

**JOINT STOCK COMPANY
KAZKOMMERTSBANK**

**Condensed Interim Consolidated
Financial Information (Unaudited)**
For the three months ended 31 March 2012

JOINT STOCK COMPANY KAZKOMMERTSBANK

TABLE OF CONTENTS

	Page
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2012 (UNAUDITED)	1
INDEPENDENT AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION	2
CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2012 (UNAUDITED):	
Condensed interim consolidated income statement (unaudited)	3
Condensed interim consolidated statement of comprehensive income (unaudited)	4
Condensed interim consolidated statement of financial position (unaudited)	5
Condensed interim consolidated statement of changes in equity (unaudited)	6-7
Condensed interim consolidated statement of cash flows (unaudited)	8-9
Selected explanatory notes to the condensed interim consolidated financial information (unaudited)	10-38

JOINT STOCK COMPANY KAZKOMMERTSBANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2012 (UNAUDITED)

Management is responsible for the preparation of the condensed interim consolidated financial information that presents fairly the consolidated financial position of the Joint Stock Company Kazkommertsbank ("the Bank") and its subsidiaries ("the Group") as at 31 March 2012 and the results of its operations for the three month period then ended, as well as cash flows and changes in equity for the three month period 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 condensed interim consolidated financial information of the Group for the three months ended 31 March 2012 was authorised for issue on 28 May 2012 by the Management Board of JSC Kazkommertsbank.

On behalf of the Management Board of the Bank:


Zhussupova N.A.
Chairperson of the Board

28 May 2012
Almaty


Shoinbekova G.K.
Chief Accountant

28 May 2012
Almaty

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

To the Shareholders and Board of Directors of JSC Kazkommertsbank:

We have reviewed the accompanying condensed interim consolidated financial information of JSC Kazkommertsbank and its subsidiaries ("the Group") which comprises the condensed interim consolidated statement of financial position as at 31 March 2012 and the related condensed interim consolidated income statement and condensed interim consolidated statement of comprehensive income for the three months then ended, the condensed interim consolidated statements of changes in equity and cash flows for the three months ended 31 March 2012, and a summary of significant accounting policies and selected explanatory information. Management of the Group is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. 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 condensed interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Deloitte, LLP

28 May 2012
Almaty

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2012 (UNAUDITED)

	Notes	Three months ended 31 March 2012 (unaudited) (KZT million)	Three months ended 31 March 2011 (unaudited) (KZT million)
Interest income	4, 18	57,931	61,502
Interest expense	4, 18	(27,459)	(32,203)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		30,472	29,299
Provision for impairment losses on interest bearing assets	5, 18	(25,672)	(14,594)
NET INTEREST INCOME		4,800	14,705
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	6	4,425	(1,452)
Net gain on foreign exchange and precious metals operations	7	663	339
Fee and commission income		6,071	5,355
Fee and commission expense		(2,821)	(1,864)
Net realized gain/(loss) on investments available-for-sale		610	(25)
Dividends received		5	2
Other income		2,535	1,731
NET NON-INTEREST INCOME		11,488	4,086
OPERATING INCOME		16,288	18,791
OPERATING EXPENSES	8, 18	(8,339)	(8,410)
PROFIT BEFORE OTHER OPERATING PROVISIONS		7,949	10,381
Provision for impairment losses on other transactions	5, 18	(443)	(972)
Recovery of provision/(provision) for guarantees and other contingencies	5, 18	611	(1,942)
OPERATING PROFIT BEFORE INCOME TAX		8,117	7,467
Income tax expense	9	(1,757)	(1,522)
NET PROFIT		6,360	5,945
Attributable to:			
Ordinary shareholders of the Parent		5,626	5,265
Preference shareholders of the Parent		692	641
Non-controlling interest		42	39
		6,360	5,945
EARNINGS PER SHARE			
<i>Basic and diluted (KZT)</i>	10	7.23	6.76

On behalf of the Management Board of the Bank:

Zhussupova N.A.
Chairperson of the Board

28 May 2012
Almaty



Shoinbekova G.K.
Chief Accountant

28 May 2012
Almaty

The notes on pages 10-38 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 2012 (UNAUDITED)

	Three months ended 31 March 2012 (unaudited) (KZT million)	Three months ended 31 March 2011 (unaudited) (KZT million)
NET PROFIT	<u>6,360</u>	<u>5,945</u>
<i>Property and equipment:</i>		
Revaluation of property and equipment	<u>-</u>	<u>31</u>
	<u>-</u>	<u>31</u>
<i>Investments available-for-sale:</i>		
Unrealized gain/(loss) on revaluation of investments available-for-sale	1,339	(19)
(Gain)/loss transferred to income statement on sale of investments available-for-sale	<u>(610)</u>	<u>25</u>
	<u>729</u>	<u>6</u>
<i>Cash flow hedges:</i>		
Gain on cash flow hedges	-	73
Plus: net gain on hedging reserve transferred to earnings	<u>140</u>	<u>190</u>
	<u>140</u>	<u>263</u>
Exchange differences on translation of foreign operations	<u>1,450</u>	<u>1,719</u>
<i>Deferred income tax:</i>		
Deferred income tax recognized on loss on investments available-for-sale, on cash flow hedges and due to tax rate changes	<u>(149)</u>	<u>(162)</u>
	<u>(149)</u>	<u>(162)</u>
TOTAL COMPREHENSIVE INCOME	<u><u>8,530</u></u>	<u><u>7,802</u></u>
Attributable to:		
Ordinary shareholders of the Parent	7,323	6,881
Preference shareholders of the Parent	1,164	867
Non-controlling interest	<u>43</u>	<u>54</u>
TOTAL COMPREHENSIVE INCOME	<u><u>8,530</u></u>	<u><u>7,802</u></u>

On behalf of the Management Board of the Bank:

Zhussupova N.A.
Chairperson of the Board

28 May 2012
Almaty



Shoibekova G.K.
Chief Accountant

28 May 2012
Almaty

The notes on pages 10-38 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 2012 (UNAUDITED)

	Notes	31 March 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)
ASSETS:			
Cash and balances with national (central) banks	11	98,391	105,067
Precious metals		5,495	3,280
Financial assets at fair value through profit or loss	12	136,985	188,313
Loans and advances to banks and other financial institutions		54,854	53,968
Loans to customers	13, 18	2,092,679	2,079,661
Investments available-for-sale		14,893	15,419
Investments held to maturity		4,633	4,026
Goodwill		2,405	2,405
Property, equipment and intangible assets		32,621	33,028
Other assets		81,973	80,522
TOTAL ASSETS		2,524,929	2,565,689
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and advances from banks and other financial institutions		103,998	92,215
Customer accounts	14, 18	1,450,613	1,463,077
Financial liabilities at fair value through profit or loss	12	11,541	37,771
Debt securities issued	15	301,023	324,087
Other borrowed funds		24,612	26,359
Provisions	5	10,394	10,724
Deferred income tax liabilities	9	30,822	29,131
Dividends payable		211	6
Other liabilities		8,005	7,647
		1,941,219	1,991,017
Subordinated debt		138,725	138,040
Total liabilities		2,079,944	2,129,057
EQUITY:			
Equity attributable to equity holders of the Parent:			
Issued and outstanding share capital		9,016	9,023
Share premium reserve		194,754	194,924
Property and equipment revaluation reserve		5,476	5,488
Other reserves		234,584	226,085
Total equity attributable to equity holders of the Parent		443,830	435,520
Non-controlling interest		1,155	1,112
Total equity		444,985	436,632
TOTAL LIABILITIES AND EQUITY		2,524,929	2,565,689

On behalf of the Management Board of the Bank:

Zhussupova N.A.
Chairperson of the Board

28 May 2012
Almaty



Shoinbekova G.K.

