СБЕРБАНК РОССИИ

Financial Statements and Independent Auditor's Report

31 December 2009

(Translated from Russian original)

CONTENTS

PRICEWATERHOUSECOOPERS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SB JSC Sberbank of Russia

1 We have audited the accompanying financial statements of SB JSC Sberbank of Russia ("the Bank") which comprise the statement of financial position as at 31 December 2009 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

PRICEWATERHOUSECOOPERS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

6 In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Almaty, Kazakhstan
25 March 2010

Approved by:

Zhanbota T. Bekenov
General Director of PricewaterhouseCoopers LLP
(General State License of the Ministry of Finance of the Republic of Kazakhstan №0000005 dated 21 October 1999)

Signed by:

Peter Wilkin
Assurance Partner
(Member of Institute of Chartered Accountants in England and Wales №6125943)

Signed by:

Irina K. Taskayeva
Auditor in charge
(Qualified Auditor's Certificate №00000465 dated 14 November 1998)

Sberbank SB JSC
Statement of Financial Position

(In thousands of tenge)	Note	31 December 2009	31 December 2008
ASSETS			
Cash and cash equivalents	8	80 029 706	9 779 621
Due from other banks	9	1 495 790	294 966
Loans and advances to customers	10	91 787 773	75 097 598
Investment securities available for sale	11	27 650 766	8 177 414
Investment securities held to maturity	12	10 622 625	-
Income tax prepaid		71 704	72 174
Intangible assets	13	218 380	105 312
Premises and equipment	13	4 861 780	3 296 559
Assets held for sale	14	1 245 691	-
Other assets	15	1 627 834	834 210
TOTAL ASSETS		**219 612 049**	**97 657 854**
LIABILITIES			
Due to other banks	16	22 353 951	15 544 469
Customer accounts	17	154 087 526	41 780 749
Debt securities in issue	18	5 607 716	5 617 285
Current income tax liability	19	231 632	-
Deferred income tax liability	27	136 328	192 425
Other financial liabilities		-	24 204
Other liabilities	20	532 291	149 659
TOTAL LIABILITIES		**182 949 444**	**63 308 791**
EQUITY			
Share capital	21	29 000 000	29 000 000
Retained earnings		4 312 085	3 753 822
Other reserves	22	3 350 520	1 595 241
TOTAL EQUITY		**36 662 605**	**34 349 063**
TOTAL LIABILITIES AND EQUITY		**219 612 049**	**97 657 854**

Approved for issue and signed on behalf of the Board on 25 March 2010.

O. E. Smirnov
Chairman of the Board

СБЕРБАНК РОССИИ
г. Алматы

N.B. Saurambayev
Chief Accountant

(in thousands of tenge)	Note	2009	2008
Interest income	23	13 985 193	8 458 392
Interest expense	23	(5 664 480)	(2 016 900)
Net interest income		**8 320 713**	**6 441 492**
Provision for loan impairment	10	(2 885 445)	(1 605 414)
Provision for impairment of other assets	15	(238 186)	-
Net interest income after provision for loan impairment		**5 197 082**	**4 836 078**
Fee and commission income	24	3 149 701	2 247 001
Fee and commission expense	24	(366 996)	(216 752)
Gains less losses from financial derivatives		1 556 926	(15 078)
Gains less losses from revaluation of financial assets at fair value through profit or loss		-	65
Gains less losses from trading in foreign currencies		1 463 821	544 234
Foreign exchange translation gains less losses		(1 829 659)	(80 898)
Gains less losses from disposals of investment securities available for sale		-	252
Administrative and other operating expenses	26	(6 386 617)	(4 312 155)
Other operating provisions		(65 805)	(46 325)
Other income	25	26 415	7 838
Profit before tax		**2 744 868**	**2 964 260**
Income tax expense	27	(586 605)	(644 460)
Net profit for the year		**2 158 263**	**2 319 800**
Comprehensive income for the year:			
Investment securities available for sale:			
Gain on transactions with investment securities available for sale	11, 22	155 279	13 104
Total comprehensive income for the year		**2 313 542**	**2 332 904**
Total comprehensive income attributable to the owners of the Bank		**2 313 542**	**2 332 904**
Earnings per share for profit attributable to the owners of the Bank, basic and diluted	29	216	232

