledges the fact of interdiction to conducting the tax review by the tax authorities

Operating environment – The Group's principal business activities are within the Republic of Kazakhstan. Laws and regulations affecting the business environment in Kazakhstan are subject to rapid changes and the Group's assets and operations could be at risk due to negative changes in the political and business environment.

Although in recent years there has been a general improvement in economic conditions in Kazakhstan, the country continues to display certain characteristics of an emerging market. These include, but are not limited to, currency controls and convertibility restrictions, relatively high level of inflation and continuing efforts by the government to implement structural reforms.

As a result, laws and regulations affecting businesses in Kazakhstan continue to change rapidly. Tax, currency and customs legislation within the country are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Kazakhstan. The future economic direction of the country is largely dependent upon the effectiveness of economic, fiscal and monetary measures undertaken by the government, together with legal, regulatory, and political developments.

Ongoing global liquidity crisis – The financial markets, both globally and in the Republic of Kazakhstan, have faced significant volatility and liquidity constraints since the onset of the global financial crisis, which began to unfold in the autumn of 2007 and worsened since August 2008. A side effect of those events was an increased concern about the stability of the financial markets and the strength of counterparties. As such, many lenders and institutional investors have reduced funding to borrowers, which has significantly reduced the liquidity in the global financial system.

Although many countries, including Kazakhstan, have recently reported an improvement of the situation in the financial markets, a further downturn can still occur, and further state support measures might be required. Adverse changes arising from systemic risks in global financial systems, including any tightening of the credit environment or from a decline in the oil and gas prices could slow or disrupt the Kazakhstan economy, adversely affect the Group's access to capital and cost of capital for the Group and its business, results of operations, financial condition and prospects.

While the Kazakhstan government has introduced a range of stabilization measures aimed at providing liquidity to Kazakhstani banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Group and its counterparties, which could affect the Group's financial position, results of operations and business prospects.

Management is unable to reliably estimate the effects on the Group's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

22. NET INTEREST INCOME

	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
Interest income comprises:		
Interest income on financial assets recorded at amortized cost:		
- interest income on impaired assets	43,268	47,876
- interest income on unimpaired assets	1,347	1,185
Interest income on available-for-sale investment securities	2,785	2,082
Interest income on financial assets at fair value through profit or loss	11	93
Total interest income	47,411	51,236
Interest income on financial assets recorded at amortized cost comprises:		
Interest income on loans to customers	43,261	47,860
Interest income on investments held-to-maturity	524	871
Interest income on amounts due from credit institutions and cash and cash equivalents	830	330
Total interest income on financial assets recorded at amortized cost	44,615	49,061
Interest income on financial assets at fair value through profit or loss:		
Interest income on financial assets held-for-trading	11	93
Total interest income on financial assets at fair value through profit or loss	11	93
Interest income on available-for-sale investment securities	2,785	2,082
Total interest income	47,411	51,236
Interest expense comprises:		
Interest expense on financial liabilities recorded at amortized cost	(23,314)	(26,880)
Total interest expense	(23,314)	(26,880)
Interest expense on financial liabilities recorded at amortized cost comprise:		
Interest expense on amounts due to customers	(16,463)	(16,004)
Interest expense on debt securities issued	(5,604)	(6,388)
Interest expense on amounts due to credit institutions	(1,247)	(4,488)
Total interest expense on financial liabilities recorded at amortized cost	(23,314)	(26,880)
Net interest income before impairment charge	24,097	24,356

23. FEES AND COMMISSIONS

Fee and commission income was derived from the following sources:

	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
Pension fund and asset management	3,443	5,814
Bank transfers	2,134	1,826
Plastic cards maintenance	753	911
Cash operations	672	648
Customers' pension payments	545	487
Letters of credit and guarantees issued	450	353
Maintenance of customer accounts	370	412
Utilities payments	91	71
Foreign currency operations	1	10
Other	299	212
	8,758	10,744

24. NET GAIN FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain on financial assets and liabilities at fair value through profit or loss comprises:

	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
Net gain on operations with financial assets and liabilities classified as held for trading:		
Gain on trading operations	126	964
Net fair value adjustment	591	(547)
	717	417

25. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

Net gain on foreign exchange operations comprises:

	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
Dealing, net	1,588	4,558
Translation differences, net	437	(422)
	2,025	4,136

26. INSURANCE UNDERWRITING INCOME

Insurance underwriting income comprised:

	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
Insurance premiums written, gross	6,619	4,504
Change in unearned insurance premiums, net	(1,790)	(932)
Ceded reinsurance share	(1,930)	(1,528)
	2,899	2,044

27. OPERATING EXPENSES

Operating expenses comprised:

	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
Salaries and other employee benefits	4,283	4,266
Depreciation and amortization expenses	1,614	1,576
Write-off of intangible assets	1,093	-
Deposit insurance	794	362
Taxes other than income tax	481	479
Security	354	320
Communication	285	306
Rent	280	424
Repairs and maintenance	222	450
Insurance agent's fees	218	263
Professional services	217	203
Information services	138	134
Stationery and office supplies	134	194
Business trip expenses	102	106
Advertisement	92	73
Transportation	88	104
Charity	16	6
Hospitality expenses	12	12
Social events	6	2
Other	790	221
	11,219	9,501

28. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net income for the period attributable to equity holders of the parent by the weighted average number of participating shares outstanding during the period.

According to Kazakhstan legislation on Joint Stock Companies, dividend payments per common share cannot exceed the dividends per share on preferred shares for the same period. Therefore, net profit for the period is allocated to the ordinary shares and the preference shares in accordance with their legal and contractual dividend rights to participate in undistributed earnings.

The following table presents basic and diluted earnings per share:

	Three months ended 31 March 2010 (unaudited)	Three months ended 31 March 2009 (unaudited)
Basic earnings per share		
Net income for the period attributable to shareholders	11,340	3,976
Less: Additional dividends that would be paid on full distribution of profit to the preferred shareholders	(2,490)	(380)
Earnings attributable to common shareholders	8,850	3,596
Weighted average number of common shares for the purposes of basic earnings per share	1,300,557,657	989,596,720
Basic earnings per share (in Kazakhstani Tenge)	6.80	3.63
Diluted earnings per share		
Net income for the period attributable to common shareholders	8,850	3,596
Add: Additional dividends that would be paid on full distribution of profit to the convertible preferred shareholders	544	291
Earnings used in the calculation of total diluted earnings per share	9,394	3,887
Weighted average number of common shares for the purposes of basic earnings per share	1,300,557,657	989,596,720
Shares deemed to be issued:		
Weighted average number of common shares that would be issued for the convertible preferred shares	79,930,308	80,082,238
Weighted average number of common shares for the purposes of diluted earnings per share	1,380,487,965	1,069,678,958
Diluted earnings per share (in Kazakhstani Tenge)	6.80	3.63

29. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its performance objectives. Through the risk management framework, the Group manages the following risks:

Currency Risk – The Group is exposed to effects of fluctuation in the prevailing foreign currency exchange rates (primarily USD) on its financial position and cash flows, which are monitored daily. The Assets and Liabilities Management Committee sets limits on the level of exposure by currencies within the authority approved by the Board of Directors. These limits also comply with the minimum requirements of the FMSA. The Group's exposure to foreign currency exchange rate risk follows:

	31 March 2010 (unaudited)			31 December 2009		
	KZT	**Foreign currencies**	**Total**	**KZT**	**Foreign currencies**	**Total**
FINANCIAL ASSETS:						
Cash and cash equivalents	201,845	193,908	395,753	242,624	237,998	480,622
Obligatory reserves	17,341	9,944	27,285	7,991	17,958	25,949
Financial assets at fair value through profit or loss	1,554	5,423	6,977	2,750	5,778	8,528
Amounts due from credit institutions	5,452	53,855	59,307	2,864	53,237	56,101
Available-for-sale investment securities	388,121	8,684	396,805	193,889	6,332	200,221
Investments held to maturity	5,085	6,134	11,219	9,005	8,181	17,186
Loans to customers	486,762	624,961	1,111,723	544,296	588,939	1,133,235
Other financial assets	4,009	6,250	10,259	2,516	213	2,729
	1,110,169	909,159	2,019,328	1,005,935	918,636	1,924,571
FINANCIAL LIABILITIES:						
Amounts due to customers	682,032	704,430	1,386,462	569,663	704,406	1,274,069
Amounts due to credit institutions	109,600	28,451	138,051	141,108	31,598	172,706
Financial liabilities at fair value through profit or loss	-	2,919	2,919	-	3,201	3,201
Debt securities issued	54,657	210,867	265,524	55,266	208,627	263,893
Other financial liabilities	1,115	206	1,321	1,594	278	1,872
	847,404	946,873	1,794,277	767,631	948,110	1,715,741
Net financial position	262,765	(37,714)	225,051	238,304	(29,474)	208,830

The Group's principal cash flows are generated in KZT and USD. As a result, potential movements in the exchange rate between KZT and USD will affect the carrying values of the Group's USD denominated monetary assets and liabilities.

Liquidity Risk – Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due. Short-term liquidity needs are managed by the Bank's Treasury function collecting daily customers' cash inflow/outflow forecasts. Long-term liquidity management is performed by the Assets and Liabilities Management Committee by analyzing longer term liquidity positions and making decisions on managing significant gaps through various available means. The Assets and Liabilities Management Committee within the authority approved by the Board sets limits on the minimum proportion of maturing funds available to meet deposit withdrawals and on the minimum level on interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the reporting date to the contractual maturity date, except for financial assets at fair value through profit or loss which are included in the column "On demand" as they are available to meet the Group's short-term liquidity needs. The presentation below is based upon the information provided internally to key management personnel of the Group.

31 March 2010 (unaudited)	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Over 5 years	Total
FINANCIAL ASSETS:									
Cash and cash equivalents	25,620	369,716	417	-	-	-	-	-	395,753
Obligatory reserves	8,111	2,599	2,100	10,885	2,590	363	70	567	27,285
Financial assets at fair value through profit or loss	6,977	-	-	-	-	-	-	-	6,977
Amounts due from credit institutions	-	274	45,889	3,599	2,263	7,267	7	8	59,307
Available-for-sale investment securities	42	33,393	199,672	68,135	25,300	31,061	28,739	10,463	396,805
Investments held to maturity	-	353	922	1,061	292	1,698	2,931	3,962	11,219
Loans to customers	46,648	108,709	127,443	540,091	86,540	46,560	52,795	102,937	1,111,723
Other financial assets	757	8,303	832	175	67	55	8	62	10,259
	88,155	523,347	377,275	623,946	117,052	87,004	84,550	117,999	2,019,328
FINANCIAL LIABILITIES:									
Amounts due to customers	419,159	131,205	105,965	549,155	130,514	18,325	3,547	28,592	1,386,462
Amounts due to credit institutions	44,925	56,340	653	2,237	4,671	5,430	5,972	17,823	138,051
Financial liabilities at fair value through profit or loss	2,919	-	-	-	-	-	-	-	2,919
Debt securities issued	-	3,733	9,841	137	9,562	-	114,523	127,728	265,524
Other financial liabilities	400	576	135	108	54	1	47	-	1,321
	467,403	191,854	116,594	551,637	144,801	23,756	124,089	174,143	1,794,277
Net position	(379,248)	331,493	260,681	72,309	(27,749)	63,248	(39,539)	(56,144)	
Accumulated gap	(379,248)	(47,755)	212,926	285,235	257,486	320,734	281,195	225,051	