Shoinbekova G.K.
Chief Accountant

28 May 2012
Almaty

The notes on pages 10-38 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 2012 (UNAUDITED)

	Share capital	Treasury shares	Share premium reserve	Property and equipment revaluation reserve	Investments available-for-sale fair value reserve ¹	Cumulative translation reserve ¹	Hedging reserve ¹	Retained earnings ¹	Total equity attributable to equity holders of the Parent (KZT million)	Non-controlling interest (KZT million)	Total equity (KZT million)
31 December 2010	9,044	(13)	195,024	5,508	786	(1,502)	(182)	204,007	412,672	1,074	413,746
<i>Net profit</i>	-	-	-	-	-	-	-	5,906	5,906	39	5,945
Gain on revaluation of property and equipment	-	-	-	31	-	-	-	-	31	-	31
Release of property and equipment revaluation reserve due to depreciation and disposal of previously revalued assets	-	-	-	(18)	-	-	-	18	-	-	-
Investments available-for-sale	-	-	-	-	6	-	-	-	6	-	6
Cash flow hedges	-	-	-	-	-	-	263	-	263	-	263
Exchange differences on translation of foreign operations	-	-	-	-	-	1,704	-	-	1,704	15	1,719
Deferred income tax	-	-	-	4	(109)	-	(53)	(4)	(162)	-	(162)
Total comprehensive income	-	-	-	17	(103)	1,704	210	5,920	7,748	54	7,802
Repurchase of treasury shares	-	-	(7)	-	-	-	-	-	(7)	-	(7)
31 March 2011 (unaudited)	9,044	(13)	195,017	5,525	683	202	28	209,927	420,413	1,128	421,541

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2012 (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)	Statutory reserves 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 2011	9,044	(21)	194,924	5,488	(621)	(1,273)	402	172,009	55,568	435,520	1,112	436,632
<i>Net profit</i>	-	-	-	-	-	-	-	-	-	-	-	-
Release of property and equipment revaluation reserve due to depreciation and disposal of previously revalued assets	-	-	-	(22)	-	-	-	-	22	-	-	-
Investments available-for- sale	-	-	-	-	729	-	-	-	-	729	-	729
Cash flow hedges Exchange differences on translation of foreign operations	-	-	-	-	-	140	140	-	-	140	-	140
Deferred income tax (Note 9)	-	-	-	10	(121)	-	(28)	-	(10)	(149)	1	1,450
Total comprehensive income	-	-	-	(12)	608	1,449	112	-	6,330	8,487	43	8,530
Transfer to statutory reserve	-	-	-	-	-	-	-	6,099	(6,099)	-	-	-
Repurchase of treasury shares	-	(7)	(170)	-	-	-	-	-	-	(177)	-	(177)
31 March 2012 (unaudited)	9,044	(28)	194,754	5,476	(13)	176	514	178,108	55,799	443,830	1,155	444,985

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

On behalf of the Management Board of the Bank:

Zhusupbayeva N.A.

Chairperson of the Board

28 May 2012

Almaty

Shoinbekova G.K.

Chief Accountant

28 May 2012

Almaty

The notes on pages 10-38 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2012 (UNAUDITED)

	Three months ended 31 March 2012 (unaudited) (KZT million)	Three months ended 31 March 2011 (unaudited) (KZT million)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from financial assets at fair value through profit or loss	1,706	791
Interest received on loans and advances to banks and other financial institutions	545	1,078
Interest received from loans to customers	43,302	42,953
Interest received from investments available-for-sale	120	57
Interest received from investments held to maturity	33	23
Interest paid on loans and advances from banks and other financial institutions	(699)	(1,291)
Interest paid on customer accounts	(17,412)	(19,767)
Interest paid on debt securities issued	(7,874)	(10,639)
Interest paid on other borrowed funds	(418)	(320)
Interest paid on subordinated debt	(1,868)	(1,696)
Fee and commission received	6,045	4,943
Fee and commission paid	(2,832)	(1,800)
Other income received	2,494	1,554
Operating expenses paid	(6,092)	(5,895)
Cash inflow from operating activities before changes in operating assets and liabilities	17,050	9,991
Changes in operating assets and liabilities (Increase)/decrease in operating assets:		
Funds deposited with National Bank of the Republic of Kazakhstan	2,253	795
Funds deposited with Central Bank of Russian Federation	(311)	(401)
Funds deposited with National Bank of the Kyrgyz Republic	(25)	(13)
Funds deposited with National Bank of Tajikistan	(3)	7
Precious metals	(2,215)	(3,078)
Financial assets at fair value through profit or loss	33,003	(72,584)
Loans and advances to banks and other financial institutions	(605)	9,313
Loans to customers	(26,890)	43,696
Other assets	(301)	(997)
Increase/(decrease) in operating liabilities:		
Loans and advances from banks and other financial institutions	11,666	29,491
Customer accounts	(11,421)	(699)
Other liabilities	436	3,662
Cash inflow from operating activities before taxation	22,637	19,183
Income tax paid	(214)	(1,900)
Net cash inflow from operating activities	22,423	17,283

JOINT STOCK COMPANY KAZKOMMERTSBANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2012 (UNAUDITED)

	Notes	Three months ended 31 March 2012 (unaudited) (KZT million)	Three months ended 31 March 2011 (unaudited) (KZT million)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets		(340)	(1,260)
Proceeds on sale of property, equipment and intangible assets		210	182
Dividends received		5	2
Proceeds on sale of investments available-for-sale		379	300
Purchase of investments available-for-sale		(619)	(898)
Net cash outflow from investing activities		(365)	(1,674)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repurchase of treasury shares		(177)	(7)
Proceeds from debt securities issued		3,952	-
Repurchase and repayment of debt securities issued		(28,632)	(43,492)
Repayment of other borrowed funds		(1,667)	(1,812)
Dividends paid on preference shares		-	(4)
Net cash outflow from financing activities		(26,524)	(45,315)
Effect of changes in foreign exchange rate on cash and cash equivalents		81	86
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,385)	(29,620)
CASH AND CASH EQUIVALENTS, beginning of period	11	78,064	118,223
CASH AND CASH EQUIVALENTS, end of period	11	73,679	88,603

On behalf of the Management Board of the Bank:

Zhussupova N.A.
Chairperson of the Board

28 May 2012
Almaty

Shoinbekova G.K.
Chief Accountant

28 May 2012
Almaty

The notes on pages 10-38 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2012 (UNAUDITED)

1. ORGANISATION

Joint Stock Company (“JSC”) Kazkommertsbank (“the Bank”, or “Kazkommertsbank”) is a Joint Stock Company and has operated in the Republic of Kazakhstan since 1990. The Bank’s activities are regulated by the National Bank of the Republic of Kazakhstan (“the NBRK”) and by the Committee for control and supervision of financial market and financial organizations of the NBRK (“the FMSC”) in accordance with the license № 48 dated 27 December 2007. 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 2012 and 31 December 2011, 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 subsidiaries consolidated in the condensed interim consolidated financial information are consistent with those presented in the consolidated financial statements for the year ended 31 December 2011.

