JOINT STOCK COMPANY KAZKOMMERTSBANK

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

JOINT STOCK COMPANY KAZKOMMERTSBANK

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED 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 independent auditors' report set out on page 2, is made with a view to distinguish the respective responsibilities of management from those of the independent auditors in relation to the condensed interim consolidated financial information of Joint Stock Company Kazkommertsbank and its subsidiaries (the "Group").

Management is responsible for the preparation of the condensed interim consolidated financial information that presents fairly the consolidated financial position of the Group as at 31 March 2010 and 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 condensed interim consolidated financial information, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Stating whether IAS 34 has been followed; and
- Preparing the condensed interim consolidated 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 consolidated financial position of the Group, and which enable them to ensure that the condensed interim consolidated financial information of the Group complies with IAS 34;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The recent economic downturn and severe liquidity conditions continue to place extreme pressure on the financial markets in particular and the global economy, generally. Governments and central banks have introduced extensive measures both in Kazakhstan and globally in order to redress the capital and liquidity imbalance. The Group has become an active participant in funding measures introduced by the Kazakhstan government, and its future funding and capital plans for the next 12 months include an element of continued reliance on these measures.

The condensed interim consolidated financial information for the three months ended 31 March 2010 was authorised for issue on 17 May 2010 by the Management Board of JSC Kazkommertsbank.

On behalf of the Management Board:

Zhussupova N.A.	**Shoinbekova G.K.**
Chairperson of the Board	**Chief Accountant**
17 May 2010	17 May 2010
Almaty	Almaty

Deloitte.

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders of JSC Kazkommertsbank:

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

Deloitte, LLP

17 May 2010
Almaty

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Notes	Three months ended 31 March 2010 (unaudited) (KZT million)	Three months ended 31 March 2009 (unaudited) (KZT million)
Interest income	4, 19	75,282	98,363
Interest expense	4, 19	(38,016)	(46,922)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		37,266	51,441
Provision for impairment losses on interest bearing assets	5, 19	(30,665)	(58,989)
NET INTEREST INCOME/(EXPENSE)		6,601	(7,548)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	6	(15,553)	6,222
Net gain/(loss) on foreign exchange and precious metals operations	7	15,172	(2,494)
Fee and commission income		4,755	5,400
Fee and commission expense		(812)	(753)
Net realized gain/(loss) on investments available-for-sale		458	(784)
Dividends received		2	2
Other income		878	15,282
NET NON-INTEREST INCOME		4,900	22,875
OPERATING INCOME		11,501	15,327
OPERATING EXPENSES	8, 19	(7,776)	(7,121)
PROFIT BEFORE OTHER OPERATING PROVISIONS AND RESULTS OF ASSOCIATES		3,725	8,206
(Provision)/recovery of provision for impairment losses on other transactions	5, 19	(965)	705
Recovery of provision/(provision) for guarantees and other contingencies	5, 19	1,080	(5,049)
Gain from sale of associates and share of results of associates	19	-	4,372
OPERATING PROFIT BEFORE INCOME TAX		3,840	8,234
Income tax benefit/(expense)	9	1,771	(3,199)
NET PROFIT		5,611	5,035
Attributable to:			
Ordinary shareholders of the Parent		5,392	3,602
Preference shareholders of the Parent		130	591
Non-controlling interest		89	842
		5,611	5,035
EARNINGS PER SHARE			
Basic and diluted (KZT)	10	6.92	6.27

On behalf of the Management Board of the Bank:

АКЦИОНЕРНОЕ ОБЩЕСТВО КАЗКОММЕРЦБАНК РЕСПУБЛИКА КАЗАХСТАН

Zhussupova N.A.
Chairperson of the Board

17 May 2010
Almaty

Shoinbekova G.K.
Chief Accountant

17 May 2010
Almaty

The notes on pages 10-42 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Three months ended 31 March 2010 (unaudited) (KZT million)	Three months ended 31 March 2009 (unaudited) (KZT million)
NET PROFIT	5,611	5,035
Property and equipment:		
Revaluation of property and equipment	179	-
	179	-
Investments available-for-sale:		
Unrealized gain/(loss) on revaluation of investments available-for-sale	161	(1,813)
Gain transferred to income statement on sale of investments available-for-sale	(458)	(9)
Loss transferred to income statement on impairment of investments available-for-sale	-	793
Parent's share from revaluation of associated companies reserves	-	(130)
	(297)	(1,159)
Cash flow hedges:		
Loss on cash flow hedges	(72)	(7,722)
Plus: net gain on hedging reserve transferred to earnings	249	12,535
	177	4,813
Exchange differences on translation of foreign operations	192	1,694
Deferred income tax:		
Deferred income tax recognized on property and equipment due to tax rate changes	-	(198)
Deferred income tax recognized on loss on investments available-for-sale, on cash flow hedges and due to tax rate changes	33	(1,086)
	33	(1,284)
TOTAL COMPREHENSIVE INCOME	5,895	9,099
Attributable to:		
Ordinary shareholders of the Parent	5,603	6,905
Preference shareholders of the Parent	163	1,306
Non-controlling interest	129	888
TOTAL COMPREHENSIVE INCOME	5,895	9,099

On behalf of the Management Board of the Bank:

Zhussupova N.A.
Chairperson of the Board

17 May 2010
Almaty

Shoinbekova G.K.
Chief Accountant

17 May 2010
Almaty

ҚАЗАҚСТАН РЕСПУБЛИКАСЫ АКЦИОНЕРНОЕ ОБЩЕСТВО КАЗКОММЕРЦБАНК РЕСПУБЛИКА КАЗАХСТАН

The notes on pages 10-42 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Notes	31 March 2010 (unaudited) (KZT million)	31 December 2009 (KZT million)
ASSETS:			
Cash and balances with national (central) banks	11	138,463	90,533
Precious metals		1,186	1,209
Financial assets at fair value through profit or loss	12	138,015	114,203
Loans and advances to banks and other financial institutions	13	133,494	148,375
Loans to customers	14, 19	2,161,445	2,160,767
Investments available-for-sale		16,159	16,696
Investments held to maturity		946	943
Goodwill		2,405	2,405
Property, equipment and intangible assets		33,887	33,971
Other assets		20,659	18,771
TOTAL ASSETS		2,646,659	2,587,873
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and advances from banks and other financial institutions		182,489	209,122
Customer accounts	15, 19	1,393,561	1,276,464
Financial liabilities at fair value through profit or loss	12	33,801	35,991
Debt securities issued	16	432,267	463,656
Other borrowed funds		29,187	31,172
Provisions	5	11,460	11,945
Deferred income tax liabilities	9	22,464	24,519
Dividends payable		739	15
Other liabilities		7,973	8,990
		2,113,941	2,061,874
Subordinated debt		137,215	136,411
Total liabilities		2,251,156	2,198,285
EQUITY:			
Equity attributable to equity holders of the Parent:			
Issued and outstanding share capital		9,032	9,031
Share premium reserve		195,025	195,006
Property and equipment revaluation reserve		5,100	4,935
Other reserves		186,440	180,839
Total equity attributable to equity holders of the Parent		395,597	389,811
Non-controlling interest		(94)	(223)
Total equity		395,503	389,588
TOTAL LIABILITIES AND EQUITY		2,646,659	2,587,873

On behalf of the Management Board of the Bank:

Zhussupova N.A.
Chairperson of the Board

17 May 2010
Almaty

Shoinbekova G.K.
Chief Accountant

17 May 2010
Almaty

The notes on pages 10-42 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Share capital (KZT million)	Treasury shares (KZT million)	Share premium reserve (KZT million)	Property and equipment revaluation reserve (KZT million)	Investments available-for-sale fair value deficit[1] (KZT million)	Cumulative translation reserve[1] (KZT million)	Hedging reserve[1] (KZT million)	Retained earnings[1] (KZT million)	Total equity attributable to equity holders of the Parent (KZT million)	Non-controlling interest (KZT million)	Total equity (KZT million)
31 December 2008	7,000	(10)	152,684	6,918	(1,842)	(3,016)	(10,717)	162,567	313,584	278	313,862
Net profit	-	-	-	-	-	-	-	4,193	4,193	842	5,035
Release of property and equipment revaluation reserve due to depreciation and disposal of previously revalued assets	-	-	-	(20)	-	-	-	20	-	-	-
Investments available-for-sale	-	-	-	-	(1,159)	-	-	-	(1,159)	-	(1,159)
Cash flow hedges	-	-	-	-	-	-	4,813	-	4,813	-	4,813
Exchange differences on translation of foreign operations	-	-	-	-	-	1,648	-	-	1,648	46	1,694
Deferred income tax	-	-	-	(195)	91	-	(1,177)	(3)	(1,284)	-	(1,284)
Total comprehensive income	-	-	-	(215)	(1,068)	1,648	3,636	4,210	8,211	888	9,099
Purchase of treasury shares		(5)	(121)	-	-	-	-	-	(126)	-	(126)
Sale of treasury shares	-	1	30	-	-	-	-	-	31	-	31
31 March 2009 (unaudited)	7,000	(14)	152,593	6,703	(2,910)	(1,368)	(7,081)	166,777	321,700	1,166	322,866

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

	Share capital (KZT million)	Treasury shares (KZT million)	Share premium reserve (KZT million)	Property and equipment revaluation reserve (KZT million)	Investments available-for-sale fair value reserve/ (deficit)[1] (KZT million)	Cumulative translation reserve[1] (KZT million)	Hedging reserve[1] (KZT million)	Retained earnings[1] (KZT million)	Total equity attributable to equity holders of the Parent (KZT million)	Non-controlling interest (KZT million)	Total equity (KZT million)
31 December 2009	9,044	(13)	195,006	4,935	191	(472)	(935)	182,055	389,811	(223)	389,588
Net profit	-	-	-	-	-	-	-	5,522	5,522	89	5,611
Gain on revaluation of property and equipment	-	-	-	179	-	-	-	-	179	-	179
Release of property and equipment revaluation reserve due to depreciation and disposal of previously revalued assets	-	-	-	(18)	-	-	-	18	-	-	-
Investments available-for-sale	-	-	-	-	(297)	-	-	-	(297)	-	(297)
Cash flow hedges	-	-	-	-	-	-	177	-	177	-	177
Exchange differences on translation of foreign operations	-	-	-	-	-	152	-	-	152	40	192
Deferred income tax	-	-	-	4	68	-	(35)	(4)	33	-	33
Total comprehensive income	-	-	-	165	(229)	152	142	5,536	5,766	129	5,895
Sale of treasury shares	-	1	19	-	-	-	-	-	20	-	20
31 March 2010 (unaudited)	9,044	(12)	195,025	5,100	(38)	(320)	(793)	187,591	395,597	(94)	395,503

[1] The amounts included within the Investments available-for-sale fair value reserve/(deficit), Cumulative translation reserve, Hedging reserve and Retained earnings, in the above table, are included within "Other reserves" in the condensed interim consolidated statement of financial position.