	31 December 2009								
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Over 5 years	Total
FINANCIAL ASSETS:									
Cash and cash equivalents	63,330	318,563	98,729	-	-	-	-	-	480,622
Obligatory reserves	6,532	1,566	2,123	7,622	1,827	1,618	1,998	2,663	25,949
Financial assets at fair value through profit or loss	8,528	-	-	-	-	-	-	-	8,528
Amounts due from credit institutions	-	2	1	47,355	55	6,537	2,140	11	56,101
Available-for-sale investment securities	2,988	14,432	89,021	45,210	15,445	9,645	17,467	6,013	200,221
Investments held to maturity	-	72	6,698	1,723	293	1,643	2,827	3,930	17,186
Loans to customers	35,843	54,867	128,819	572,453	97,099	56,581	66,369	121,204	1,133,235
Other financial assets	633	1,128	642	50	3	130	10	133	2,729
	117,854	390,630	326,033	674,413	114,722	76,154	90,811	133,954	1,924,571
FINANCIAL LIABILITIES:									
Amounts due to customers	392,946	80,803	122,606	448,813	108,868	86,508	3,455	30,070	1,274,069
Amounts due to credit institutions	42,821	89,452	524	2,471	5,363	6,833	6,359	18,883	172,706
Financial liabilities at fair value through profit or loss	3,201	-	-	-	-	-	-	-	3,201
Debt securities issued	-	107	1,065	8,476	-	10,138	111,977	132,130	263,893
Other financial liabilities	317	1,379	36	87	-	-	53	-	1,872
	439,285	171,741	124,231	459,847	114,231	103,479	121,844	181,083	1,715,741
Net position	(321,431)	218,889	201,802	214,566	491	(27,325)	(31,033)	(47,129)	
Accumulated gap	(321,431)	(102,542)	99,260	313,826	314,317	286,992	255,959	208,830	

30. SEGMENT ANALYSIS

The Group is managed and reported on the basis of two main operating segments. The Group's segments are strategic business units that offer different products and services which are managed separately.

Retail banking offers a range of personal banking, savings and mortgage products and services. Corporate banking offers business banking services principally to small and medium sized companies and commercial loans to larger corporate and commercial customers.

The products and services offered by each segment are:

Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages to individuals and cash and foreign currency related services.

Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and trade finance products to legal entities.

The segment information below is presented on the basis used by the Group's chief operating decision maker to evaluate performance, in accordance with IFRS 8. The Management Board reviews discrete financial information for each of its segments, including measures of operating results, assets and liabilities. The segments are managed primarily on the basis of their results, which excludes certain unallocated costs related to interest expense on debt securities issued and amounts due to credit institutions and operating expenses other than salaries and other employee benefits.

There were no transactions between business segments during the three months ended 31 March 2010 and 2009. Segment assets and liabilities exclude certain unallocated amounts. Unallocated assets include obligatory reserves, property and equipment and other unallocated assets. Unallocated liabilities include debt securities issued, amounts due to credit institutions and other unallocated liabilities.

Segment information for the main reportable business segments of the Group for the three months ended 31 March 2010 and 2009 is set out below:

	Retail Banking	**Corporate banking**	**Other**	**Total**
As at 31 March 2010 and for the three months ended (unaudited)				
External revenues	11,970	46,215	4,212	62,397
Total revenues	11,970	46,215	4,212	62,397
Total revenues comprise:				
- Interest income	10,585	36,826	-	47,411
- Fee and commission income	1,107	7,651	-	8,758
- Net gain from financial assets and liabilities at fair value through profit or loss	-	-	717	717
- Net realized gain from available-for-sale investment securities	-	-	21	21
- Net gain on foreign exchange operations	278	1,747	-	2,025
- Insurance underwriting income and other income	-	-	3,474	3,474
- Share of loss of associates	-	(9)	-	(9)
Total revenues	11,970	46,215	4,212	62,397
- Interest expense on amounts due to customers	(6,786)	(9,677)	-	(16,463)
- Impairment charge	(2,487)	(10,859)	-	(13,346)
- Fee and commission expense	(223)	(339)	-	(562)
- Salaries and other employee benefits	(930)	(3,353)	-	(4,283)
- Deposit insurance and advertisement expenses	(886)	-	-	(886)
- Recoveries of provision	-	1,098	-	1,098
Segment result	658	23,085	4,212	27,955
Unallocated costs:				
- Interest expense from debt securities issued and amounts due to credit institutions				(6,851)
- Insurance claims incurred, net of reinsurance				(1,556)
- Unallocated operating expenses				(6,050)
Income before income tax expense				13,498
Income tax expense				(2,124)
Net income				11,374
Total segment assets	273,417	1,293,367	415,223	1,982,007
Unallocated assets				136,487
Total assets				2,118,494
Total segment liabilities	(411,416)	(975,046)	(3,269)	(1,389,731)
Unallocated liabilities				(434,516)
Total liabilities				(1,824,247)
Other segment items:				
Capital expenditure (unallocated)				(2,177)
Depreciation and amortization expense (unallocated)				(1,614)