Name	Country of operation	Proportion or ownership interest/voting rights		Type of operation
		31 March 2012 (unaudited)	31 December 2011	
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 Life Insurance Company Kazkommerts Life	Republic of Kazakhstan	100%	100%	Life insurance
CJSC Kazkommertsbank Tajikistan	Republic of Tajikistan	100%	100%	Commercial bank
JSC Insurance Company Kazkommerts-Policy	Republic of Kazakhstan	100%	100%	Insurance
OJSC Commercial bank Moskommertsbank	Russian Federation	100%	100%	Commercial bank
OJSC Kazkommertsbank Kyrgyzstan	Kyrgyz Republic	95.75%	95.75%	Commercial bank
JSC Grantum APF	Republic of Kazakhstan	82.52%	82.52%	Pension fund

On 9 September 2011, the Board of Directors of the Bank decided to liquidate the subsidiary of special-purpose - Kazkommerts Capital II B.V. which performed its financial activity in the Netherlands.

During 2011, the Bank increased the share capital of JSC “Life Insurance Company “Kazkommerts Life” by purchasing 414,000 ordinary newly issued shares of its own subsidiary. As a result, the share capital of the company totaled KZT 1,865 million. The percentage of share capital held by the Bank remained at 100% after the issuance of the new capital.

2. BASIS OF PRESENTATION

Accounting basis

The condensed interim consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting (“IAS 34”). Accordingly, certain information and disclosures normally required to be included in the notes to the annual 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 2011.

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 according to IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”) and measurement of property and equipment at revalued amounts according to IAS 16, Property, Plant and Equipment (“IAS 16”).

The preparation of the condensed interim consolidated financial information in conformity with IAS 34 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 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 (“KZT”).

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 2011. There were no changes in accounting policies during the three months ended 31 March 2012.

4. NET INTEREST INCOME

	Three months ended 31 March 2012 (unaudited) (KZT million)	Three months ended 31 March 2011 (unaudited) (KZT million)
Interest income comprise:		
Interest income on financial assets recorded at amortized cost:		
- interest income on homogenous and individually assessed watch assets	34,668	34,960
- interest income on impaired financial assets	15,360	17,867
- interest income on unimpaired financial assets	6,003	6,982
Interest income on financial assets at fair value through profit or loss	1,711	1,505
Interest income on investments available-for-sale	189	188
Total interest income	57,931	61,502
Interest income on financial assets recorded at amortized cost comprise:		
Interest on loans to customers	55,425	58,680
Interest on loans and advances to banks and other financial institutions	574	1,082
Interest on investments held to maturity	32	47
Total interest income on financial assets recorded at amortized cost	56,031	59,809
Interest income on financial assets at fair value through profit or loss:		
Interest income on financial assets held-for-trading	1,711	1,505
Total interest income on financial assets at fair value through profit or loss	1,711	1,505
Interest income on investments available-for-sale	189	188
Total interest income	57,931	61,502
Interest expense comprise:		
Interest expense on financial liabilities recorded at amortized cost		
Total interest expense	27,459	32,203
Interest expense on financial liabilities recorded at amortized cost comprise:		
Interest on customer accounts	16,727	19,727
Interest on debt securities issued	6,271	7,292
Interest expense on subordinated debt	2,982	3,022
Interest on loans and advances from banks and other financial institutions	911	1,649
Preference share dividends	203	201
Other interest expense	365	312
Total interest expense on financial liabilities recorded at amortized cost	27,459	32,203
Net interest income before provision for impairment losses on interest bearing assets	30,472	29,299

5. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

Individually assessed watch assets represent loans with some minor indicators of deterioration in credit quality not yet resulting in the impairment of the loan. Such indicators may include minor breaches of loan covenants, and/or some factors leading to the deterioration of the financial position of the borrower, which are not yet affecting the ability of the borrower to repay the amounts in due course. Watch list loans are subject to stricter monitoring of financial position, collateral and other enhanced credit risk management tools in comparison with unimpaired assets.

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

	Loans and advances to banks and other financial institutions (KZT million)	Loans to customers (KZT million) (Note 13)	Investments available-for- sale (KZT million)	Total (KZT million)
31 December 2010	136	572,450	18	572,604
(Recovery of provision)/additional provision recognized	(41)	14,635	-	14,594
Write-off of assets	-	(14)	-	(14)
Foreign exchange difference	(1)	(2,707)	-	(2,708)
31 March 2011 (unaudited)	94	584,364	18	584,476
31 December 2011	160	658,108	186	658,454
Additional provision recognized	49	25,623	-	25,672
Write-off of assets	-	(2,856)	-	(2,856)
Foreign exchange difference	(1)	843	-	842
31 March 2012 (unaudited)	208	681,718	186	682,112

As at 31 March 2012, the Group has identified certain corporate customer loans, where under the contractual terms of the loan agreements there are no cash flows to the Group in the next few years. These loans are considered impaired by management. In accordance with IAS 39, 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 for the three months ended 31 March 2012 amounted to KZT 10,775 million (31 March 2011: KZT 10,564 million). Management has established an allowance for loan losses against this interest. While there is currently evidence of impairment, the Group continues to progress work out strategies on these loans. The Group regularly evaluates probability of cash flows and introduces respective changes to the list of these corporate loans.

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

	31 March 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)
Insurance provisions	8,478	8,200
Provision for guarantees and other contingencies	1,916	2,524
	<u>10,394</u>	<u>10,724</u>

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

	Insurance provisions (KZT million)	Other assets (KZT million)	Total (KZT million)
31 December 2010	6,287	4,033	10,320
Additional provision recognized	750	222	972
Write-off of assets	(396)	(63)	(459)
Foreign exchange difference	-	(1)	(1)
	<u>6,641</u>	<u>4,191</u>	<u>10,832</u>
31 March 2011 (unaudited)	6,641	4,191	10,832
31 December 2011	8,200	3,773	11,973
Additional provision recognized	278	165	443
Write-off of assets	-	(65)	(65)
Foreign exchange difference	-	6	6
	<u>8,478</u>	<u>3,879</u>	<u>12,357</u>

Insurance provisions comprised:

	31 March 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)	31 March 2011 (unaudited) (KZT million)
Annuity insurance	3,987	3,798	2,954
Accidents	1,440	556	300
Civil liability for owners of vehicles	800	813	116
Property	744	648	842
Civil liability for damage Vehicles	335	1,493	907
Financial loss insurance	286	294	305
Life insurance	235	221	9
Freight	171	133	111
Railway transport	103	127	79
Insurance of environmental risk	35	42	10
Other	26	32	30
	<u>316</u>	<u>43</u>	<u>978</u>
	<u>8,478</u>	<u>8,200</u>	<u>6,641</u>

Other includes 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)
31 December 2010	3,903
Additional provision recognized	1,942
Foreign exchange difference	<u>(5)</u>
31 March 2011 (unaudited)	<u>5,840</u>
31 December 2011	2,524
Recovery of provision	(611)
Foreign exchange difference	<u>3</u>
31 March 2012 (unaudited)	<u>1,916</u>

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

	Three months ended 31 March 2012 (unaudited) (KZT million)	Three months ended 31 March 2011 (unaudited) (KZT million)
Net gain/(loss) on financial assets and liabilities held-for-trading	<u>4,425</u>	<u>(1,452)</u>
Total net gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>4,425</u>	<u>(1,452)</u>
Net gain/(loss) on operations with financial assets and liabilities held-for-trading comprise:		
Net gain/(loss) on operations with derivative financial instruments	2,261	(3,810)
Unrealized gain on fair value adjustment	1,475	2,360
Realized gain/(loss) on trading operations	<u>689</u>	<u>(2)</u>
Total net gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>4,425</u>	<u>(1,452)</u>