(In thousands of tenge)	Note	2009	2008
Cash flows from operating activities			
Interest received		13 553 102	7 677 408
Interest paid		(4 905 093)	(1 490 394)
Fees and commissions received		3 150 567	2 257 574
Fees and commissions paid		(366 275)	(215 275)
Income received from revaluation of financial assets at fair value through profit or loss		-	65
Income received from financial derivatives		1 556 926	22 822
Income received from realization of AFS securities		-	252
Income received from trading in foreign currencies		1 463 823	544 234
Other operating income received		183 661	16 468
Staff costs paid		(3 224 618)	(2 091 162)
Administrative and other operating expenses paid		(2 753 582)	(2 033 377)
Income tax paid		(642 232)	(627 136)
Cash flows from operating activities before changes in operating assets and liabilities		**8 016 279**	**4 061 479**
Changes in operating assets and liabilities			
Net (increase) in due from other banks		(1 178 970)	(294 966)
Net decrease in financial assets at fair value through profit or loss		-	100 000
Net (increase) in loans and advances to customers		(19 514 326)	(57 780 557)
Net decrease in repurchase receivable		-	16 485 090
Net (increase) in assets held for sale		(1 245 691)	-
Net (increase) in other assets		(1 150 243)	(319 830)
Net increase in due to other banks		6 694 886	17 055 249
Net increase in customer accounts		111 652 417	20 140 008
Net decrease in derivative financial instruments		-	24 204
Net increase in other liabilities		426 218	65 945
Net cash from/(used in) operating activities		**95 684 291**	**(4 524 857)**
Cash flows from investing activities			
Acquisition of premises and equipment	13	(2 005 768)	(1 827 875)
Advances given for premises and equipment	15	97 489	(412 895)
Acquisition of intangible assets	13	(120 793)	(54 567)
Proceeds from disposal of premises and equipment		-	275
Net (increase) in investment securities available for sale		(19 164 149)	(32 557)
Net (increase) in investment securities held to maturity		(10 427 605)	-
Net cash (used in) investing activities		**(31 620 826)**	**(2 327 619)**
Effect of exchange rate changes on cash and cash equivalents		**(1 829 659)**	**(80 898)**
Net increase/(decrease) in cash and cash equivalents		**70 250 085**	**(2 871 895)**
Cash and cash equivalents at the beginning of the year		9 779 621	12 651 516
Cash and cash equivalents at the end of the year		**80 029 706**	**9 779 621**

(In thousands of tenge)	Note	Share capital	Share premium	General bank reserve (Note 22)	Revaluation reserve of investment securities available for sale (Notes 11, 22)	Retained earnings	Total
Balance as of 31 December 2007		**10 000 000**	**19 000 000**	**352 345**	**(17 863)**	**2 681 677**	**32 016 159**
Comprehensive income for 2008							
Net profit		-	-	-	-	2 319 800	**2 319 800**
Other comprehensive income							
Net change in fair values of investment securities available for sale	11, 22	-	-	-	13 104	-	**13 104**
Total comprehensive income for 2008		-	-	-	13 104	2 319 800	**2 332 904**
Appropriation of general bank reserve	22	-	-	1 247 655	-	(1 247 655)	**-**
Balance as of 31 December 2008		**10 000 000**	**19 000 000**	**1 600 000**	**(4 759)**	**3 753 822**	**34 349 063**
Comprehensive income for 2009							
Net profit		-	-	-	-	2 158 263	**2 158 263**
Other comprehensive income							
Net change in fair values of investment securities available for sale	11, 22	-	-	-	155 279	-	**155 279**
Total comprehensive income for 2009		-	-	-	155 279	2 158 263	**2 313 542**
Appropriation of general bank reserve	22	-	-	1 600 000	-	(1 600 000)	**-**
Balance as of 31 December 2009		**10 000 000**	**19 000 000**	**3 200 000**	**150 520**	**4 312 085**	**36 662 605**

1 Introduction

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 December 2009 for Joint Stock Company Subsidiary Bank "Sberbank of Russia" (the "Bank").