On behalf of the Management Board of the Bank:

Zhussupova N.A.
Chairperson of the Board

17 May 2010
Almaty

Shoinbekova G.K.
Chief Accountant

17 May 2010
Almaty

The notes on pages 10-42 form an integral part of this condensed interim consolidated financial information.

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

	Notes	Three months ended 31 March 2010 (unaudited) (KZT million)	Three months ended 31 March 2009 (unaudited) (KZT million)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received from financial assets at fair value through profit or loss		439	545
Interest received on loans and advances to banks and other financial institutions		1,288	2,508
Interest received from loans to customers		49,438	50,777
Interest received from investments available-for-sale		559	1,099
Interest received from investments held to maturity		10	40
Interest paid on loans and advances from banks and other financial institutions		(2,087)	(3,666)
Interest paid on customer accounts		(16,322)	(13,585)
Interest paid on debt securities issued		(12,905)	(20,645)
Interest paid on other borrowed funds		(424)	(1,965)
Interest paid on subordinated debt		(687)	(286)
Fee and commission received		4,755	5,400
Fee and commission paid		(812)	(753)
Other income received		1,133	878
Operating expenses paid		(5,593)	(10,686)
Cash inflow from operating activities before changes in operating assets and liabilities		18,792	9,661
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Funds deposited with National Bank of the Republic of Kazakhstan and cash on hand		13,457	(126,502)
Funds deposited with Central Bank of Russian Federation		(1,319)	(57)
Funds deposited with National Bank of the Kyrgyz Republic		33	5
Funds deposited with National Bank of Tajikistan		(8)	(81)
Precious metals		22	(519)
Financial assets at fair value through profit or loss		(41,231)	36,925
Loans and advances to banks and other financial institutions		1,947	2,364
Loans to customers		(21,375)	60,853
Other assets		(2,098)	(5,962)
Increase/(decrease) in operating liabilities:			
Loans and advances from banks and other financial institutions		(24,983)	(39,578)
Customer accounts		120,691	156,037
Other liabilities		(717)	(8,302)
Cash inflow from operating activities before taxation		63,211	84,844
Income tax paid		(287)	(1,913)
Net cash inflow from operating activities		62,924	82,931

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Notes	Three months ended 31 March 2010 (unaudited) (KZT million)	Three months ended 31 March 2009 (unaudited) (KZT million)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets		(709)	(820)
Proceeds on sale of property, equipment and intangible assets		274	145
Dividends received		2	-
Proceeds on sale of investments available-for-sale		682	102
Purchase of investments available-for-sale		(973)	(2)
Purchase of investments held to maturity		-	(440)
Proceeds on disposal of investments in associates		-	6,017
Net cash (outflow)/inflow from investing activities		(724)	5,002
CASH FLOWS FROM FINANCING ACTIVITIES:			
Purchase of treasury shares		-	(126)
Proceeds on sale of treasury shares		20	31
Proceeds from debt securities issued		478	20,937
Repurchase and repayment of debt securities issued		(11,107)	(63,621)
Repayment of other borrowed funds		(1,838)	(54,655)
Dividends paid on preference shares		(8)	-
Net cash outflow from financing activities		(12,455)	(97,434)
Effect of changes in foreign exchange rate on cash and cash equivalents		(990)	5,401
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		48,755	(4,100)
CASH AND CASH EQUIVALENTS, beginning of period	11	82,566	168,994
CASH AND CASH EQUIVALENTS, end of period	11	131,321	164,894

On behalf of the Management Board of the Bank:

Zhussupova N.A.
Chairperson of the Board

17 May 2010
Almaty

Shoinbekova G.K.
Chief Accountant

17 May 2010
Almaty

The notes on pages 10-42 form an integral part of this condensed interim consolidated financial information.

1. ORGANISATION

JSC Kazkommertsbank (the "Bank", or "Kazkommertsbank") is a joint stock bank and operates in the Republic of Kazakhstan since 1990. The Bank's activities are regulated by the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations (the "FMSA") in accordance with the license № 48 dated 27 December 2007 and by the National Bank of the Republic of Kazakhstan (the "NBRK"). The Bank's primary business consists of commercial banking activities, operations with securities, foreign currencies and derivative instruments, originating loans and guarantees.

The registered office of the Bank is located at: 135Zh, Gagarin Str., Almaty, 050060, Republic of Kazakhstan.

As at 31 March 2010 and 31 December 2009, the Bank has 23 branches in the Republic of Kazakhstan and a representative office in London.

Kazkommertsbank is the parent company of the banking group (the "Group"). The enterprises consolidated in the interim financial information are consistent with those presented in the consolidated financial statements for the year ended 31 December 2009.

		Proportion or ownership interest/voting rights		
Name	**Country of operation**	**31 March 2010**	**31 December 2009**	**Type of operation**
JSC Kazkommerts Securities	Republic of Kazakhstan	100%	100%	Securities market transactions
LLP Processing Company	Republic of Kazakhstan	100%	100%	Payment card processing and related services
Kazkommerts International B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
Kazkommerts Finance II B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
Kazkommerts Capital II B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
JSC OCOPAIM Grantum Asset Management	Republic of Kazakhstan	100%	100%	Investment management of pension assets
JSC Kazkommerts Life	Republic of Kazakhstan	100%	100%	Life insurance
CJSC Kazkommertsbank Tajikistan	Republic of Tajikistan	100%	100%	Commercial bank
OJSC Kazkommertsbank Kyrgyzstan	Kyrgyz Republic	94.64%	94.64%	Commercial bank
JSC Grantum APF	Republic of Kazakhstan	80.01%	80.01%	Pension fund
JSC Insurance Company Kazkommerts-Policy	Republic of Kazakhstan	100%	100%	Insurance
LLP Commercial bank Moskommertsbank	Russia	100%	100%	Commercial bank
LLP Investment Group East Kommerts	Russia	50%	50%	Securities market transactions

On 11 February 2010, at the Extraordinary General Shareholders Meeting of JSC Grantum APF, a decision was taken to increase the charter capital of JSC Grantum APF by issuing 2,200,000 new shares. On 2 March 2010 the Board of Directors of JSC Grantum APF approved the price at KZT 1,000 per share.

On 15 March 2010, Kazkommertsbank increased the share capital of OJSC Kazkommertsbank Kyrgyzstan ("subsidiary bank") in accordance with its pre-emptive rights. On 14 October 2009, at the General Meeting of Shareholders of the subsidiary bank, a decision was taken to increase the share capital by additional issue of 66,036 new shares at KGS 500 per share. As a result, the share capital of the subsidiary bank increased by KGS 33,018,000 (USD 739,233). The Board of Directors of Kazkommertsbank made a decision to purchase 62,500 shares of the subsidiary bank in accordance with their pre-emptive rights. On 12 March 2010, Kazkommertsbank made the payment at the placement price of shares in the amount of KGS 31,250,000 from dividends paid by the subsidiary bank in accordance with the requirements of the law on joint stock companies of the Kyrgyz Republic. As a result of the above-mentioned acquisition of shares, Kazkommertsbank's ownership share of 94.64% did not change.

2. BASIS OF PRESENTATION

Accounting basis

The condensed interim consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and disclosures normally required to be included in the notes to the annual consolidated financial statements have been omitted or condensed. The condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements and with selective notes to the consolidated financial statements of the Group for the year ended 31 December 2009.

The condensed interim consolidated financial information has been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments and measurement of property and equipment at revalued amounts according to International Accounting Standard ("IAS") 39 "Financial Instruments: Recognition and Measurement" and IAS 16 "Property, Plant and Equipment", respectively.

The preparation of the condensed interim consolidated financial information in conformity with International Financial Reporting Standards ("IFRS") requires management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities of the Group, and disclosure of contingent assets and liabilities at the reporting date, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the allowance for impairment of loans and receivables and determination of the fair value of financial instruments.

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

Functional currency

Items included in the financial statements of each entity of the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The reporting currency of this condensed interim consolidated financial information is the Kazakhstan tenge.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this condensed interim consolidated financial information the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2009.

The Group had a change in accounting policy during 2009 with regards to the presentation of the consolidated statement of cash flows from indirect to direct method. The direct method is a requirement of the NBRK for annual periods starting from 1 January 2009. This change is retrospectively applied in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. In addition, IAS 1, Presentation of Financial Statements requires the presentation of the statement of financial position as at the beginning of the earliest period when a reporting entity applies an accounting policy retrospectively. For the Group, this consolidated statement of financial position would be as at 31 December 2007. However, the retrospective accounting for the change in accounting policy had no impact on the consolidated statement of financial position as at 31 December 2007. Therefore that consolidated statement of financial position has not been presented in this condensed interim consolidated financial information.

4. NET INTEREST INCOME

	Three months ended 31 March 2010 (unaudited) (KZT million)	Three months ended 31 March 2009 (unaudited) (KZT million)
Interest income comprises:		
Interest income on financial assets recorded at amortized cost:		
- interest income on homogenous and individually assessed watch assets	42,276	62,866
- interest income on impaired financial assets	19,946	9,092
- interest income on unimpaired financial assets	11,832	25,159
Interest income on financial assets at fair value through profit or loss	1,013	859
Interest income on investments available-for-sale	215	387
Total interest income	75,282	98,363
Interest income on financial assets recorded at amortized cost comprises:		
Interest on loans to customers	71,584	94,688
Interest on loans and advances to banks and other financial institutions	2,352	2,170
Interest on investments held to maturity	13	41
Amortization of discount on loans	105	218
Total interest income on financial assets recorded at amortized cost	74,054	97,117
Interest income on financial assets at fair value through profit or loss:		
Interest income on financial assets held-for-trading	1,013	859
Total interest income on financial assets at fair value through profit or loss	1,013	859
Interest income on investments available-for-sale	215	387
Total interest income	75,282	98,363
Interest expense comprises:		
Interest on financial liabilities recorded at amortized cost	38,016	46,922
Total interest expense	38,016	46,922
Interest expense on financial liabilities recorded at amortized cost comprise:		
Interest on customer accounts	23,715	20,288
Interest on debt securities issued	7,454	16,684
Interest expense on subordinated debt	3,463	3,249
Interest on loans and advances from banks and other financial institutions	2,253	4,269
Interest expense on securitization program	-	1,399
Preference share dividends	733	746
Other interest expense	398	287
Total interest expense on financial liabilities recorded at amortized cost	38,016	46,922
Net interest income before provision for impairment losses on interest bearing assets	37,266	51,441

The Group classifies corporate loans as non-performing and accordingly impaired if there is a default on payment of the principal or accrued interest for 30 days or more.