7. NET GAIN ON FOREIGN EXCHANGE AND PRECIOUS METALS OPERATIONS

	Three months ended 31 March 2012 (unaudited) (KZT million)	Three months ended 31 March 2011 (unaudited) (KZT million)
Dealing, net	1,439	1,027
Translation differences, net	<u>(776)</u>	<u>(688)</u>
	<u>663</u>	<u>339</u>

8. OPERATING EXPENSES

	Three months ended 31 March 2012 (unaudited) (KZT million)	Three months ended 31 March 2011 (unaudited) (KZT million)
Staff costs	4,823	4,992
Depreciation and amortization	806	811
Operating leases	613	610
Property and equipment maintenance	481	371
Taxes, other than income tax	318	432
Advertising costs	252	273
Bank cards services	211	183
Communications	170	172
Other expenses	665	566
	<u>8,339</u>	<u>8,410</u>

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; such tax accounts 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 2012 and 31 December 2011 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 2012 and 31 December 2011:

	31 March 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)
Deferred income tax assets:		
Tax losses carried forward	6,037	2,517
Unrealised loss on trading securities and derivatives	539	4,093
Bonuses accrued	421	309
Provision on guarantees and letters of credit	-	61
Other assets	21	165
Total deferred income tax assets	<u>7,018</u>	<u>7,145</u>
Deferred income tax liabilities:		
Allowance for losses on loans and advances to banks and customers, and securities	35,459	34,447
Property, equipment and intangible assets and accumulated depreciation	1,634	1,729
Unrealised gain on trading securities and derivatives	551	-
Unrealised loss on revaluation of financial instruments treated as cash flow hedges	128	100
Provision on guarantees and letters of credit	32	-
Other liabilities	36	-
Total deferred income tax liabilities	<u>37,840</u>	<u>36,276</u>
Net deferred income tax liabilities	<u>30,822</u>	<u>29,131</u>

Relationships between tax expenses and accounting profit for the three months ended 31 March 2012 and 2011 are explained as follows:

	Three months ended 31 March 2012 (unaudited) (KZT million)	Three months ended 31 March 2011 (unaudited) (KZT million)
Profit before income tax	<u>8,117</u>	<u>7,467</u>
Tax at the statutory tax rate (20%)	1,623	1,493
Tax effect of permanent differences:		
- tax exempt income	(301)	(159)
- non-deductible expense	<u>435</u>	<u>188</u>
Income tax expense	<u>1,757</u>	<u>1,522</u>
Current income tax expense	225	3,905
Deferred income tax expense/(benefit)	<u>1,532</u>	<u>(2,383)</u>
Income tax expense	<u>1,757</u>	<u>1,522</u>

The corporate income tax rate in the Republic of Kazakhstan was 20% during the three months ended 31 March 2012 and 2011.

	Three months ended 31 March 2012 (unaudited) (KZT million)	Year ended 31 December 2011 (KZT million)
Deferred income tax liabilities		
As at beginning of the period	29,131	30,035
Increase/(decrease) of deferred tax liability	1,532	(896)
Change in hedging reserve	28	147
Change in available-for-sale reserve	121	(154)
Change in deferred tax liability from revaluation of property and equipment	<u>10</u>	<u>(1)</u>
As at end of the period	<u>30,822</u>	<u>29,131</u>

10. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net income 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 2012 (unaudited) (KZT million)	Three months ended 31 March 2011 (unaudited) (KZT million)
Basic and diluted earnings per share		
Net profit attributable to equity holders of the Parent	6,318	5,906
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	<u>(692)</u>	<u>(641)</u>
Net profit attributable to ordinary shareholders	5,626	5,265
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>778,135,532</u>	<u>778,588,066</u>
Earnings per share – basic and diluted (KZT)	<u><u>7.23</u></u>	<u><u>6.76</u></u>

The book value per share for each type of shares as at 31 March 2012 and 31 December 2011 is as follows:

Type of shares	Outstanding shares	31 March 2012 (unaudited)		31 December 2011		
		Net asset value (KZT million)	Book value per share, KZT	Outstanding shares	Net asset value (KZT million)	Book value per share, KZT
Ordinary shares	778,098,215	437,340	562.06	778,362,588	428,912	551.04
Preferred shares	123,492,803	<u>13,095</u>	106.04	123,963,374	<u>13,002</u>	104.89
		<u>450,435</u>			<u>441,914</u>	

The number of outstanding ordinary and preferred shares is calculated net of treasury shares.

According to amendments enacted to the Kazakhstan Stock Exchange (“the KASE”) Listing Rules effective from 25 August 2010, listed companies are required to present book value per share (ordinary and preferred) in their financial statements. The Management of the Group believes that the book value per share is calculated in accordance with the methodology in the KASE Listing Rules.

11. CASH AND BALANCES WITH NATIONAL (CENTRAL) BANKS

	31 March 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)
Cash on hand	43,429	41,308
Balances with the national (central) banks	<u>54,962</u>	<u>63,759</u>
	<u><u>98,391</u></u>	<u><u>105,067</u></u>

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

	31 March 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)	31 March 2011 (unaudited) (KZT million)
Cash and balances with national (central) banks	98,391	105,067	100,851
Loans and advances to banks with original maturities less than 3 months	31,148	30,771	25,584
Less funds deposited with the National Bank of the Republic of Kazakhstan (“the NBRK”)	(52,400)	(54,653)	(34,898)
Less funds deposited with the Central Bank of Russian Federation (“the CBR”)	(3,227)	(2,916)	(2,779)
Less funds deposited with the National Bank of the Kyrgyz Republic (“the NBKR”)	(151)	(126)	(123)
Less funds deposited with the National Bank of Tajikistan (“the NBT”)	<u>(82)</u>	<u>(79)</u>	<u>(32)</u>
	<u><u>73,679</u></u>	<u><u>78,064</u></u>	<u><u>88,603</u></u>

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

	31 March 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)
Debt securities	123,705	165,359
Equity investments	11,152	9,852
Derivative financial instruments	<u>2,128</u>	<u>13,102</u>
	<u><u>136,985</u></u>	<u><u>188,313</u></u>

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

	31 March 2012 (unaudited)		31 December 2011	
	Nominal interest rate %	Amount (KZT million)	Nominal interest rate %	Amount (KZT million)
Debt securities:				
State treasury bonds of the Ministry of Finance of Republic of Kazakhstan	2.50-8.75	80,434	2.50-8.75	86,456
Short-term NBRK notes	-	17,951	-	41,621
Bonds of foreign companies	5.38-14.25	11,751	5.38-14.25	12,106
Bonds of foreign banks	4.24-9.00	3,698	4.24-9.00	3,054
Bonds of Kazakhstani companies	0-9.50	2,707	7.50-9.50	2,509
Eurobonds of Kazakhstani banks	7.75-9.25	2,524	7.25-9.25	3,398
Bonds of local executive bodies of the Russian Federation	8.89-9.00	2,354	8.79-9.00	2,195
Eurobonds of Kazakhstani companies	8.38	860	6.25-9.13	2,889
Eurobonds of Eurasian Development Bank	7.38	646	7.38	638
Bonds of Kazakhstani banks	6.00-9.70	573	6.00-10.00	586
Bonds of Development Bank of Kazakhstan	6.50	154	6.50	147
Eurobonds of the government of the Russian Federation	7.85	53	7.85	8,765
Bonds of international financial organizations	-	-	6.75	922
Bonds of federal loan of the Ministry of Finance of the Russian Federation	-	-	8.00	73
		123,705		165,359

As at 31 March 2012, the Group used quoted market prices from independent information sources to value 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 based on non-observable market data.