The Bank was established in 1993, it is incorporated and domiciled in the Republic of Kazakhstan. The Bank is a joint stock company limited by shares and was set up in accordance with Kazakhstan regulations.

The Bank's immediate and ultimate parent company is Savings Bank of the Russian Federation Open Joint Stock Company. Pursuant to the Resolution No. 226 of the Board of Agency of the Republic of Kazakhstan for Regulation and Supervision over Financial Markets and Financial Organizations dated 24 December 2008 Savings Bank of the Russian Federation Open Joint Stock Company has been awarded with the status of the Bank Holding of Subsidiary Bank of Sberbank of Russia Joint Stock Company.

Principal activity. The Bank's principal business activity is banking operations within the Republic of Kazakhstan. The Bank has operated under a banking license issued by the Agency in 1993. The Bank is a participant of Kazakhstani Deposit Insurance Fund JSC.

The Bank's branch network comprises 12 (31 December 2008: 11) branches (including Almaty, Astana, Uralsk, Atyrau, Aktobe, Karaganda, Taldykorgan, Pavlodar, Aktau, Kostanay, Ust-Kamenogorsk and Petropavlovsk) and 93 agencies (31 December 2008: 92).

Registered address and place of business. The Bank's registered address is: 30/26, Gogol/Kaldayakov str., Almaty, Republic of Kazakhstan.

Presentation currency. These financial statements are presented in thousands of Kazakhstani Tenge ("thousands of tenge").

2 Operating Environment of the Bank

The Republic of Kazakhstan is affected by the global crisis. The principal sources of impact of crisis onto the Kazakhstan economy are as follows: deceleration of global economy, volatility of prices in the commodity markets, global stock markets and global equity market. All of them made their contributions to the deterioration of the situation both in the world and inside the country. Dependence on export of raw materials remains the main risk to the Kazakhstani economy. Unavailability of long-term international lending became the principal consequence of the prolonged liquidity crisis for Kazakhstani banks. Due to this the role of state development institutes as principle sponsors and moderators of projects having great importance for Kazakhstan, significantly increases. Prospects of economic development of the Republic of Kazakhstan mainly depend on efficiency of economic, financial and currency arrangements undertaken by the Government. The accompanying financial statements reflect the assessment of the Bank's management of the potential impact of existing conditions to carry out business operations onto the Bank's operational results and financial position. Further developments of conditions to carry out business operations may differ from the management's estimates.

Currently equity and credit markets of major global economies are characterized by significant volatility. A range of the largest global financial institutions declared themselves as bankrupt, and have been either sold to other financial institutions and/or obtained financial support from the state. Despite the measures undertaken or which would be undertaken by the government of the Republic of Kazakhstan to stabilize the situation, due to instability of global and country equity and credit markets there is an economic uncertainty regarding availability of and cost of lending, both for the Bank and its counterparties. The situation of economic uncertainty may continue in the nearest future and affect the Bank's profitability.

Due to instability of global and country equity and credit markets and accompanying economic uncertainty existing as at the reporting date there is a possibility that the recoverable amount of Bank's assets may be less than their carrying amount.

As of 31 December 2009 and 2008 the Bank's financial assets amounted to Tenge 212 555 765 thousand and Tenge 93 349 599 thousand, respectively. Recoverability of these financial assets is being evaluated by the Bank based on conditions present at the balance sheet date. Based on the existing circumstances and information available, management of the Bank believes that currently there is no necessity to allocate additional provisions for financial assets.