The impairment of the loan is identified within credit monitoring, which includes monitoring of payments of the customer and preparation of regular monitoring reports on the customer and his loans every 6 or 12 months, depending on the solvency of the customer. In addition, on a regular basis the credit managers monitor the quality of the loan, financial position and business of the customer, and observe compliance with the terms of the loan agreements. For the purpose of provisioning, assessment of impairment losses for corporate loans is performed on an individual basis.

The consumer loans are classified as non-performing or impaired if there is a default on payments of the principal or accrued interest for 60 days or more. For the purpose of provisioning, assessment of impairment losses is made on the collective or portfolio basis.

According to the Group's credit portfolio management policy, if at least one loan of a customer is recognized as impaired based on the above mentioned criteria, the total debt on such a customer is considered impaired, i.e. other performing loans of such customer are also recognized as impaired.

For certain performing loans which are not overdue, the Group classifies them as homogenous and individually assessed watch assets. Homogenous assets are not individually impaired, because there is not enough objective evidence to recognize them as impaired. At the same time, the Group assesses these assets for credit risk and impairment on a collective basis taking into account the general macroeconomic environment as well as industry specific developments. The individually assessed watch assets consist of loans not past due, but there is a possibility that the credit losses may arise in the future due to a possible negative trend in the borrower's financial position or evidence of some unsatisfactory financial results which affect the ability of a borrower to repay. The financial standing of such clients is evidenced and monitored based on business results, repayment discipline and cash flows.

5. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

The movements in allowance for impairment losses on interest bearing assets were as follows:

	Loans and advances to banks and other financial institutions (KZT million) (Note 13)	**Loans to customers (KZT million) (Note 14)**	**Total (KZT million)**
31 December 2008	299	289,328	289,627
Additional provision recognized	2,215	56,774	58,989
Recovery of assets previously written off	-	14	14
Exchange rate difference	79	25,815	25,894
31 March 2009 (unaudited)	2,593	371,931	374,524
31 December 2009	22	505,548	505,570
(Recovery of provision)/additional provision recognized	(3)	30,668	30,665
Write-off of assets	-	(5)	(5)
Exchange rate difference	-	(2,857)	(2,857)
31 March 2010 (unaudited)	19	533,354	533,373

The Group creates allowance for impairment losses in order to cover credit losses, including losses where the asset is not specifically identified. At least monthly, the provision for impairment losses on interest bearing assets is reviewed by the Chairperson of the Board, the Head of Risk Management Department, the Chief Financial Officer, and the Chief Accountant. At least quarterly, the provision for impairment losses and overall credit quality is reviewed by the Board of Directors. The amount of provision is reviewed relative to the credit portfolio and current economic conditions. The amount of provision is determined by individual and portfolio-based approaches. As at 31 March 2010, Management deemed the provision for impairment losses to be appropriate and sufficient to absorb losses that are inherent to the portfolio.

As at 31 March 2010, the Group has identified certain corporate customer loans of KZT 349,970 million, which under the contractual terms of the loan agreements there are no cash flows to the Group prior to 2013. In accordance with IAS 39, Financial Instruments: Recognition and Measurement, interest should continue to be accrued on impaired loans, even where there are doubts in relation to its collection. The accrued interest income on these loans has increased during the three months ended 31 March 2010 by KZT 15,876 million, and the allowance for loan losses has also increased by KZT 15,876 million. Had this interest not been accrued, the net interest income before provision for impairment losses on interest bearing assets for the three-month period ended 31 March 2010 would have been KZT 21,390 million and the provision for impairment losses on interest bearing assets would have been KZT 14,789 million. While there is currently evidence of impairment, the Group continues to progress work out strategies on these loans.

Total provisions for impairment losses on insurance provision and guarantees and other off-balance sheet contingencies comprise:

	31 March 2010 (unaudited) (KZT million)	**31 December 2009 (KZT million)**
Insurance provisions	5,379	4,728
Provision for guarantees and other contingencies	6,081	7,217
	11,460	11,945

The movements in insurance provisions and allowances for impairment losses on other transactions were as follows:

	Insurance provisions (KZT million)	**Other assets (KZT million)**	**Total (KZT million)**
31 December 2008	4,005	2,303	6,308
Recovery of provision	(182)	(523)	(705)
Write-off of assets	-	(13)	(13)
Exchange rate difference	-	90	90
31 March 2009 (unaudited)	3,823	1,857	5,680
31 December 2009	4,728	2,756	7,484
Additional provision recognized	651	314	965
Recovery of assets previously written off	-	363	363
Exchange rate difference	-	(360)	(360)
31 March 2010 (unaudited)	5,379	3,073	8,452

Insurance provisions comprised:

	31 March 2010 (unaudited) (KZT million)	31 December 2009 (KZT million)
Annuity insurance	1,715	1,520
Civil liability for damage	1,010	929
Property	952	664
Civil liability for owners of vehicles	632	115
Vehicles	303	330
Accidents	280	297
Freight	105	110
Life insurance	57	54
Financial loss insurance	48	11
Insurance of environmental risk	43	40
Railway transport	12	10
Other	222	648
	5,379	4,728

Other insurance provisions include provisions for insurance of private lawyers, auditors and audit organizations, medical, owners of air and marine transport and others.

The movements in provision for guarantees and other contingencies were as follows:

	Guarantees and other contingencies (KZT million) (Note 17)
31 December 2008	6,271
Additional provision recognized	5,049
Exchange rate difference	1,642
31 March 2009 (unaudited)	12,962
31 December 2009	7,217
Recovery of provision	(1,080)
Exchange rate difference	(56)
31 March 2010 (unaudited)	6,081

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

	Three months ended 31 March 2010 (unaudited) (KZT million)	Three months ended 31 March 2009 (unaudited) (KZT million)
Net (loss)/gain on financial assets and liabilities held-for-trading	(15,553)	6,222
Total net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(15,553)	6,222
Net (loss)/gain on operations with financial assets and liabilities held-for-trading comprise:		
Realized gain on trading operations	1,694	363
Unrealized gain/(loss) on fair value adjustment	182	(1,598)
Hedge ineffectiveness	-	88
Net (loss)/gain on operations with derivative financial instruments	(17,429)	7,369
Total net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(15,553)	6,222

7. NET GAIN/(LOSS) ON FOREIGN EXCHANGE AND PRECIOUS METALS OPERATIONS

	Three months ended 31 March 2010 (unaudited) (KZT million)	Three months ended 31 March 2009 (unaudited) (KZT million)
Dealing, net	1,341	(17,711)
Translation differences, net	13,831	15,217
	15,172	(2,494)

Translation differences for the three months ended 31 March 2010 amounted to KZT 13,831 million (31 March 2009: gain of KZT 15,217 million). This comprised gain on the revaluation of assets and liabilities denominated in non-functional currencies such as the Japanese Yen, Pound and Singaporean dollar.

8. OPERATING EXPENSES

	Three months ended 31 March 2010 (unaudited) (KZT million)	Three months ended 31 March 2009 (unaudited) (KZT million)
Staff costs	3,835	3,620
Depreciation and amortization	896	896
Payments to the Deposit Insurance Fund	658	316
Lease	616	695
Property and equipment maintenance	339	309
Taxes, other than income tax	300	296
Communications	168	175
Bank card services	160	154
Advertising costs	152	158
Consulting and audit services	136	73
Vehicle maintenance	73	62
Business trip expenses	68	42
Security services	62	79
Collection services	56	8
Training and information services	45	33
Stationery	24	27
Mail and courier expenses	23	15
Charity and sponsorship expenses	18	21
Other expenses	147	142
	7,776	7,121

9. INCOME TAX

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Bank and its subsidiaries operate and which may differ from IFRS.

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 March 2010 and 31 December 2009 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Tax effect of temporary differences as at 31 March 2010 and 31 December 2009:

	31 March 2010 (unaudited) (KZT million)	31 December 2009 (KZT million)
Deferred income tax assets:		
Unrealized loss on trading securities and derivatives	5,969	2,967
Realized loss on securities	797	676
Bonuses accrued	559	478
Provision on guarantees and letters of credit	524	836
Unrealized loss on revaluation of financial instruments treated as cash flow hedges	199	234
Unamortized deferred loan fees	76	81
Investments in associates	3	238
Deferred tax losses	467	1,198
Total deferred income tax assets	8,594	6,708
Deferred income tax liabilities:		
Allowance for losses on loans and advances to banks and customers	29,497	29,294
Property, equipment and intangible assets and accumulated depreciation	1,483	1,807
Investments in associates	-	2
Unrealized gain on trading securities and derivatives	78	124
Total deferred income tax liabilities	31,058	31,227
Net deferred income tax liabilities	22,464	24,519

Relationships between tax expenses and accounting profit for the three months ended 31 March 2010 and 2009 are explained as follows:

	Three months ended 31 March 2010 (unaudited) (KZT million)	Three months ended 31 March 2009 (unaudited) (KZT million)
Profit before income tax	3,840	8,234
Tax at the statutory tax rate (20% for 2010 and for 2009)	768	1,647
Tax effect of permanent differences:		
- tax exempt income	(2,859)	(948)
- non-deductible expense	320	306
Recalculation of deferred tax expenses due to tax rate changes	-	2,194
Income tax (benefit)/expense	(1,771)	3,199
Current income tax expense	247	700
Deferred income tax (benefit)/expense	(2,018)	2,499
Income tax (benefit)/expense	(1,771)	3,199

Corporate income tax rate in the Republic of Kazakhstan was 20% during three months ended 31 March 2010 and 2009.