	31 March 2012 (unaudited)		31 December 2011	
	Ownership share %	Amount (KZT million)	Ownership share %	Amount (KZT million)
Equity investments:				
Shares of Kazakhstani companies	0.05-3.08	7,999	0.01-3.08	6,642
GDRs of Kazakhstani banks	0.01-1.1	1,742	0.0001-1.1	1,421
Shares of foreign companies	0.0003-1.47	723	0.0001-1.47	668
GDRs of foreign banks	0.01	324	0.0001-0.01	264
Shares of foreign banks	0.001-0.01	252	0.0002-0.01	225
GDRs of foreign companies	0.001	90	0.001-0.005	122
ADRs of foreign companies	0.0001	22	0.0002-0.004	45
GDRs of Kazakhstani companies	-	-	0.05	465
		11,152		9,852

As at 31 March 2012, financial assets at fair value through profit or loss included accrued interest income on debt securities of KZT 2,542 million (31 December 2011: KZT 2,510 million).

As at 31 March 2012, fair value of financial assets at fair value through profit or loss pledged under repurchase agreements amounted to KZT 50,216 million (31 December 2011: KZT 29,404 million).

	Notional amount	31 March 2012 (unaudited)		Notional amount	31 December 2011	
		Fair value (KZT million)			Fair value (KZT million)	
		Assets	Liabilities		Assets	Liabilities
Derivative financial instruments:						
<i>Foreign exchange contracts:</i>						
Swaps	195,206	1,861	(1,406)	268,016	13,012	(26,605)
Forwards	20,712	43	(28)	3,768	12	-
Futures	7,545	80	(272)	-	-	-
Spot	7,317	52	(47)	10,044	5	(17)
Precious metals spot	490	-	-	-	-	-
<i>Interest rate contracts:</i>						
Swaps	65,916	92	(9,788)	68,068	73	(11,149)
		<u>2,128</u>	<u>(11,541)</u>		<u>13,102</u>	<u>(37,771)</u>

13. LOANS TO CUSTOMERS

	31 March 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)
Recorded as loans and receivables:		
Originated loans	2,768,049	2,731,605
Net investments in finance lease	<u>6,348</u>	<u>6,164</u>
	2,774,397	2,737,769
Less allowance for impairment losses	<u>(681,718)</u>	<u>(658,108)</u>
	<u>2,092,679</u>	<u>2,079,661</u>

As at 31 March 2012, accrued interest income included in loans to customers amounted to KZT 355,660 million (31 December 2011: KZT 343,680 million).

Movements in allowances for impairment losses on loans to customers for the three month period ended 31 March 2012 and 2011 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 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)
Analysis by type of collateral:		
Loans collateralized by real estate	1,047,818	962,619
Loans collateralized by equipment	478,336	557,616
Loans collateralized by inventories	225,060	213,059
Loans collateralized by shares of the banks and other companies	162,762	162,865
Loans collateralized by accounts receivable	68,157	74,744
Loans collateralized by guarantees of enterprises	25,382	17,109
Loans collateralized by cash or Kazakhstan Government guarantees	25,121	36,051
Loans collateralized by mixed types of collateral	21,544	21,784
Loans with collateral under the registration process (property, land, shares, guarantees, etc.)	1,774	2,072
Loans collateralized by guarantees of financial institutions	19	-
Unsecured loans	36,706	31,742
	<u>2,092,679</u>	<u>2,079,661</u>

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.

As at 31 March 2012, the Bank has its own bonds with a nominal value of KZT 12,620 million (USD 85 million) (31 December 2011: KZT 12,673 million (USD 85 million)) as collateral for certain loans.

	31 March 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)
Analysis by sector:		
Housing construction	546,937	538,737
Commercial real estate construction	307,565	280,338
Wholesale and retail trade	210,272	207,291
Individuals	209,835	208,786
Hospitality business	144,735	132,654
Real estate	129,727	131,525
Production of other non-metal materials	103,566	99,485
Investments and finance	79,914	96,886
Industrial and other construction	55,454	53,892
Energy	51,850	54,286
Transport and communication	42,526	64,311
Agriculture	32,151	27,376
Production of construction materials	18,892	18,616
Food industry	16,161	17,258
Mining and metallurgy	8,411	13,361
Medicine	7,038	6,905
Machinery construction	6,609	6,424
Culture and art	173	574
Other	120,863	120,956
	<u>2,092,679</u>	<u>2,079,661</u>

During the three month period ended 31 March 2012 and the year ended 31 December 2011, the Group received non-financial assets by taking possession of collateral it held as security. As at 31 March 2012, such assets in the amount of KZT 68,953 million (31 December 2011: KZT 68,141 million) are included in the 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 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)
Mortgage loans	124,295	127,527
Consumer loans	78,076	72,954
Car loans	3,205	3,483
Business loans	1,726	2,231
Other	2,533	2,591
	<u>209,835</u>	<u>208,786</u>

As at 31 March 2012, the Group granted loans to the borrowers, which individually exceeded 10% of the Group's equity, in the total amount of KZT 457,928 million (31 December 2011: KZT 401,578 million).

As at 31 March 2012, a significant part of loans 88.30% (31 December 2011: 87.67%) of the total portfolio is granted to companies operating in the territory of the Republic of Kazakhstan, which represents a significant geographical concentration.

As at 31 March 2012 and 31 December 2011, there were no loans under reverse repurchase agreements.

14. CUSTOMER ACCOUNTS

	31 March 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)
Recorded at amortized cost:		
Time deposits	931,086	894,543
Demand deposits	409,568	457,588
JSC National Welfare Fund "Samruk-Kazyna", JSC Entrepreneurship Development Fund "Damu" and JSC Stress Assets Fund	106,430	107,689
Accounts in precious metals	3,529	3,257
	<u>1,450,613</u>	<u>1,463,077</u>

As at 31 March 2012, customer accounts included accrued interest expense of KZT 11,552 million (31 December 2011: KZT 12,238 million).

As at 31 March 2012, customer accounts were pledged as a guarantee for issued letters of credit and other transactions relating to contingent liabilities of KZT 6,811 million (31 December 2011: KZT 7,697 million).

As at 31 March 2012, the total amount of funds deposited under the stabilization program of the Government of Kazakhstan by means of deposits from JSC National Welfare Fund “Samruk-Kazyna” and JSC Stress Assets Fund amounted to KZT 104,386 million (31 December 2011: KZT 105,072 million), including:

- KZT 23,314 million for refinancing mortgage loans (initially granted and deposited in the Bank KZT 24,000 million);
- KZT 77,432 million for completion of construction projects in Almaty and Astana (initially granted and deposited in the Bank KZT 111,998 million); and
- KZT 3,640 million for financing large-scale businesses in the manufacturing sector.

On 23 February 2012, the Bank has completed a program of refinancing mortgage loans under the government program of the JSC National Welfare Fund “Samruk-Kazyna”.