As at 31 March 2009 and for the three months then ended (unaudited)	Retail Banking	Corporate banking	Other	Total
External revenues	28,075	38,031	3,155	69,261
Total revenues	28,075	38,031	3,155	69,261
Total revenues comprise:				
- Interest income	17,178	34,058	-	51,236
- Fee and commission income	8,479	2,265	-	10,744
- Net gain on foreign exchange operations	2,418	1,718	-	4,136
- Net gain from financial assets and liabilities at fair value through profit or loss	-	-	417	417
- Net realized loss from available-for-sale investment securities	-	-	(37)	(37)
- Net gain from repurchase of debt securities issued	-	-	439	439
- Share of loss of associates	-	(10)	-	(10)
- Insurance underwriting income and other income	-	-	2,336	2,336
Total revenues	28,075	38,031	3,155	69,261
- Interest expense on amounts due to customers	(5,851)	(10,153)	-	(16,004)
- Impairment charge	(5,605)	(22,683)	-	(28,288)
- Fee and commission expense	(121)	(334)	-	(455)
- Salaries and other employee benefits	(1,215)	(3,051)	-	(4,266)
- Deposit insurance and advertisement expenses	(435)	-	-	(435)
- Other provisions	11	1,097	-	1,108
Segment result	14,859	2,907	3,155	20,921
Unallocated costs:				
- Interest expense from debt securities issued and amounts due to credit institutions				(10,876)
- Insurance claims incurred, net of reinsurance				(885)
- Unallocated operating expenses				(4,800)
Income before income tax expense				4,360
Income tax expense				(292)
Net income				4,068
Total segment assets	330,041	1,393,623	123,739	1,847,403
Unallocated assets				135,258
Total assets				1,982,661
Total segment liabilities	(368,074)	(781,729)	(2,081)	(1,151,884)
Unallocated liabilities				(609,843)
Total liabilities				(1,761,727)
Other segment items:				
Capital expenditure (unallocated)				(3,620)
Depreciation and amortization expense (unallocated)				(1,576)

Geographical information – Segment information for the main geographical segments of the Group is set out below as at 31 March 2010 and 2009 and for the three-months then ended

	Kazakhstan	**OECD**	**Non-OECD**	**Total**
31 March 2010 (unaudited)				
Total assets	1,846,482	238,332	33,680	2,118,494
31 December 2009				
Total assets	1,724,165	271,720	27,124	2,023,009
Three months ended 31 March 2010 (unaudited)				
External revenues	61,472	708	217	62,397
Capital expenditure	(2,177)	-	-	(2,177)
Three months ended 31 March 2009 (unaudited)				
External revenues	66,598	2,635	28	69,261
Capital expenditure	(3,620)	-	-	(3,620)

External revenues, assets and credit related commitments have generally been allocated based on domicile of the counterparty. Cash on hand, property and equipment and capital expenditure have been allocated based on the country in which they are physically held.

31. SUBSEQUENT EVENTS

On 23 April 2010 during annual meeting the shareholders of the Bank made the decision pay of dividends to preferred shareholders of the Bank in amount of KZT 4,500 million. The period of payment was set from 14 July 2010 till 1 September 2010.

In April and May 2010 the Group has made scheduled payment of coupon on Eurobonds and subordinated debt securities issued for amount of KZT 7,833 million and KZT 1,612 million, respectively.