During 2009 there was a change in tax legislation in Kazakhstan in relation to corporate income tax, which was 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 year ending 31 December 2013 and thereafter.

	Three months ended 31 March 2010 (unaudited) (KZT million)	Year ended 31 December 2009 (KZT million)
Deferred income tax liabilities		
Opening balance	24,519	10,205
Increase of deferred tax liability due to tax rate changes	-	4,892
(Decrease)/increase of deferred tax liability	(2,018)	6,465
Change in deferred tax liability due to change in hedging reserve	35	2,445
Increase of deferred tax expenses through the equity due to tax rate changes	-	453
Change in available-for-sale reserve	(68)	438
Change in deferred tax liability from revaluation of property and equipment	(4)	(379)
Ending balance	22,464	24,519

10. EARNINGS PER SHARE

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

Dividend payments per ordinary shares cannot exceed the dividends per share on preference 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:

	Three months ended 31 March 2010 (unaudited) (KZT million)	Three months ended 31 March 2009 (unaudited) (KZT million)
Basic and diluted earnings per share		
Net profit for the three-month period attributable to equity holders of the Parent	5,522	4,193
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	(130)	(591)
Net profit for the three-month period attributable to ordinary shareholders	5,392	3,602
Weighted average number of ordinary shares for basic and diluted earnings per share	778,609,443	574,481,458
Earnings per share – basic and diluted (tenge)	6.92	6.27

11. CASH AND BALANCES WITH NATIONAL (CENTRAL) BANKS

	31 March 2010 (unaudited) (KZT million)	31 December 2009 (KZT million)
Cash on hand	37,896	35,073
Balances with the national (central) banks	100,567	55,460
	138,463	90,533

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

	31 March 2010 (unaudited) (KZT million)	31 March 2009 (unaudited) (KZT million)	31 December 2009 (KZT million)
Cash and balances with national (central) banks	138,463	326,517	90,533
Loans and advances to banks in Organization for Economic Co-operations and Development ("OECD") countries with original maturities less than 3 months	66,273	50,521	77,611
Less funds deposited with the National Bank of the Republic of Kazakhstan ("NBRK") and cash on hand	(70,948)	(211,629)	(84,405)
Less funds deposited with the Central Bank of Russian Federation ("CBR")	(2,268)	(235)	(949)
Less funds deposited with the National Bank of the Kyrgyz Republic ("NBKR")	(171)	(150)	(204)
Less funds deposited deposit with the National Bank of Tajikistan	(28)	(130)	(20)
	131,321	164,894	82,566

In accordance with Kazakhstan legislation, second-tier banks are required to maintain Minimum Reserve Requirements (the "MRR") in the form of cash on hand and funds deposited on correspondent account with the National Bank in national and freely-convertible currencies. MRR is defined as a share in percentage of total of the Bank's liabilities and calculated as of a certain date, as an average amount for fourteen calendar days. As at 31 March 2010, an amount of KZT 35,750 million (31 December 2009: KZT 35,537 million, 31 March 2009: KZT 47,430 million) of cash on hand and balance maintained with the NBRK represents MRR and is restricted in use.

The balances with the NBRK as at 31 March 2010 amounted to KZT 95,672 million (31 December 2009: KZT 51,767 million, 31 March 2009: KZT 281,710 million). Out of which correspondent accounts balances with the NBRK in the amount of KZT 35,667 million (31 December 2009: KZT 51,767 million, 31 March 2009: KZT 171,653 million) and cash on hand of KZT 35,281 million (31 December 2009: KZT 32,638 million, 31 March 2009: KZT 39,976 million), totaling KZT 70,948 million (31 December 2009: KZT 84,405 million, 31 March 2009: KZT 211,629 million), represent reserve assets that are not restricted in use in accordance with the requirements of the NBRK.

The balances with the CBR as at 31 March 2010 include KZT 3,223 million (31 December 2009: KZT 2,220 million, 31 March 2009: KZT 1,833 million), of which KZT 2,268 million (31 December 2009: KZT 949 million, 31 March 2009: KZT 235 million) represents the obligatory minimum reserve deposits required by the CBR. The Group is required to maintain the reserve balance at the CBR at all times.

The balances with the NBKR as at 31 March 2010 include KZT 1,252 million (31 December 2009: KZT 1,198 million, 31 March 2009: KZT 190 million), of which KZT 171 million (31 December 2009: KZT 204 million, 31 March 2009: KZT 150 million) represents the minimum reserve deposits required by the NBKR at all times.

The balances with the National Bank of Tajikistan as at 31 March 2010 include KZT 420 million (31 December 2009: KZT 275 million, 31 March 2009: KZT 145 million), of which KZT 28 million (31 December 2009: KZT 20 million, 31 March 2009: KZT 130 million) represents the minimum reserve deposits required by the National Bank of Tajikistan.

12. 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) (KZT million)	31 December 2009 (KZT million)
Debt securities	122,873	74,125
Derivative financial instruments	12,108	37,440
Equity investments	3,034	2,638
	138,015	114,203

Financial liabilities at fair value through profit or loss comprise:

	31 March 2010 (unaudited) (KZT million)	31 December 2009 (KZT million)
Derivative financial instruments	33,801	35,991
	33,801	35,991

The financial assets and financial liabilities at fair value through profit or loss relate entirely to financial assets and financial liabilities held-for-trading.

	31 March 2010 (unaudited)		31 December 2009	
	Nominal interest rate %	Amount (KZT million)	Nominal interest rate %	Amount (KZT million)
Debt securities:				
Short-term NBRK notes	-	101,634	-	51,822
Bonds of Kazakhstani companies	6.01-18.59	7,133	5.69-11.00	7,837
State treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	1.06-8.75	5,424	4.05-8.90	5,738
Bonds of Russian companies	7.29-16.50	3,283	7.29-16.50	2,891
Bonds of Russian banks	10.25-11.50	1,879	15.00-16.00	1,905
Bonds of Kazakhstani banks	0.10-10.90	1,472	7.50-10.90	1,440
Bonds of international financial organizations	4.847-7.75	1,382	4.847-7.75	1,385
Bonds of local executive bodies of the Russian Federation	6.66-7.71	214	6.73-8.20	218
Bonds of federal loan of the Ministry of Finance of the Russian Federation	8.00	156	8.00	154
Eurobonds of Kazakhstani banks	8.00	150	3.148-8.00	591
Bonds of Development Bank of Kazakhstan	6.50	146	6.50	144
		122,873		74,125

As at 31 March 2010, the Group used quoted market prices from independent information sources for all of its financial assets at fair value through profit or loss, with the exception of derivative financial instruments, which are valued using valuation models based on market data, and certain debt securities, which are valued using valuation models not based on observable market data. The Group applied the model to certain debt securities of local issuers undergoing the process of restructuring (JSC Alliance Bank, JSC BTA Bank, JSC BTA Ipoteka and JSC Azia Auto) and market data on them is either unavailable or the Management of the Group believes the market for these debt securities to be not active enough to use quoted prices.

As at 31 March 2010, the total carrying value of these debt securities amounted to KZT 100 million (31 December 2009: KZT 599 million). The total nominal value amounted to KZT 963 million (31 December 2009: KZT 6,451 million).

	31 March 2010 (unaudited)		31 December 2009	
	Ownership share %	Amount (KZT million)	Ownership share %	Amount (KZT million)
Equity investments:				
GDRs of Kazakhstani bank	0.20	1,903	0.20	1,609
GDRs of Russian bank	0.104	625	0.072	546
Shares of Kazakhstani companies	0.124-0.158	244	0.124-0.158	265
Shares of Russian companies	0.006-0.619	103	0.006-0.619	29
GDRs of Russian companies	0.0001-2.468	80	0.0001-2.468	67
GDRs of Kazakhstani company	0.0006	44	0.0006	31
Shares of foreign company	0.0003	29	0.0003	27
Shares of Kazakhstani bank	0.006	6	0.006	6
ADRs of Russian company	-	-	0.014	58
		3,034		2,638

As at 31 March 2010, financial assets at fair value through profit or loss included accrued interest income on debt securities of KZT 517 million (31 December 2009: KZT 441 million).

As at 31 March 2010 and 31 December 2009, there were no financial assets pledged under repurchase agreements.

	31 March 2010 (unaudited)			31 December 2009		
	Nominal value	Net fair value (KZT million)		Nominal value	Net fair value (KZT million)	
Derivative financial instruments:		Assets	Liabilities		Assets	Liabilities
Foreign exchange contracts:						
Foreign exchange swap	286,305	12,022	(22,037)	303,891	37,182	(24,011)
Spot	15,285	5	(4)	4,684	-	-
Forward contracts	3,233	1	-	1,041	8	(4)
Interest rate contracts:						
Interest rate swap	109,425	80	(11,760)	111,743	250	(11,976)
		12,108	(33,801)		37,440	(35,991)

Included in the above are derivatives held for hedging purposes as follows:

	31 March 2010 (unaudited)			31 December 2009		
	Nominal value	Net fair value (KZT million)		Nominal value	Net fair value (KZT million)	
Cash flow hedging		**Assets**	**Liabilities**			
Interest rate swap	-	-	-	2,524	11	(105)
		-	-		11	(105)

The Group’s cash flow hedges relate to exposure to variability in the anticipated future cash flows on its financial liabilities.

To hedge the cash flows on financial liabilities with floating interest rates, the Group uses interest rate swap contracts to exchange the floating rates for fixed rates. As such, the Group converts its floating rate debt repayments to fixed rate debt repayments and minimizes the effect of change in interest rates on its future cash flows. The cash flows related to the hedging relationships will occur over the life of the debt securities instruments which are being hedged.

To hedge the foreign exchange risk on financial liabilities the Group uses cross-currency swap contracts to convert, partially or in-full, its repayments on foreign currency denominated liabilities to the functional currency of the subsidiary which issued these liabilities. The cash flows related to the hedging relationships will occur over the life of the debt securities instruments which are being hedged.

For the three-month period ended 31 March 2010, gain from hedge ineffectiveness recognized in net (loss)/gain on financial assets and liabilities at fair value through profit or loss comprised KZT Nil (three-month period ended 31 March 2009: KZT 88 million).