As at 31 March 2012, customer accounts of KZT 609,344 million or 42.01% (31 December 2011: KZT 610,002 million or 41.69%), were due to 10 customers, which represents a significant concentration. 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 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)
Analysis by sector:		
Individuals	592,267	569,638
Investments and finance	134,273	121,196
Chemical and petrochemical industry	131,800	114,558
Transport and communication	122,601	116,924
Public authorities	84,866	84,862
Public organizations and unions	77,253	71,082
Individual services	55,370	66,891
Distribution of electricity, gas and water	48,781	98,340
Wholesale and retail trade	41,507	55,525
Construction	38,611	55,868
Education	33,487	25,494
Agriculture	28,465	22,841
Mining and metallurgy	17,412	18,723
Other	43,920	41,135
	<u>1,450,613</u>	<u>1,463,077</u>

15. DEBT SECURITIES ISSUED

	Currency	Maturity date	Annual coupon rate %	31 March 2012 (unaudited) (KZT million)	31 December 2011 (KZT million)
Recorded at amortized cost:					
Eurobonds of JSC Kazkommertsbank (previously Kazkommerts International B.V.):					
Issued in February 2007 at the price of 99.962%	GBP	February 2012	7.625	-	25,903
Issued in December 2007 at the price 98.88%	USD	December 2012	12.85	10,045	10,384
Issued in April 2003 at the price of 97.548%	USD	April 2013	8.50	45,083	45,279
Issued in April 2004 at the price of 99.15%	USD	April 2014	7.875	27,772	26,851
Issued in November 2005 at the price of 98.32%	USD	November 2015	8.00	41,412	39,030
Issued in November 2006 at the price of 98.282%	USD	November 2016	7.50	41,237	41,410
Issued in February 2007 at the price of 99.277%	EUR	February 2017	6.875	77,381	75,258
Issued in May 2011 at the price 99.353%*	USD	May 2018	8.50	44,301	44,490
				287,231	308,605
(Less)/including:					
Discount on Eurobonds issued				(2,099)	(2,038)
Accrued interest on Eurobonds issued				7,571	8,886
Total issued Eurobonds of JSC Kazkommertsbank (previously Kazkommerts International B.V.)					
				292,703	315,453
Debt securities issued of JSC Kazkommertsbank at the price 102.21%-104.48%					
		April 2016	9.00	2,329	2,329
Accrued interest expenses on debt securities issued of JSC Kazkommertsbank					
				100	47
Premium on debt securities issued of JSC Kazkommertsbank					
				74	79
Issued promissory notes and bonds of OJSC Moskommertsbank at the price of 88.00%-100.00%					
		April 2013	4.01-12.00	466	471
Accrued interest expense on issued promissory notes and bonds of OJSC Moskommertsbank					
				7	7
Issued bonds of Moscow Stars B.V. at the price of 99.00%					
		March 2022	1.99-5.49	5,335	5,692
Accrued interest on bonds of Moscow Stars B.V.					
				9	9
				301,023	324,087

* Eurobonds issued by JSC Kazkommertsbank initially.

As at 31 March 2012, accrued interest expense included in debt securities issued amounted to KZT 7,687 million (31 December 2011: KZT 8,949 million).

On 13 February 2012, the Bank has announced the repayment of its Eurobond issued in February 2007 for the original amount of GBP 350 million. The Eurobond was repaid in full on the date of its maturity.

During the three months ended 31 March 2012, the Bank acquired its own bonds for a total nominal amount of KZT 556 million (USD 4 million) (31 December 2011: KZT 47,841 million (USD 322 million)) and realized previously repurchased bonds for a total nominal amount of KZT 3,707 million (USD 25 million).

16. 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 2012, provision for losses on guarantees and other contingencies amounted to KZT 1,916 million (31 December 2011: KZT 2,524 million).

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

As at 31 March 2012 and 31 December 2011, the nominal or contract amounts and risk-weighted amounts were:

	31 March 2012 (unaudited)		31 December 2011	
	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	64,289	64,289	68,895	68,895
Commitments on loans and unused credit lines	14,004	14,004	14,053	14,053
Letters of credit and other transaction related to contingent obligations	4,376	144	5,280	155
Commitments on loans sold to JSC Kazakhstan Mortgage Company with recourse	40	40	40	40
	<u>82,709</u>	<u>78,477</u>	<u>88,268</u>	<u>83,143</u>

The decision to issue loans to customers within open credit lines is made by the Group at the request of a customer and depends on the financial position of the borrower, credit history and other factors. As at 31 March 2012, the amount of liabilities on such unused credit lines equals KZT 310,842 million (31 December 2011: KZT 396,716 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 line without warning the borrower for any reason including: the borrower violates the obligations before the Group; insufficiency of collateral when revaluing the collateral due to a decrease in its pledge value or if change of prices in the market; or as a result of provision of the credit line (provision of loan) the Group will violate any of the prudential norms established by the regulatory authorities for the second-tier banks.

Capital commitments

As at 31 March 2012, capital commitments amounted to KZT 381 million (31 December 2011: KZT 395 million).

Legal proceedings

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

Taxation

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

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all probable tax amounts due. Income tax related provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Kazakhstan and the Kazakhstani economy in general.

Laws and regulations affecting businesses in Kazakhstan continue to change rapidly. Tax, currency and customs legislation within Kazakhstan 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 Kazakhstan is heavily influenced by the economic, fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. Additionally there is increased uncertainty about the creditworthiness of some sovereign states in the Eurozone and financial institutions with exposure to the sovereign debt of such states. These conditions could slow or disrupt the Kazakhstani economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, results of operations, financial condition and prospects.

Because Kazakhstan produces and exports large volumes of oil and gas, Kazakhstani economy is particularly sensitive to the price of oil and gas on the world market which has fluctuated significantly during the periods ended 31 March 2012 and 31 December 2011.

The Group's Banking counterparties have neither changed their terms of co-operation nor decreased their limits in a manner, which would negatively affect the Group.

17. SUBSEQUENT EVENTS

Management has not identified any significant subsequent events which require disclosure up to the date of issue of this condensed interim consolidated financial information.

18. TRANSACTIONS WITH RELATED PARTIES

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

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 2012 (unaudited) (KZT million)		31 December 2011 (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	1,052	2,774,397	1,006	2,737,769
- key management personnel of the entity or its parent	1,052		1,006	
Allowance for impairment losses on loans to customers	(63)	(681,718)	(78)	(658,108)
- key management personnel of the entity or its parent	(63)		(78)	
Customer accounts	4,843	1,450,613	5,758	1,463,077
- parent company	1,439		1,456	
- entities with joint control or significant influence over the entity	107		303	
- key management personnel of the entity or its parent	3,205		3,761	
- other related parties	92		238	
Commitments on loans and unused credit lines	109	14,004	121	14,053
- key management personnel of the entity or its parent	109		121	
Guarantees issued and similar commitments	18	64,289	19	68,895
- key management personnel of the entity or its parent	18		19	

Included in the condensed interim consolidated income statement for the three months ended 31 March 2012 and 2011 are the following amounts which arose due to transactions with related parties:

	Three months ended 31 March 2012 (unaudited) (KZT million)		Three months ended 31 March 2011 (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	15	57,931	17	61,502
- key management personnel of the entity or its parent	15		17	
Interest expense	(71)	(27,459)	(125)	(32,203)
-parent company	(15)		(29)	
- entities with a joint control or significant influence of the entity	-		(2)	
- key management personnel of the entity or its parent	(56)		(94)	
Operating expenses	(190)	(8,339)	(218)	(8,410)
Short-term employee benefits	(190)	(4,823)	(218)	(4,992)
Recovery of provision/(provision) for impairment losses on interest bearing assets, other transactions, guarantees and other contingencies	15	(25,504)	19	(17,508)
- key management personnel of the entity or its parent	15		19	

Key management personnel compensation for the three months ended 31 March 2012 and 2011 is represented by short-term employee benefits.

As at 31 March 2012 and 31 December 2011, the Group does not pledge any assets in connection with guarantees issued to management.

19. SEGMENT REPORTING

Business segments

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

- 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 and 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, Group 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, if any, 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.

Segment assets and liabilities comprise operating assets and liabilities. Internal charges and transfer pricing adjustments have been reflected in the performance of each business.

More specific information on the revenues from external customers for each product and service, or each group of similar products and services is not available and the cost to develop it is excessive. Hence the Group presents operating segments on the basis of three main products.