2 Operating Environment of the Bank (Continued)

Impact on liquidity: Despite the decrease of financing volumes as a whole in the Kazakhstan market the Bank has open credit facilities in correspondent banks and the ability to obtain a significant support from its parent.

Impact on customers/borrowers: Borrowers of the Bank may be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for borrowers may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets.

Impact on collateral (especially real estate): The amount of provision for impaired loans is based on management's appraisals of these assets at the balance sheet date after taking into consideration the cash flows that may result from foreclosure less costs for obtaining and selling the collateral. The market in Kazakhstan for many types of collateral, especially real estate, has been severely affected by the recent volatility in global financial markets resulting in there being a low level of liquidity for certain types of assets. As a result, the actual realizable value on foreclosure may differ from the value used in estimation of provision for loan impairment.

3 Summary of Significant Accounting Policies

Basis of preparation. These financial statements have been prepared in accordance with IFRS under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial instruments at fair value through profit or loss. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

Going concern. The management has prepared these financial statements on the going concern basis. Using this judgement the management considered existing intentions, profitability of operations and available financial resources.

Key measurement terms. Depending on their classification financial instruments are carried at fair value cost or amortised cost as described below.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is the current bid price for financial assets and current asking price for financial liabilities which are quoted in an active market. For assets and liabilities with offsetting market risks, the Bank may use mid-market prices as a basis for establishing fair values for the offsetting risk positions and apply the bid or asking price to the net open position as appropriate. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Valuation techniques such as discounted cash flows models or models based on recent arms length transactions or consideration of financial data of the investees are used to fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures are made in these financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different profit, income, total assets or total liabilities.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related balance sheet items.

The effective interest method is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate (refer to income and expense recognition policy).

3 Summary of Significant Accounting Policies (Continued)

Initial recognition of financial instruments. Financial assets, derivatives and other financial instruments at fair value through profit or loss are initially recorded at fair value. All other financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date that the Bank commits to purchase or sell a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets. The Bank derecognises financial assets when (i) the assets are redeemed or the rights to cash flows from the assets have otherwise expired or (ii) the Bank has transferred substantially all the risks and rewards of ownership of the assets or (iii) the Bank has neither transferred nor retained substantially all risks and rewards of ownership but has not retained control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Cash and cash equivalents. Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include mandatory reserve deposits with the National Bank of Republic of Kazakhstan (hereinafter "NBRK") and all interbank placements with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

Mandatory reserve deposits with the National Bank. Minimal cash balances with the NBRK are carried at amortised cost and represent non-interest bearing deposits which are available to finance the Bank's day to day operations and hence are considered as part of cash and cash equivalents for the purposes of the cash flow statement.

Financial assets at fair value through profit ir loss. Financial assets at fair value through profit or loss are securities, which are either acquired for generating a profit from short-term fluctuations in price or trader's margin, or are securities included in a portfolio in which a pattern of short-term trading exists. The Bank classifies securities into financial assets at fair value through profit or loss if it has an intention to sell them within a short period after purchase.

Financial assets at fair value through profit or loss are carried at fair value. Interest earned on financial assets at fair value through profit or loss calculated using the effective interest method is presented in the income statement as interest income. All other elements of the changes in the fair value and gains or losses on derecognition are recorded in profit or loss as gains less losses from financial assets at fair value through profit or loss in the period in which they arise.

Due from other banks. Amounts due from other banks are recorded when the Bank advances money to counterparty banks with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. Amounts due from other banks are carried at amortised cost.

Loans and advances to customers. Loans and advances to customers are recorded when the Bank advances money to purchase or originate an unquoted non-derivative receivable from a customer due on fixed or determinable dates and has no intention of trading the receivable. Loans and advances to customers are carried at amortised cost.