As at 31 March 2010, the aggregate amount of unrealized gain under foreign exchange swap contracts deferred in the hedging reserve relating to the exposures amounted to KZT 1,029 million (31 March 2009: loss KZT 6,044 million). The cash flows under these contracts will occur quarterly, for periods up to February 2017. These contracts are designated as hedge instruments to hedge the exchange rate risk arising from the future cash flows of the funds raised by the Group from international financial organizations in currencies other than tenge.

As at 31 March 2010, the aggregate amount of unrealized losses under interest rate swap contracts deferred in the hedging reserve relating to the exposures amounted to KZT 2,020 million (31 March 2009: KZT 2,541 million). The cash flows under these contracts will occur biannually, for periods up to January 2018. These contracts are designated as hedge instruments to hedge the interest rate risk arising from the future cash flows of the funds raised by the Group from international financial organizations in currencies other than tenge.

As at 31 March 2010, the fair value of assets and liabilities arising from the derivative financial instruments classified as hedging instruments is KZT Nil (31 December 2009: KZT 11 million and KZT 105 million).

The Group’s equity is not sensitive to changes in fair value of interest rate and cross-currency swaps, because they became ineffective since 2009 and, accordingly, changes in fair value of these instruments are recognized in the consolidated income statement.

13. LOANS AND ADVANCES TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 March 2010 (unaudited) (KZT million)	31 December 2009 (KZT million)
Recorded as loans and receivables:		
Loans and advances to banks	88,041	90,676
Correspondent accounts with banks and other financial institutions	34,023	46,828
Loans under reverse repurchase agreements	11,449	10,893
	133,513	148,397
Less allowance for impairment losses	(19)	(22)
	133,494	148,375

Movements in allowances for impairment losses on loans and advances to banks and other financial institutions for the three months ended 31 March 2010 and 2009 are disclosed in Note 5.

As at 31 March 2010, loans and advances to banks and other financial institutions included accrued interest of KZT 393 million (31 December 2009: KZT 402 million).

As at 31 March 2010 and 31 December 2009, the Group had no loans and advances to banks and other financial institutions, which individually exceeded 10% of the Group's equity.

The fair value of collateral and carrying value of loans under reverse repurchase agreements as at 31 March 2010 and 31 December 2009 comprised:

	31 March 2010 (unaudited) (KZT million)		31 December 2009 (KZT million)	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Notes of the National Bank of the Republic of Kazakhstan	9,473	9,000	-	-
Bonds of the Ministry of Finance of the Republic of Kazakhstan	2,711	2,387	8,725	7,913
Treasury notes of the National Bank of the Kyrgyz Republic	51	50		
Shares of Russian companies	12	12	-	-
Bonds of the Russian banks	-	-	1,313	1,134
Bonds of the Russian companies	-	-	812	981
Bonds of the executive bodies and subjects of the Russian Federation	-	-	495	421
Bonds of the Ministry of Finance of the Russian Federation	-	-	494	444
	12,247	11,449	11,839	10,893

In addition, as at 31 March 2010, the Bank maintained deposits of KZT 2,015 million (31 December 2009: KZT 2,036 million) included in loans and advances to banks and other financial institutions as collateral for credit card operations.

14. LOANS TO CUSTOMERS

	31 March 2010 (unaudited) (KZT million)	31 December 2009 (KZT million)
Recorded as loans and receivables:		
Originated loans	2,688,272	2,658,772
Net investments in finance lease	5,556	6,654
Loans under reverse repurchase agreements	971	889
	2,694,799	2,666,315
Less allowance for impairment losses	(533,354)	(505,548)
	2,161,445	2,160,767

As at 31 March 2010, accrued interest income included in loans to customers amounted to KZT 247,834 million (31 December 2009: KZT 224,510 million).

Movements in allowances for impairment losses on loans to customers for the three-month periods ended 31 March 2010 and 2009 are disclosed in Note 5.

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

	31 March 2010 (unaudited) (KZT million)	31 December 2009 (KZT million)
Analysis by type of collateral:		
Loans collateralized by real estate	1,149,442	1,167,069
Loans collateralized by equipment	346,510	309,245
Loans collateralized by shares of the banks and other companies	215,638	208,693
Loans collateralized by inventories	191,139	181,694
Loans collateralized by guarantees of enterprises	69,319	81,507
Loans collateralized by accounts receivable	54,303	61,264
Loans collateralized by cash or Kazakhstani Government guarantees	28,679	23,563
Loans collateralized by mixed types of collateral	20,802	14,725
Loans with collateral under the registration process (property, land, shares, guarantees, etc.)	12,680	49,503
Loans collateralized by guarantees of financial institutions	3,702	171
Loans collateralized by securities	971	889
Unsecured loans	68,260	62,444
	2,161,445	2,160,767

Mixed collateral consists of multiple types of collateral including real estate, guarantees and inventories. Loans are classified as being collateralized by mixed collateral where it is impractical to split this collateral into the categories disclosed above.

In addition to the collateral disclosed above, as at 31 March 2010, the Bank has its own bonds and Eurobonds issued by its subsidiary Kazkommerts Finance II B.V. with a nominal value of KZT 15,572 million (USD 106 million) as collateral for certain loans.

As at 31 December 2009, the Bank has Eurobonds issued by its subsidiaries, Kazkommerts International B.V. and Kazkommerts Finance II B.V with a nominal value of KZT 15,087 million (USD 102 million) as collateral for certain loans.

	31 March 2010 (unaudited) (KZT million)	31 December 2009 (KZT million)
Analysis by sector:		
Real estate	333,631	306,961
Wholesale and retail trade	279,981	282,509
Housing construction	303,116	311,969
Individuals	265,344	274,141
Commercial real estate construction	165,803	187,171
Hotel business	181,998	171,795
Production of other non-metal materials	111,992	111,920
Transport and communication	99,708	106,099
Investments and finance	76,084	67,441
Food industry	60,451	60,102
Energy	50,942	49,992
Agriculture	40,711	24,328
Machinery construction	28,587	28,826
Industrial and other construction	28,511	27,889
Production of construction materials	18,619	18,499
Mining and metallurgy	14,634	15,756
Medicine	7,195	6,526
Culture and art	417	402
Other	93,721	108,441
	2,161,445	2,160,767

During the three-month periods ended 31 March 2010 and year ended 31 December 2009, the Group received non-financial assets by taking possession of collateral it held as security. As at 31 March 2010, such assets in amount of KZT 3,148 million (31 December 2009: KZT 2,479 million) are included in other assets line of the condensed interim consolidated statement of financial position. These assets are represented mostly by real estate, the majority of which will be realized through auctions.

Loans to individuals comprise the following products:

	31 March 2010 (unaudited) (KZT million)	31 December 2009 (KZT million)
Mortgage loans	171,912	183,016
Consumer loans	61,616	59,724
Business loans	20,484	15,279
Car loans	7,863	8,951
Other	3,469	7,171
	265,344	274,141

As at 31 March 2010 and 31 December 2009, the Group granted loans to the customers shown below, which individually exceeded 10% of the Group’s equity. Although loans to customers disclosed in 2009 may continue to be outstanding in 2010, only those borrowers which exceed 10% of equity are disclosed below.

	31 March 2010 (unaudited) (KZT million)	31 December 2009 (KZT million)
LLP GAS Corporation	74,336	72,875
JSC Visor Investment Solutions	72,095	70,674
LLP Capital Tower	65,841	61,806
Holding Airport Almaty	51,494	51,007
Holding Vek ZhSK	-	66,404
	263,766	322,766

As at 31 March 2010, a significant portion of loans to customers 82.62% (31 December 2009: 82.42%) of the total portfolio is granted to companies operating in the Republic of Kazakhstan, which represents a significant geographical concentration.

The fair value of collateral and carrying value of loans under reverse repurchase agreements as at 31 March 2010 and 31 December 2009, comprised:

	31 March 2010 (unaudited) (KZT million)		31 December 2009 (KZT million)	
	Fair value of collateral	**Carrying value of loans**	**Fair value of collateral**	**Carrying value of loans**
Notes of the National Bank of the Republic of Kazakhstan	641	608	338	483
Bonds of Kazakhstani companies	337	343	34	342
Bonds of the Ministry of Finance of the Republic of Kazakhstan	22	20	-	-
Shares of Kazakhstani banks	-	-	21	58
Shares of Kazakhstani companies	-	-	6	6
	1,000	971	399	889

15. CUSTOMER ACCOUNTS

	31 March 2010 (unaudited) (KZT million)	31 December 2009 (KZT million)
Recorded at amortized cost:		
Time deposits	869,140	799,880
Demand deposits	348,550	299,926
JSC National Welfare Fund “Samruk-Kazyna”, JSC Entrepreneurship Development Fund “Damu” and JSC Stress Assets Fund	174,828	175,583
Metallic accounts in precious metals	1,043	1,075
	1,393,561	1,276,464

As at 31 March 2010, customer accounts included accrued interest expense of KZT 26,551 million (31 December 2009: KZT 18,943 million).

As at 31 March 2010, customer accounts were pledged as a guarantee for issued letters of credit and other transactions relating to contingent liabilities of KZT 5,838 million (31 December 2009: KZT 5,438 million).

The Bank participates in the stabilization program of the Government of Kazakhstan through financing and refinancing programs of JSC National Welfare Fund “Samruk-Kazyna”. JSC National Welfare Fund “Samruk-Kazyna” deposited KZT 24 billion under the mortgage refinancing program and KZT 84 billion within the real economy sector financing program.

As at 31 March 2010, JSC National Welfare Fund "Samruk-Kazyna" deposited KZT 34 billion under the program on completion of construction objects in Almaty and Astana.

The refinancing of large-scale businesses in the manufacturing sector is conducted in accordance with the General Agreement # 3-4SP signed by JSC National Welfare Fund "Samruk-Kazyna", JSC Stress Assets Fund, JSC Entrepreneurship Development Fund "Damu" and second-tier banks dated 9 October 2009. The funds were placed with the Bank and consequently used for refinancing of large-scale businesses in the manufacturing sector. The total amount of funds of the Program was KZT 5.2 billion. The Bank allocates its own funds in the proportion of 30/70 (KZT 1.56 billion are the Bank's funds and KZT 3.64 billion are the funds of JSC Stress Assets Fund).