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

	Retail banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	As at and for the three months ended 31 March 2012 (unaudited)
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(KZT million)
External interest income	7,721	47,704	2,284	222	-	-	57,931
Internal interest income	15,009	7,821	45,261	-	-	(68,091)	-
External interest expenses	(11,120)	(5,809)	(10,530)	-	-	-	(27,459)
Internal interest expenses	(4,057)	(36,489)	(27,545)	-	-	68,091	-
Net interest income before provision for impairment losses on interest bearing assets	7,553	13,227	9,470	222	-	-	30,472
Recovery of provision/(provision) for impairment losses on interest bearing assets	5,248	(30,870)	(50)	-	-	-	(25,672)
NET INTEREST INCOME	12,801	(17,643)	9,420	222	-	-	4,800
Net gain on financial assets and liabilities at fair value through profit or loss	-	-	4,344	81	-	-	4,425
Net gain/(loss) on foreign exchange and precious metals operations	1,014	897	(1,316)	68	-	-	663
Fee and commission income	2,776	2,348	947	-	-	-	6,071
Fee and commission expense	(1,464)	(326)	(135)	(896)	-	-	(2,821)
Net realized gain on investments available-for-sale	-	-	609	1	-	-	610
Dividends received	-	-	4	1	-	-	5
Other income	148	491	94	1,802	-	-	2,535
NET NON-INTEREST INCOME	2,474	3,410	4,547	1,057	-	-	11,488
OPERATING INCOME/(LOSS)	15,275	(14,233)	13,967	1,279	-	-	16,288
OPERATING EXPENSES	(4,533)	(2,432)	(725)	(649)	-	-	(8,339)
PROFIT/(LOSS) BEFORE OTHER OPERATING PROVISIONS	10,742	(16,665)	13,242	630	-	-	7,949
Provision for impairment losses on other transactions	-	(104)	-	(339)	-	-	(443)
Recovery of provision for guarantees and other contingencies	-	611	-	-	-	-	611
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX	10,742	(16,158)	13,242	291	-	-	8,117
Segment assets	240,402	1,955,249	335,105	60,302	5,524	(71,653)	2,524,929
Segment liabilities	591,620	866,712	610,108	9,673	31,472	(29,641)	2,079,944

	Retail banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	For the three months ended 31 March 2011 (unaudited)
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
External interest income	7,335	51,345	2,614	208	-	-	61,502
Internal interest income	13,583	12,448	44,706	-	-	(70,737)	-
External interest expenses	(11,135)	(8,592)	(12,476)	-	-	-	(32,203)
Internal interest expenses	(4,404)	(39,698)	(26,635)	-	-	70,737	-
Net interest income before provision for impairment losses on interest bearing assets	5,379	15,503	8,209	208	-	-	29,299
Provision for impairment losses on interest bearing assets	(152)	(14,064)	(378)	-	-	-	(14,594)
NET INTEREST INCOME	5,227	1,439	7,831	208	-	-	14,705
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	236	-	(2,010)	322	-	-	(1,452)
Net gain/(loss) on foreign exchange and precious metals operations	212	12	118	(3)	-	-	339
Fee and commission income	2,181	2,231	943	-	-	-	5,355
Fee and commission expense	(290)	(272)	(990)	(312)	-	-	(1,864)
Net realized loss on investments available-for-sale	-	-	-	(25)	-	-	(25)
Dividends received	-	-	2	-	-	-	2
Other income	112	56	199	1,364	-	-	1,731
NET NON-INTEREST INCOME/(LOSS)	2,451	2,027	(1,738)	1,346	-	-	4,086
OPERATING INCOME	7,678	3,466	6,093	1,554	-	-	18,791
OPERATING EXPENSES	(4,511)	(2,631)	(730)	(538)	-	-	(8,410)
PROFIT BEFORE OTHER OPERATING PROVISIONS	3,167	835	5,363	1,016	-	-	10,381
Provision for impairment losses on other transactions	-	(230)	(1)	(741)	-	-	(972)
Provision for guarantees and other contingencies	-	(1,942)	-	-	-	-	(1,942)
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX	3,167	(1,337)	5,362	275	-	-	7,467
Segment assets as at 31 December 2011	236,547	1,945,678	383,429	59,431	4,594	(63,990)	2,565,689
Segment liabilities as at 31 December 2011	568,301	900,580	640,855	9,812	31,669	(22,160)	2,129,057

20. RISK MANAGEMENT POLICIES

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

- Risk 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 adequately and reasonably represent the risks.
- 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 set forth in internal documents of the Group are reviewed on a periodic basis.
- 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:

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

The risk management policies that the Group applied during three months ended 31 March 2012 are not significantly different from the Group's risk management policies disclosed in the audited consolidated financial statements for the year ended 31 December 2011.

Liquidity risk

Liquidity risk is the risk that the Group will not have enough funding at reasonable price to meet all cash outflows (on- and off-balance sheet).

Assets and Liabilities Management Committee ("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. 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 2012 Total
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
FINANCIAL ASSETS:							
Financial assets at fair value through profit or loss	16,123	20,090	860	46,259	39,959	-	123,291
Loans and advances to banks and other financial institutions	32,480	1,039	2,524	12,593	5,970	-	54,606
Loans to customers	32,237	82,138	518,239	604,352	500,053	-	1,737,019
Investments available-for-sale	-	152	208	3,318	7,475	-	11,153
Investments held to maturity	-	90	5	2,614	1,828	-	4,537
Total interest bearing assets	80,840	103,509	521,836	669,136	555,285	-	1,930,606
Cash and balances with national (central) banks	95,164	-	-	-	3,227	-	98,391
Precious metals	5,495	-	-	-	-	-	5,495
Financial assets at fair value through profit or loss	-	-	-	-	-	11,152	11,152
Investments available-for-sale	-	-	-	-	-	3,157	3,157
Accrued interest income on interest-bearing assets	58,546	47,965	87,141	165,345	132	-	359,129
Other financial assets	2,356	356	3,041	29	-	-	5,782
TOTAL FINANCIAL ASSETS	242,401	151,830	612,018	834,510	558,644	14,309	2,413,712
FINANCIAL LIABILITIES:							
Loans and advances from banks and other financial institutions	47,538	16,775	934	38,303	-	-	103,550
Customer accounts	87,658	162,087	453,865	211,910	100,791	-	1,016,311
Debt securities issued	335	265	11,046	237,118	44,572	-	293,336
Other borrowed funds	-	28	1,478	19,246	3,542	-	24,294
Subordinated debt	-	-	-	65,428	63,458	6,716	135,602
Total interest bearing liabilities	135,531	179,155	467,323	572,005	212,363	6,716	1,573,093
Financial liabilities at fair value through profit or loss	538	2,239	683	5,885	2,196	-	11,541
Customer accounts	422,750	-	-	-	-	-	422,750
Dividends payable	9	-	202	-	-	-	211
Accrued interest expense on interest-bearing liabilities	14,940	1,414	6,773	1	-	-	23,128
Other financial liabilities	6,514	223	116	6	-	-	6,859
TOTAL FINANCIAL LIABILITIES	580,282	183,031	475,097	577,897	214,559	6,716	2,037,582
Liquidity gap	(337,881)	(31,201)	136,921	256,613	344,085		
Interest sensitivity gap	(54,691)	(75,646)	54,513	97,131	342,922		
Cumulative interest sensitivity gap	(54,691)	(130,337)	(75,824)	21,307	364,229		
Cumulative interest sensitivity gap as a percentage of total assets	(2.3%)	(5.4%)	(3.1%)	0.9%	15.1%		
Contingent liabilities and credit commitments	2,031	4,570	30,556	19,023	12,048	436	