On 13 May 2010 Group's Board of Directors made the decision on repayment before maturity of subordinated debt securities issued under the third subordinated debt securities program. The repayment will be made on 15 November 2010 at nominal value in amount of KZT 5,000 million.

32. RELATED PARTY TRANSACTIONS

Related parties or transactions with related parties are assessed in accordance with IAS 24 "Related Party Disclosures". Related parties may enter into transactions which unrelated parties might not. Transactions between related parties are generally effected on the same terms, conditions and amounts as transactions between unrelated parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Samruk-Kazyna is a shareholder of the Group since 27 March 2009 (please see Note 1, page 13). The ultimate shareholder of the Group Timur Kulibayev holds the position of deputy chairman in Samruk-Kazyna since October 2008. The functional responsibilities of Timur Kulibayev do not allow him to exercise significant control over the operations and policies of Samruk-Kazyna or otherwise influence its governance.

The Group had the following transactions outstanding as at 31 March 2010 and 31 December 2009 with related parties:

	31 March 2010 (unaudited)		31 December 2009	
	Related party balances	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Financial assets at fair value through profit or loss	35	6,977	1,508	8,528
- Subsidiaries of Samruk-Kazyna	35		1,508	
Available-for-sale investment securities before allowance for impairment	6,812	398,177	6,852	200,951
- Subsidiaries of Samruk-Kazyna	6,812		6,852	
Allowance for impairment losses on available-for-sale investment securities	(453)	(1,372)	(408)	(730)
- Subsidiaries of Samruk-Kazyna	(453)		(408)	
Investments held to maturity	4,235	11,219	4,096	17,186
- Subsidiaries of Samruk-Kazyna	4,235		4,096	
Loans to customers before allowance for loan impairment	32,227	1,330,007	31,908	1,340,336
- entities with joint control or significant influence over the entity	9,562		9,976	
- key management personnel of the entity or its parent	38		210	
- other related parties	22,627		21,722	
Allowance for impairment losses on loans to customers	(4,826)	(218,284)	(4,249)	(207,101)
- entities with joint control or significant influence over the entity	(648)		(701)	
- key management personnel of the entity or its parent	(3)		(10)	
- other related parties	(4,175)		(3,538)	
Amounts due to customers	524,883	1,386,462	506,874	1,274,069
- the parent	9,716		7,901	
- entities with joint control or significant influence over the entity	20,574		13,165	
- associates	78		72	
- key management personnel of the entity or its parent	1,159		1,678	
- Samruk-Kazyna and its subsidiaries	486,691		479,827	
- other related parties	6,665		4,231	
Amounts due to credit institutions	52,758	138,051	51,786	172,706
- Subsidiaries of Samruk-Kazyna	52,758		51,786	

Included in the condensed interim consolidated income statement and in the condensed interim statement of comprehensive income for the three months ended 31 March 2010 and 2009 are the following amounts which arose due to transactions with related parties:

	Three months ended 31 March 2010 (unaudited)		Three months ended 31 March 2009 (unaudited)	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Interest income	1,338	47,411	851	51,236
- entities with joint control or significant influence over the entity	412		143	
- key management personnel of the entity or its parent	1		1	
- Subsidiaries of Samruk-Kazyna	192		548	
- other related parties	733		159	
Interest expense	(7,397)	(23,314)	(7,080)	(26,880)
- the parent	(234)		(188)	
- entities with joint control or significant influence over the entity	(147)		(142)	
- key management personnel of the entity or its parent	(23)		(62)	
- Samruk-Kazyna and its subsidiaries	(6,934)		(6,637)	
- other related parties	(59)		(51)	
Net gain/(loss) from financial assets and liabilities at fair value through profit or loss	1	717	(321)	417
- Subsidiaries of Samruk-Kazyna	1		(321)	
Gain/(loss) on revaluation of available-for-sale investment securities	-	1,227	(3,567)	(1,959)
- Subsidiaries of Samruk-Kazyna	-		(3,567)	

	Three months ended 31 March 2010 (unaudited)		Three months ended 31 March 2009 (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:	50	4,283	80	4,266
- short-term employee benefits	50		80	