As at 31 March 2010, the customer accounts of KZT 850,911 million or 61.06% (31 December 2009: KZT 774,868 million or 60.8%) were due to 10 customers, which represents significant concentration. The Group considers JSC National Welfare Fund "Samruk-Kazyna" and all state entities as 1 customer for concentration risk purposes.

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

	31 March 2010 (unaudited) (KZT million)	**31 December 2009 (KZT million)**
Analysis by sector:		
Chemical and petrochemical industry	355,042	356,415
Individuals	345,533	327,622
Public authorities	146,315	147,447
Distribution of electricity, gas and water	121,347	116,402
Investments and finance	114,432	92,916
Transport and communication	57,517	48,533
Individual services	56,886	48,513
Agriculture	50,951	11,019
Wholesale and retail trade	43,059	43,688
Construction	37,604	35,360
Education	23,743	19,002
Health care	17,085	6,450
Mining and metallurgy	6,223	7,655
Public organizations and unions	1,929	1,516
Hotel business	1,702	2,805
Culture and art	1,296	706
Real estate	1,068	890
Food industry	1,034	545
Machinery construction	828	900
Light industry	759	580
Metallic accounts in precious metals	1,043	1,075
Other	8,165	6,425
	1,393,561	1,276,464

16. DEBT SECURITIES ISSUED

	Currency	Maturity date	Annual coupon rate %	31 March 2010 (unaudited) (KZT million)	31 December 2009 (KZT million)
Recorded at amortized cost:					
Eurobonds of Kazkommerts International B.V.:					
Issued in March 2006 at the price of 99.993%	EUR	March 2011	5.125	-	50,840
Issued in May 2008 at the price of 100%	USD	May 2011	12.00	-	34,146
Issued in February 2007 at the price of 99.962%	GBP	February 2012	7.625	-	42,190
Issued in April 2003 at the price of 97.548%	USD	April 2013	8.50	-	51,893
Issued in April 2004 at the price of 99.15%	USD	April 2014	7.875	-	38,335
Issued in November 2005 at the price of 98.32%	USD	November 2015	8.00	-	45,350
Issued in November 2006 at the price of 98.282%	USD	November 2016	7.50	-	52,878
Issued in February 2007 at the price of 99.277%	EUR	February 2017	6.875	-	90,158
Other Eurobonds of Kazkommerts International B.V.	USD	December 2012 - April 2013	8.50-12.85	-	32,497
				-	438,287
(Less)/including:					
Discount on debt securities issued				-	(3,162)
Accrued interest on debt securities issued				-	13,588
Total issued Eurobonds of Kazkommerts International B.V.				-	448,713
Eurobonds of JSC Kazkommertsbank:					
Issued in March 2006 at the price of 99.993%	EUR	March 2011	5.125	43,853	-
Issued in May 2008 at the price of 100%	USD	May 2011	12.00	33,805	-
Issued in February 2007 at the price of 99.962%	GBP	February 2012	7.625	36,485	-
Issued in April 2003 at the price of 97.548%	USD	April 2013	8.50	51,392	-
Issued in April 2004 at the price of 99.15%	USD	April 2014	7.875	37,479	-
Issued in November 2005 at the price of 98.32%	USD	November 2015	8.00	43,219	-
Issued in November 2006 at the price of 98.282%	USD	November 2016	7.50	52,351	-
Issued in February 2007 at the price of 99.277%	EUR	February 2017	6.875	81,798	-
Other Eurobonds of JSC Kazkommertsbank	USD	December 2012 - April 2013	8.50-12.85	32,081	-
				412,463	-
(Less)/including:					
Discount on debt securities issued				(3,126)	-
Accrued interest on debt securities issued				9,812	-
Total issued Eurobonds of JSC Kazkommertsbank				419,149	-
Issued promissory notes of LLP Moscommertsbank at the price of 88.00-100.00%		June 2013	7.00-15.00	4,822	6,124
Accrued interest expense on issued promissory notes of LLP Moscommertsbank				561	647
Issued bonds of Moscow Stars B.V. at the price of 99.00%		February 2022	1.983-5.483	7,725	8,161
Accrued interest on bonds of Moscow Stars B.V.				10	11
				432,267	463,656

As at 31 March 2010, accrued interest expense included in debt securities issued amounted to KZT 10,383 million (2009: KZT 14,246 million).

Eurobonds were issued by Kazkommerts International B.V., a subsidiary of the Bank, and were guaranteed by the Bank. For Eurobonds with a maturity of April 2013 the coupon is paid on 16 April and 16 October, for Eurobonds with a maturity of April 2014 the coupon is paid on 7 April and 7 October, for Eurobonds with a maturity of November 2015 the coupon is paid on 3 May and 3 November, for Eurobonds with a maturity of March 2011 the coupon is paid on 23 March, for Eurobonds with a maturity of November 2016 the coupon is paid on 29 May and 29 November, for Eurobonds with a maturity of February 2017 the coupon is paid on 13 February, for Eurobonds with a maturity of February 2012 the coupon is paid on 13 February and for Eurobonds with a maturity of December 2012 the coupon is paid on 30 May and 30 November.

On 11 February 2010, the Bank replaced Kazkommerts International B.V. as a Eurobonds issuer. As a result, the Bank's guarantee is no longer effective and all of the issuer's liabilities on the Eurobonds have been transferred to the Bank. The issuer has been substituted in accordance with the terms and conditions of the Eurobonds and this transfer has no effect on the bondholders' rights.

On 3 November 2009, the Bank redeemed the issue of Eurobonds placed in November 2004 of KZT 75,425 million (USD 500 million). The issuer of bonds was Kazkommerts International B.V. Full scheduled redemption of the issue was made through own funds of the Bank. Previously, the Bank has partially repurchased Eurobonds of this issue.

17. COMMITMENTS AND CONTINGENCIES

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

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

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

As at 31 March 2010, provision for losses on guarantees and contingent liabilities amounted to KZT 6,081 million (31 December 2009: KZT 7,217 million).

The risk-weighted amount is obtained by applying credit conversion factor and counterparty risk weightings according to the principles employed by the Basle Committee on Banking Supervision.

As at 31 March 2010 and 31 December 2009, the nominal or contract amounts and risk-weighted amounts were:

	31 March 2010 (unaudited)		**31 December 2009**	
	Nominal amount (KZT million)	**Risk-weighted amount (KZT million)**	**Nominal amount (KZT million)**	**Risk-weighted amount (KZT million)**
Contingent liabilities and credit commitments:				
Guarantees issued and similar commitments	109,209	109,209	122,096	122,096
Letters of credit and other transaction related to contingent obligations	5,098	617	8,391	1,040
Commitments on loans and unused credit lines	8,911	8,911	9,865	9,865
Commitments on loans sold to JSC Kazakhstan Mortgage Company with recourse	56	56	58	58
	123,274	118,793	140,410	133,059

The decision to issue loans to customers within open credit lines is made by the Group at each request of a customer for the borrowed funds and depends on the financial position of the borrower, credit history and other factors. As at 31 March 2010, the amount of liabilities on such unused credit lines equals KZT 309,026 million (31 December 2009: KZT 433,903 million). The decision to issue further funds is not obligatory since the Group is entitled to suspend or stop providing the borrower with a credit line or deny the borrower the credit for any reason including in case: the borrower violates the obligations before the Group; insufficiency of the collateral when revaluing the collateral due to a decrease in its pledge value or change of prices in the market; or as a result of provision of the credit line (provision of credit) the Group will violate any of the prudential norms established by the regulatory authorities for the second-tier banks; without warning the borrower.

Capital commitments

As at 31 March 2010, capital commitments amounted to KZT 2,920 million (31 December 2009: KZT 2,272 million).

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.

While 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. 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.

18. SUBSEQUENT EVENTS

On 6 April 2010 Kazkommertsbank exercised its pre-emptive right and purchased 1,760,260 shares of JSC Grantum APF for KZT 1,760 million. After the completion of the placement in the framework of pre-emptive rights, the Board of Directors of JSC Grantum APF made a decision to place the remaining 80,370 common shares at KZT 1,000 per share among unrestricted investors. On 5 May 2010, Kazkommertsbank purchased in full the above-mentioned shares. As a result, Kazkommertsbank increased its stake in JSC Grantum APF from 80.01% to 82.52%.

On 7 May 2010, JSC Grantum APF obtained a license for Pension Asset Management and license for broker-dealer services without customer account management.

On 16 April 2010, at the General Shareholders Meeting of JSC OCOPAIM Grantum Asset Management (represented by the Board of Directors of Kazkommertsbank, the sole shareholder of JSC OCOPAIM Grantum Asset Management), a decision was taken to pay dividends in the amount of KZT 2,088 million.

On 14 May 2010, Kazkommertsbank has acquired the common shares of 7th issue of OJSC Kazkommertsbank Kyrgyzstan, and increased its stake from 94.64% to 95.75%. On 14 October 2009, at the General Meeting of Shareholders of the subsidiary bank, a decision was taken to increase the share capital by additional issue of 66,036 new shares at KGS 500 per share. The shareholders, including Kazkommertsbank, purchased 62,657 shares (94.88% of the new shares). After the termination of the preemptive rights execution period, the remaining 3,379 shares were purchased by Kazkommertsbank. On 14 May 2010 Kazkommertsbank made the payment at the placement price of shares in the amount of KGS 1,689,500.

19. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties are assessed in accordance with IAS 24.

In considering each possible related party relationship, special attention is directed to the substance of the relationship, and not merely the legal form. Transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

	31 March 2010 (unaudited) (KZT million)		31 December 2009 (KZT million)	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers	1,157	2,694,799	1,140	2,666,315
- key management personnel of the entity or its parent	1,155		1,138	
- other related parties	2		2	
Allowance for impairment losses on loans to customers	(95)	(533,354)	(114)	(505,548)
- key management personnel of the entity or its parent	(95)		(114)	
Customer accounts	6,402	1,393,561	7,769	1,276,464
- parent company	1,649		1,287	
- entities with joint control or significant influence over the entity	163		106	
- key management personnel of the entity or its parent	3,201		3,966	
- other related parties	1,389		2,410	
Commitments on loans and unused credit lines	460	8,911	456	9,865
- key management personnel of the entity or its parent	456		453	
- other related parties	4		3	
Guarantees issued and similar commitments	574	109,209	580	122,096
- key management personnel of the entity or its parent	8		8	
- other related parties	566		572	

Included in the condensed interim consolidated income statement 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) (KZT million)		Three months ended 31 March 2009 (unaudited) (KZT million)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	124	75,282	98	98,363
Interest expense	(25)	(38,016)	(92)	(46,922)
Operating expenses	(165)	(7,776)	(171)	(7,121)
Short-term employee benefits	(165)	(3,835)	(171)	(3,620)
Provision on impairment losses on interest bearing assets, other transaction, guarantees and other contingent liabilities	19	(30,550)	(24)	(63,333)
Gain from sale of associates and share of results of associates	-	-	4,372	4,372

Key management personnel compensation for the three months ended 31 March 2010 and 2009 is represented by short-term employee benefits.