Impairment of financial assets carried at amortised cost. Impairment losses are recognised in profit or loss when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If the Bank determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. The primary factors that the Bank considers whether a financial asset is impaired is its overdue status and realisability of related collateral, if any. The following other principal criteria are also used to determine that there is objective evidence that an impairment loss has occurred:

- any installment is overdue due to the deterioration of the financial standing of the borrower and the late payment cannot be attributed to a delay caused by the settlement systems;
- the borrower experiences a significant financial difficulty as evidenced by borrower's financial information that the Bank obtains;

3 Summary of Significant Accounting Policies (Continued)

- the borrower considers bankruptcy or a financial reorganization;
- there is adverse change in the payment status of the borrower as a result of changes in the national or local economic conditions that impact the borrower;
- the value of collateral significantly decreases as a result of deteriorating market conditions.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and the experience of Management in respect of the extent to which amounts will become overdue as a result of past loss events and the success of recovery of overdue amounts. Past experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect past periods and to remove the effects of past conditions that do not exist currently.

If the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the borrower or issuer, impairment is measured using the original effective interest rate before the modification of terms.

Impairment losses are always recognised through an allowance account to write down the asset's carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined.

Repossessed collateral. Repossessed collateral represents financial and non-financial assets acquired by the Bank in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in premises and equipment, other financial assets or inventories within other assets depending on their nature and the Bank's intention in respect of recovery of these assets and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

Impairment of non-financial assets. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Credit related commitments. The Bank enters into credit related commitments, including letters of credit and financial guarantees. Financial guarantees represent irrevocable assurances to make payments in the event a customer cannot meet its obligations to third parties and carry the same credit risk as loans. Financial guarantees and commitments to provide a loan are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the commitment, except for credit related commitment in the case, when there is a likelihood that the Bank will enter into specific loan agreement and will not plan realization of loan within the short period after its issue; such fee and commission income related to the credit related commitment is accounted for as deferred income and included into the loan carrying amount upon initial recognition. At the end of each reporting period, the commitments are measured at the higher of (i) the unamortized balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the commitment at the end of reporting period.

3 Summary of Significant Accounting Policies (Continued)

Investment securities available for sale. This classification includes investment securities which the Bank intends to hold for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. The Bank classifies investment securities as available for sale at the time of purchase.

Investment securities available for sale are carried at fair value. Interest income on available for sale debt securities is calculated using the effective interest method and are recognized in comprehensive income statement. All other elements of changes in the fair value are deferred in equity until the investment is derecognised or impaired, at which time the cumulative gain or loss is removed from equity to profit or loss.

Impairment losses are recognised in profit or loss when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of available-for-sale investments. A significant or prolonged decline in the fair value of an equity security below its cost is an indicator that it is impaired. The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through current period's profit or loss.

Investment securities held to maturity. This classification includes quoted non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank has both the intention and ability to hold to maturity. Management determines the classification of investment securities held to maturity at their initial recognition and reassesses the appropriateness of that classification at the end of each reporting period. Investment securities held to maturity are carried at amortised cost using the effective interest method, less any impairment loss.

Sale and repurchase agreements and lending of securities. Sale and repurchase agreements ("repo agreements") which effectively provide a lender's return to the counterparty are treated as secured financing transactions. Securities sold under such sale and repurchase agreements are not derecognised. The Bank has the right to sell the securities if the counterparty failed to repurchase pledged securities at maturity date. The corresponding liability is presented within amounts due to other banks.

Securities purchased under agreements to resell ("reverse repo agreements") which effectively provide a lender's return to the Bank are recorded as due from other banks or loans and advances to customers, as appropriate. The difference between the sale and repurchase price is treated as interest income and accrued over the life of repo agreements using the effective interest method.

Premises and equipment. Premises and equipment are stated at cost less accumulated depreciation and provision for impairment, where required.

Construction in progress is carried at cost. Upon completion, assets are transferred to premises and equipment at their carrying amount. Construction in progress is not depreciated until the asset is available for use.

Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major parts or components of premises and equipment items are capitalised and the replaced part is retired.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss.

Depreciation. Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Premises	30
Computer equipment	4
Office equipment	from 4 to 13
Vehicles	10
Other	from 4 to 13

The residual value of an asset is the estimated amount that the Bank would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Bank expects to use the asset until the end of its physical life.

3 Summary of Significant Accounting Policies (Continued)

Intangible assets. All of the Bank's intangible assets have definite useful life and primarily include computer software.

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Capitalised costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software (e.g. its maintenance) are expensed when incurred. Capitalised computer software is amortised on a straight-line basis over expected useful lives.

Assets held for sale. Assets held for sale are recorded in the statement of financial position as "assets held for sale" if their carrying amount is recoverable mainly through sale within 12 months after the reporting date. Assets held for sale are recorded at the lower of their carrying amount and fair value less costs to sell. If their fair value less costs to sell is less than their carrying amount, impairment loss is recognised in the statement of comprehensive income as provision for impairment losses on other transactions. Any subsequent increase of the asset's fair value less costs to sell is recognised in the amount of aggregate impairment loss previously recognised in respect of this asset.

Operating leases. Where the Bank is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Bank, the total lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

Due to other banks. Amounts due to other banks are recorded when money or other assets are advanced to the Bank by counterparty banks. The non-derivative liability is carried at amortised cost.

Customer accounts. Customer accounts are non-derivative liabilities to individuals, state or corporate customers and are carried at amortised cost.

Debt securities in issue. Debt securities in issue include subordinated bonds issued by the Bank. Pre-term partial or full redemption of bonds is not envisaged by the bond issue conditions. Debt securities are carried at amortised cost using the effective interest method.

Derivative financial instruments. Derivative financial instruments, including foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options are carried at their fair value.

All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss. The Bank does not apply hedge accounting.

Income taxes. Income taxes have been provided for in the financial statements in accordance with Kazakhstani legislation enacted or substantively enacted by the balance sheet date. The income tax charge comprises current tax and deferred tax and is recognised in the income statement.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes, other than on income, are recorded within administrative and other operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the balance sheet date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Uncertain tax positions. The Bank's uncertain tax positions are reassessed by management at every reporting date. Liabilities are recorded for income tax positions that are determined by management as less likely than not to be sustained if challenged by tax authorities, based on the interpretation of tax laws that have been enacted or substantively enacted by the reporting date. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the reporting date.

3 Summary of Significant Accounting Policies (Continued)

Trade and other payables. Trade payables are accrued when the counterparty has performed its obligations under the contract and are carried at amortized cost.

Share premium. When shares are issued, the excess of contributions received, net of transaction costs, over the nominal value of the shares issued is recorded as share premium in equity.

Income and expense recognition. Interest income and expense are recorded in the income statement for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Bank to originate loans at market interest rates are integral to the effective interest rate.

When loans and other debt instruments become doubtful of collection, they are written down to recoverable amount and interest income is thereafter recorded based on the effective interest rate, which was used to discount future cash flows to measure the recoverable amount.

All other fees, commissions and other income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Foreign currency translation. The Bank's functional currency and presentation currency is the national currency of the Republic of Kazakhstan, Kazakhstani Tenge.

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate applicable at the morning (primary) session of Kazakhstani Stock Exchange as at 11-00 a.m. of Almaty time (US Dollar), and at the currency market rate calculated by the National Bank of the Republic of Kazakhstan using cross-rates to US Dollar existing as at 3-00 p.m. Almaty time in accordance with demand quotations obtained through Reuters Information Agency channels (Euro, Russian Ruble, other currencies). Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into each entity's functional currency are recognised in profit or loss.

At 31 December 2009 the official rate of exchange used for translating foreign currency balances was USD 1 = Tenge 148.46 (31 December 2008: USD 1 = Tenge 120.79); Russian Ruble 1 = Tenge 4.90 (31 December 2008: Russian Ruble 1 = Tenge 4.11), Euro 1 = Tenge 213.95 (31 December 2008: Euro 1 = Tenge 170.24).