	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 December 2011 Total
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
FINANCIAL ASSETS:							
Debt securities and derivatives in the financial assets at fair value through profit or loss	12,500	29,872	33,636	48,241	51,702	-	175,951
Loans and advances to banks and other financial institutions	31,775	745	2,489	18,679	60	-	53,748
Loans to customers	32,470	43,609	605,174	527,473	527,255	-	1,735,981
Debt securities included in investments available-for-sale	154	-	202	3,131	7,300	-	10,787
Investments held to maturity	-	-	95	2,173	1,670	-	3,938
Total interest bearing assets	76,899	74,226	641,596	599,697	587,987	-	1,980,405
Cash and balances with national (central) banks	102,151	-	-	-	2,916	-	105,067
Precious metals	3,280	-	-	-	-	-	3,280
Equity securities in the financial assets at fair value through profit or loss	-	-	-	-	-	9,852	9,852
Equity securities in the investments available-for-sale	-	-	-	-	-	4,107	4,107
Accrued interest income on interest-bearing assets	70,578	28,335	84,731	163,312	67	-	347,023
Other financial assets	3,452	920	2,058	-	-	-	6,430
TOTAL FINANCIAL ASSETS AND PRECIOUS METALS	256,360	103,481	728,385	763,009	590,970	13,959	2,456,164
FINANCIAL LIABILITIES:							
Loans and advances from banks and other financial institutions	35,019	576	17,202	39,182	-	-	91,979
Customer accounts	79,605	144,029	411,958	238,866	105,117	-	979,575
Debt securities issued	234	26,124	10,351	160,381	118,048	-	315,138
Other borrowed funds	-	-	1,512	20,711	3,765	-	25,988
Subordinated debt	-	-	-	71,647	57,510	6,744	135,901
Total interest bearing liabilities	114,858	170,729	441,023	530,787	284,440	6,744	1,548,581
Financial liabilities at fair value through profit or loss	730	22,673	866	5,511	7,991	-	37,771
Customer accounts	471,264	-	-	-	-	-	471,264
Dividends payable	6	-	-	-	-	-	6
Accrued interest expense on interest-bearing liabilities	4,684	10,136	7,204	1,909	-	-	23,933
Other financial liabilities	4,356	56	83	-	-	-	4,495
TOTAL FINANCIAL LIABILITIES	595,898	203,594	449,176	538,207	292,431	6,744	2,086,050
Liquidity gap	(339,538)	(100,113)	279,209	224,802	298,539		
Interest sensitivity gap	(37,959)	(96,503)	200,573	68,910	303,547		
Cumulative interest sensitivity gap	(37,959)	(134,462)	66,111	135,021	438,568		
Cumulative interest sensitivity gap as a percentage of total assets	(1.5%)	(5.5%)	2.7%	5.5%	17.9%		
Contingent liabilities and credit commitments	7,511	2,718	23,889	27,305	12,752	676	

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.

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 minimize 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 FMSC 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 2012 the Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD	EUR	RUR	Other CCY	31 March 2012 Total
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
FINANCIAL ASSETS:						
Cash and balances with national (central) banks	71,934	16,958	3,389	4,754	1,356	98,391
Precious metals	-	-	-	-	5,495	5,495
Financial assets at fair value through profit or loss	110,548	8,724	1,159	16,527	27	136,985
Loans and advances to banks and other financial institutions	3,702	46,206	1,334	2,321	1,291	54,854
Loans to customers	985,763	1,067,844	8,689	30,253	130	2,092,679
Investments available-for-sale	10,818	3,545	-	529	1	14,893
Investments held to maturity	3,017	742	-	873	1	4,633
Other financial assets	2,475	2,376	54	837	39	5,781
TOTAL FINANCIAL ASSETS	1,188,257	1,146,395	14,625	56,094	8,340	2,413,711
FINANCIAL LIABILITIES:						
Loans and advances from banks and other financial institutions	23,686	70,674	2,074	7,410	154	103,998
Customer accounts	877,277	480,771	54,930	32,020	5,615	1,450,613
Financial liabilities at fair value through profit or loss	8,088	3,310	-	-	143	11,541
Debt securities issued	2,503	220,537	77,606	377	-	301,023
Other borrowed funds	18,875	5,737	-	-	-	24,612
Dividends payable	-	202	-	-	9	211
Other financial liabilities	6,550	-	2	246	61	6,859
Subordinated debt	33,867	104,858	-	-	-	138,725
TOTAL FINANCIAL LIABILITIES	970,846	886,089	134,612	40,053	5,982	2,037,582
OPEN POSITION	217,411	260,306	(119,987)	16,041	2,358	

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 2012:

	KZT	USD	EUR	RUR	Other CCY	31 March 2012 Total
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
Accounts payable on spot and derivative contracts	(9,960)	(182,000)	(15,721)	(2,005)	(14,040)	(223,726)
Accounts receivable on spot and derivative contracts	24,312	40,157	136,217	6,969	19,812	227,467
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	14,352	(141,843)	120,496	4,964	5,772	
OPEN POSITION	231,763	118,463	509	21,005	8,130	

As at 31 December 2011, the Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD	EUR	RUR	Other CCY	31 December 2011 Total
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
FINANCIAL ASSETS:						
Cash and balances with national (central) banks	75,947	21,498	2,426	4,290	906	105,067
Precious metals	-	-	-	-	3,280	3,280
Financial assets at fair value through profit or loss	137,515	15,201	7,582	22,585	5,430	188,313
Loans and advances to banks and other financial institutions	2,855	38,800	5,749	2,214	4,350	53,968
Loans to customers	957,602	1,089,404	6,073	26,117	465	2,079,661
Investments available-for-sale	10,380	4,471	-	568	-	15,419
Investments held to maturity	2,629	583	-	814	-	4,026
Other financial assets	3,224	2,222	49	925	10	6,430
TOTAL FINANCIAL ASSETS AND PRECIOUS METALS	1,190,152	1,172,179	21,879	57,513	14,441	2,456,164
FINANCIAL LIABILITIES:						
Loans and advances from banks and other financial institutions	30,658	55,942	5,476	39	100	92,215
Customer accounts	882,272	485,772	58,681	30,954	5,398	1,463,077
Financial liabilities at fair value through profit or loss	33,182	4,445	-	8	136	37,771
Debt securities issued	2,455	214,408	79,355	231	27,638	324,087
Other borrowed funds	20,359	6,000	-	-	-	26,359
Dividends payable	-	-	-	-	6	6
Other financial liabilities	4,289	-	1	122	83	4,495
Subordinated debt	33,734	104,306	-	-	-	138,040
TOTAL FINANCIAL LIABILITIES	1,006,949	870,873	143,513	31,354	33,361	2,086,050
OPEN BALANCE SHEET POSITION	183,203	301,306	(121,634)	26,159	(18,920)	

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 2011:

	KZT	USD	EUR	RUR	Other CCY	31 December 2011 Total
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
Accounts payable on spot and derivative contracts	(12,472)	(249,779)	(1,685)	-	(17,892)	(281,828)
Accounts receivable on spot and derivative contracts	<u>11,368</u>	<u>30,710</u>	<u>125,289</u>	<u>1,738</u>	<u>91,239</u>	<u>260,344</u>
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	<u>(1,104)</u>	<u>(219,069)</u>	<u>123,604</u>	<u>1,738</u>	<u>73,347</u>	
OPEN POSITION	<u>182,099</u>	<u>82,237</u>	<u>1,970</u>	<u>27,897</u>	<u>54,427</u>	