As at 31 March 2010 and 2009, the Group does not pledge any assets in connection with guarantees issued to management.

20. SEGMENT REPORTING

Business segments

The Group is organized on the basis of three main business segments:

- Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, documentary credits, foreign currency and derivative products.
- Investment banking – representing financial instruments trading, structured financing, and merger and acquisitions advice.
- Other – representing insurance operations and other activities.

Retail Banking offers a range of personal banking, savings and mortgage products and services. Corporate Banking offers business banking services principally to small and mid sized companies and commercial loans to larger corporate & commercial customers. Investment Banking consists of assets and liabilities required to support the liquidity and funding requirements of the Group, asset and liability management activities, the Group's capital and shared services.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

	Retail banking (unaudited) (KZT million)	Corporate banking (unaudited) (KZT million)	Investment banking (unaudited) (KZT million)	Other (unaudited) (KZT million)	Unallocated (unaudited) (KZT million)	Eliminations (unaudited) (KZT million)	As at and for the three months ended 31 March 2010 (unaudited) (KZT million)
External interest income	9,344	63,142	2,627	169	-	-	75,282
Internal interest income	10,193	15,251	43,670	-	-	(69,114)	-
External interest expenses	(8,476)	(15,452)	(14,088)	-	-	-	(38,016)
Internal interest expenses	(4,935)	(41,844)	(22,335)	-	-	69,114	-
Net interest income before provision for impairment losses on interest bearing assets	6,126	21,097	9,874	169	-	-	37,266
Provisions for impairment losses on interest bearing assets	(4,077)	(27,017)	429	-	-	-	(30,665)
NET INTEREST INCOME	2,049	(5,920)	10,303	169	-	-	6,601
Net loss on financial assets and liabilities at fair value though profit or loss	-	-	(15,703)	150	-	-	(15,553)
Net gain on foreign exchange and precious metals operations	109	(1)	15,094	(1)	(29)	-	15,172
Fee and commission income	1,727	2,338	690	-	-	-	4,755
Fee and commission expense	(109)	(383)	(44)	(276)	-	-	(812)
Net realized gain on investments available-for-sale	-	-	453	5	-	-	458
Dividends received	-	-	2	-	-	-	2
Other income	(138)	80	(244)	1,165	15	-	878
NET NON-INTEREST INCOME	1,589	2,034	248	1,043	(14)	-	4,900
OPERATING INCOME	3,638	(3,886)	10,551	1,212	(14)	-	11,501
OPERATING EXPENSES	(4,034)	(2,749)	(572)	(383)	(38)	-	(7,776)
PROFIT BEFORE OTHER OPERATING PROVISIONS AND RESULTS OF ASSOCIATES	(396)	(6,635)	9,979	829	(52)	-	3,725
Provision for impairment losses on other transactions	-	(303)	(3)	(659)	-	-	(965)
Recovery of provision for guarantees and other contingencies	-	1,080	-	-	-	-	1,080
OPERATING PROFIT BEFORE INCOME TAX	(396)	(5,858)	9,976	170	(52)	-	3,840
Income tax benefit	-	-	-	-	1,771	-	1,771
NET PROFIT	(396)	(5,858)	9,976	170	1,719	-	5,611
Segment assets	286,692	1,907,701	473,986	18,617	118,786	(159,123)	2,646,659
Segment liabilities	345,533	1,048,028	854,842	5,072	98,847	(123,630)	2,228,692

	Retail banking (unaudited) (KZT million)	Corporate banking (unaudited) (KZT million)	Investment banking (unaudited) (KZT million)	Other (unaudited) (KZT million)	Unallocated (unaudited) (KZT million)	Eliminations (unaudited) (KZT million)	As at and for the three months ended 31 March 2009 (unaudited) (KZT million)
External interest income	12,468	81,363	4,344	188	-	-	98,363
Internal interest income	8,069	12,337	38,162	-	-	(58,568)	-
External interest expenses	(6,965)	(13,757)	(26,200)	-	-	-	(46,922)
Internal interest expenses	(5,122)	(39,869)	(13,577)	-	-	58,568	-
Net interest income before provision for impairment losses on interest bearing assets	8,450	40,074	2,729	188	-	-	51,441
Provisions for impairment losses on interest bearing assets	(15,962)	(44,069)	1,042	-	-	-	(58,989)
NET INTEREST EXPENSE	(7,512)	(3,995)	3,771	188	-	-	(7,548)
Net gain on financial assets and liabilities at fair value though profit or loss	-	-	6,285	(63)	-	-	6,222
Net loss on foreign exchange and precious metals operations	380	75	(2,548)	(385)	(16)	-	(2,494)
Fee and commission income	1,598	2,785	1,017	-	-	-	5,400
Fee and commission expense	(181)	(232)	(117)	(218)	(5)	-	(753)
Net realized loss on investments available-for-sale	-	-	(800)	16	-	-	(784)
Dividends received	-	-	2	-	-	-	2
Other income	8	49	14,388	828	9	-	15,282
NET NON-INTEREST INCOME	1,805	2,677	18,227	178	(12)	-	22,875
OPERATING INCOME	(5,707)	(1,318)	21,998	366	(12)	-	15,327
OPERATING EXPENSES	(3,690)	(2,285)	(765)	(381)	-	-	(7,121)
PROFIT BEFORE OTHER OPERATING PROVISIONS AND RESULTS OF ASSOCIATES	(9,397)	(3,603)	21,233	(15)	(12)	-	8,206
Recovery of provision on other transactions	-	(132)	667	170	-	-	705
Provision for impairment losses for guarantees and other contingencies	-	(5,049)	-	-	-	-	(5,049)
Gain from sale of associates	-	-	4,372	-	-	-	4,372
OPERATING PROFIT BEFORE INCOME TAX	(9,397)	(8,784)	26,272	155	(12)	-	8,234
Income tax expense	-	-	-	-	(3,199)	-	(3,199)
NET PROFIT	(9,397)	(8,784)	26,272	155	(3,211)	-	5,035
Segment assets (31 December 2009)	296,136	1,897,748	443,054	16,777	582,955	(648,797)	2,587,873
Segment liabilities (31 December 2009)	327,622	948,842	939,233	4,118	574,119	(620,168)	2,173,766

21. RISK MANAGEMENT POLICIES

Management of risks is fundamental to the Group's business. The risk management functions include:

- Risks identification: The risks, which the Group is exposed to in its daily activities, are identified by the risk management system.
- Measuring risks: The Group measures the risks using various quantitative and qualitative methodologies, which include risk based profitability analysis, calculation of possible loss amounts, and utilization of specialized models. Measurement models and associated assumptions are periodically reviewed to ensure that the tools represent the risks adequately and reasonably.
- Risk monitoring: The Group's policies and procedures determine the processes for mitigating and minimizing the risks and establish limits on various types of operations. Such limits are reviewed on a periodic basis set forth in internal documents of the Group.
- Risk reporting: Risk reporting is performed on a line of business and on a consolidated basis. This information is periodically presented to the management.

The main risks inherent to the Group's operations are those related to:

- Liquidity risk
- Currency risk
- Credit risk
- Interest rate risk
- Market risk

The Group has opted to present liquidity risk and currency risk as at 31 March 2010. The Group believes this information to be useful to users of this condensed interim consolidated financial information. The remaining risk management policies, which include credit risk, interest rate risk and market risk are not significantly different from the Group's risk management policies disclosed in the audited consolidated financial statements for the year ended 31 December 2009.

From 1 January 2008, the Group implemented a hedge accounting policy as part of its risk management strategy. Prior to this date, the Group opted not to designate its economic hedges as hedging relationships. The Group has designated cross currency swaps and interest swaps as hedging instruments against various currency and interest rate exposures, the details of which are disclosed in Note 12.

Liquidity risk

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

ALMC controls these types of risks by means of weekly liquidity gap analysis and taking appropriate decisions to reduce liquidity risk. Current liquidity is managed by the Treasury Department through the deals in the money markets, with placement of available funds in liquid securities in line with instructions of ALMC.

The Group maintains the compliance to regulatory requirements, including term liquidity ratios and foreign exchange liquidity limits. The Management of the Group considers these requirements to be strict, and, as such, this measure guarantees maintaining appropriate liquidity level.

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. The presentation below is based upon the information provided internally to key management personnel of the Group.

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 March 2010 Total
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
FINANCIAL ASSETS:							
Debt securities and derivatives in the financial assets at fair value through profit or loss	35,381	35,288	45,066	3,147	15,582	-	134,464
Loans and advances to banks and other financial institutions	73,543	3,915	19,989	35,639	15	-	133,101
Loans to customers	1,403	114,420	518,968	809,331	469,489	-	1,913,611
Debt securities included in investments available-for-sale	3	334	770	4,458	5,596	-	11,161
Investments held to maturity	-	-	21	647	246	-	914
Total interest bearing assets	110,330	153,957	584,814	853,222	490,928	-	2,193,251
Cash and balances with national (central) banks	136,195	-	-	-	2,268	-	138,463
Precious metals	1,186	-	-	-	-	-	1,186
Equity securities in the financial assets at fair value through profit or loss	-	-	-	-	-	3,034	3,034
Equity securities in the investments available-for-sale	-	-	-	-	-	4,866	4,866
Accrued interest income on interest-bearing assets	43,010	49,149	88,877	67,806	66	-	248,908
Other financial assets	4,095	1,495	3,660	1,268	-	-	10,518
TOTAL FINANCIAL ASSETS	294,816	204,601	677,351	922,296	493,262	7,900	2,600,226
FINANCIAL LIABILITIES:							
Loans and advances from banks and other financial institutions	28,806	8,891	29,952	110,748	2,867	-	181,264
Customer accounts	449,946	79,891	433,718	343,001	60,454	-	1,367,010
Debt securities issued	303	543	44,716	194,681	181,641	-	421,884
Other borrowed funds	42	70	2,978	4,484	21,235	-	28,809
Subordinated debt	-	-	-	23,633	108,323	2,106	134,062
Total interest bearing liabilities	479,097	89,395	511,364	676,547	374,520	2,106	2,133,029
Financial liabilities at fair value through profit or loss	607	129	1,137	24,489	7,439	-	33,801
Dividends payable	-	-	739	-	-	-	739
Accrued interest expense on interest-bearing liabilities	7,016	4,605	22,842	7,227	-	-	41,690
Other financial liabilities	4,614	550	1,329	-	-	-	6,493
TOTAL FINANCIAL LIABILITIES	491,334	94,679	537,411	708,263	381,959	2,106	2,215,752
Liquidity gap	(196,518)	109,922	139,940	214,033	111,303		
Interest sensitivity gap	(368,767)	64,562	73,450	176,675	116,408		
Cumulative interest sensitivity gap	(368,767)	(304,205)	(230,755)	(54,080)	62,328		
Cumulative interest sensitivity gap as a percentage of total assets	(14.2%)	(11.7%)	(8.9%)	(2.1%)	2.4%		
Contingent liabilities and credit commitments	8,248	7,273	33,638	60,524	4,620	4	

	Up to 1 month (KZT million)	1 month to 3 months (KZT million)	3 months to 1 year (KZT million)	1 year to 5 years (KZT million)	Over 5 years (KZT million)	Maturity undefined (KZT million)	31 December 2009 Total (KZT million)
FINANCIAL ASSETS:							
Debt securities and derivatives in the financial assets at fair value through profit or loss	6,076	17,618	32,108	19,574	35,748	-	111,124
Loans and advances to banks and other financial institutions	89,440	531	52,080	5,907	15	-	147,973
Loans to customers	19,363	53,437	534,511	886,195	442,751	-	1,936,257
Debt securities included in investments available-for-sale	3	100	5,453	4,557	853	-	10,966
Investments held to maturity	-	194	11	558	150	-	913
Total interest bearing assets	114,882	71,880	624,163	916,791	479,517	-	2,207,233
Cash and balances with national (central) banks	89,584	-	-	-	949	-	90,533
Precious metals	1,209	-	-	-	-	-	1,209
Equity securities in the financial assets at fair value through profit or loss	-	-	-	-	-	2,638	2,638
Equity securities in the investments available-for-sale	-	-	-	-	-	5,252	5,252
Accrued interest income on interest-bearing assets	47,126	30,219	88,003	60,452	61	-	225,861
Other financial assets	5,958	516	3,145	435	20	-	10,074
TOTAL FINANCIAL ASSETS	258,759	102,615	715,311	977,678	480,547	7,890	2,542,800
FINANCIAL LIABILITIES:							
Loans and advances from banks and other financial institutions	24,656	4,752	42,296	133,463	2,896	-	208,063
Customer accounts	369,466	54,037	458,544	324,501	50,973	-	1,257,521
Debt securities issued	314	684	2,246	248,862	197,304	-	449,410
Other borrowed funds	-	23	674	4,946	25,124	-	30,767
Subordinated debt	-	-	-	14,836	112,524	6,747	134,107
Total interest bearing liabilities	394,436	59,496	503,760	726,608	388,821	6,747	2,079,868
Financial liabilities at fair value through profit or loss	174	137	594	26,361	8,725	-	35,991
Dividends payable	-	-	15	-	-	-	15
Accrued interest expense on interest-bearing liabilities	6,078	6,278	15,153	560	8,888	-	36,957
Other financial liabilities	769	3,470	100	77	-	-	4,416
TOTAL FINANCIAL LIABILITIES	401,457	69,381	519,622	753,606	406,434	6,747	2,157,247
Liquidity gap	(142,698)	33,234	195,689	224,072	74,113		
Interest sensitivity gap	(279,554)	12,384	120,403	190,183	90,696		
Cumulative interest sensitivity gap	(279,554)	(267,170)	(146,767)	43,416	134,112		
Cumulative interest sensitivity gap as a percentage of total assets	(11.0%)	(10.5%)	(5.8%)	1.7%	5.3%		
Contingent liabilities and credit commitments	11,508	12,213	52,530	54,095	86	55	

The tables include the maturity dates for financial assets and liabilities, as they fall due. Based on prior experience, the Group considers it highly unlikely that all customer accounts seek repayment on maturity. Historically the majority of such deposits are rolled over. The Group is aware of the importance of maintaining the stability of these deposits. In order to achieve this it is essential that the Group ensures depositor confidence in the Group's liquidity, by continuing to position itself as the depositor of choice in local markets and a leading financial institution in both the Republic of Kazakhstan and abroad. The Group does not use undiscounted contractual maturity information when managing its operations.

Currency risk

Currency risk is defined as the risk of taking losses from open currency positions and financial instruments in foreign currencies as a result of changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in foreign currency exchange rates on its open currency positions and trading portfolio.

The ALMC controls currency risk by managing its open currency positions on the basis of macroeconomic analysis and exchange rate forecasts, which give the Group an opportunity to minimise losses from significant currency fluctuations. Similar to liquidity risk management, the Treasury Department manages open currency positions of the Group using data generated by the Prudentials Monitoring and Credit Reporting Division on a daily basis.

The FMSA sets strict limits on open currency positions. This measure also limits the currency risk. In addition, the Treasury Department uses various hedging strategies including cross currency swaps in order to mitigate currency risks.

As at 31 March 2010, the Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT (unaudited) (KZT million)	USD (unaudited) (KZT million)	EUR (unaudited) (KZT million)	RUR (unaudited) (KZT million)	Other CCY (unaudited) (KZT million)	31 March 2010 Total (unaudited) (KZT million)
FINANCIAL ASSETS:						
Cash and balances with national (central) banks	117,761	9,664	4,843	3,956	2,239	138,463
Precious metals	-	-	-	-	1,186	1,186
Financial assets at fair value through profit or loss	129,755	176	1,224	5,562	1,298	138,015
Loans and advances to banks and other financial institutions	13,571	111,792	2,129	626	5,376	133,494
Loans to customers	816,359	1,302,110	8,281	34,313	382	2,161,445
Investments available-for-sale	12,105	4,054	-	-	-	16,159
Investments held to maturity	613	333	-	-	-	946
Other financial assets	4,311	716	74	5,329	88	10,518
TOTAL FINANCIAL ASSETS	1,094,475	1,428,845	16,551	49,786	10,569	2,600,226
FINANCIAL LIABILITIES:						
Loans and advances from banks and other financial institutions	5,757	162,949	7,492	6,246	45	182,489
Customer accounts	752,470	557,885	66,066	13,850	3,290	1,393,561
Financial liabilities at fair value through profit or loss	31,685	2,114	-	-	2	33,801
Debt securities issued	-	269,687	125,654	140	36,786	432,267
Other borrowed funds	17,850	11,337	-	-	-	29,187
Dividends payable	-	733	-	-	6	739
Other financial liabilities	5,751	162	301	279	-	6,493
Subordinated debt	32,711	104,504	-	-	-	137,215
TOTAL FINANCIAL LIABILITIES	846,224	1,109,371	199,513	20,515	40,129	2,215,752
OPEN POSITION	248,251	319,474	(182,962)	29,271	(29,560)	

Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above and the following table presents further analysis of currency risk on derivative financial instruments and spot contracts as at 31 March 2010:

	KZT (unaudited) (KZT million)	USD (unaudited) (KZT million)	EUR (unaudited) (KZT million)	RUR (unaudited) (KZT million)	Other CCY (unaudited) (KZT million)	31 March 2010 Total (unaudited) (KZT million)
Accounts payable on spot and derivative contracts	(2,359)	(292,087)	(5,581)	(4,795)	-	(304,822)
Accounts receivable on spot and derivative contracts	16,727	12,723	183,502	1,477	77,934	292,363
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	14,368	(279,364)	177,921	(3,318)	77,934	

	KZT (KZT million)	USD (KZT million)	EUR (KZT million)	RUR (KZT million)	Other CCY (KZT million)	31 December 2009 Total (KZT million)
FINANCIAL ASSETS:						
Cash and balances with national (central) banks	61,450	7,753	16,345	2,913	2,072	90,533
Precious metals	-	-	-	-	1,209	1,209
Financial assets at fair value through profit or loss	91,413	359	10,647	5,196	6,588	114,203
Loans and advances to banks and other financial institutions	13,253	120,762	6,065	3,943	4,352	148,375
Loans to customers	773,155	1,338,637	10,172	37,770	1,033	2,160,767
Investments available-for-sale	12,262	4,434	-	-	-	16,696
Investments held to maturity	938	-	-	-	5	943
Other financial assets	3,138	876	52	5,585	423	10,074
TOTAL FINANCIAL ASSETS	955,609	1,472,821	43,281	55,407	15,682	2,542,800
FINANCIAL LIABILITIES:						
Loans and advances from banks and other financial institutions	4,959	178,337	9,939	15,846	41	209,122
Customer accounts	632,542	549,936	75,772	14,414	3,800	1,276,464
Financial liabilities at fair value through profit or loss	30,111	5,820	-	60	-	35,991
Debt securities issued	-	269,783	148,576	254	45,043	463,656
Other borrowed funds	19,097	12,075	-	-	-	31,172
Dividends payable	-	-	-	-	15	15
Other financial liabilities	2,363	333	646	634	440	4,416
Subordinated debt	31,736	104,675	-	-	-	136,411
TOTAL FINANCIAL LIABILITIES	720,808	1,120,959	234,933	31,208	49,339	2,157,247
OPEN POSITION	234,801	351,862	(191,652)	24,199	(33,657)	

Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above and the following table presents further analysis of currency risk on derivative financial instruments and spot contracts as at 31 December 2009:

	KZT (KZT million)	USD (KZT million)	EUR (KZT million)	RUR (KZT million)	Other CCY (KZT million)	31 December 2009 Total (KZT million)
Accounts payable on spot and derivative contracts	(892)	(304,125)	-	(4,599)	-	(309,616)
Accounts receivable on spot and derivative contracts	28,017	5,463	192,555	5,053	83,860	314,948
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	27,125	(298,662)	192,555	454	83,860	