Staff costs and related contributions. Wages, salaries, contributions to pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Bank.

Statutory mandatory pension contributions. The Bank does not incur any expenses in relation to provision of statutory mandatory pension contributions to its employees. In accordance with the legal requirements of the Republic of Kazakhstan, the Bank withholds statutory mandatory pension contributions from employees salaries and transfers them into the state or private pension funds.

Offsetting. Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Earnings per share. Earnings per share is determined by dividing the profit or loss attributable to owners of the Bank by the weighted average number of participating shares outstanding during the reporting year.

Segment reporting. Operating segments are reported in a manner consistent with the internal reporting provided to the Bank's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

4 Critical Accounting Estimates, and Judgments in Applying Accounting Policies

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment losses on loans and advances. The Bank regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The factor of local currency devaluation in respect of freely convertible (hard) foreign currencies was accepted as the main factor to analyse sensitivity of the loan portfolio. To the extent that the cash flow on repayment of the principal of loans provided for included into the "doubtful" category increases by 14% (31 December 2008: 15%), the provision would be approximately Tenge 148 142 thousand (31 December 2008: Tenge 415 639 thousand) lower. Should the cash flow on repayment of the loans provided for included into the "doubtful" category decrease by 14% (31 December 2008: 15%), the provision would be approximately Tenge 574 433 thousand (31 December 2008: Tenge 587 634 thousand) higher.

Held-to-maturity financial assets. Management applies judgement in assessing whether financial assets can be categorised as held-to-maturity, in particular (a) its intention and ability to hold the assets to maturity and (b) whether the assets are quoted in an active market. If the Bank fails to keep these investments to maturity other than in certain specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value rather than amortised cost.

Initial recognition of related party transactions. In the normal course of business the Bank enters into transactions with its related parties. All the transactions with related parties are carried out on market terms. Financial instruments are recognized at fair values at initial recognition.

Impairment provision for guarantees. The Bank regularly reviews its guarantees to assess impairment. As guarantees are secured by customer accounts the provision is created when the collateral is not sufficient to cover the full exposure. Provisions on guarantees are created based on the same rules as impairment provisions for loans and advances to customers.

5 Adoption of New or Revised Standards and Interpretations

Certain new IFRS became mandatory for the Bank from 1 January 2009.

***IFRS 8, Operating Segments*.** The standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about its operating segments, with segment information presented on a similar basis to that used for internal reporting purposes. The adoption of IFRS 8 has resulted in an increase in the number of reportable segments presented, as the previously reported *corporate Banking operations* segment has been split into Retail, corporate and investment segments.

5 Adoption of New or Revised Standards and Interpretations (Continued)

IAS 23, Borrowing Costs, revised in March 2007. The main change is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that is not carried at fair value and that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) form part of the cost of that asset, if the commencement date for capitalisation is on or after 1 January 2009. Other borrowing costs are recognised as an expense using the effective interest method. The revised IFRS (IAS) 23 had no impact on the presentation of the Bank's financial statements, since the Bank has no respective loans.

IAS 1, Presentation of Financial Statements, revised in September 2007. The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which includes all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. Alternatively, entities are allowed to present two statements: a separate income statement and a statement of comprehensive income. The Bank has elected to present a single statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The revised IAS 1 had an impact on the presentation of the Bank's financial statements but had no impact on the recognition or measurement of specific transactions and balances.

Improvements to International Financial Reporting Standards (issued in May 2008). In 2008, the International Accounting Standards Board decided to initiate an annual improvements project as a method of making necessary, but non-urgent, amendments to IFRS. The amendments consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary; possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of IAS 16 assets which were previously held for rental and classification of the related cash flows under IAS 7 as cash flows from operating activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method; clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associates and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41. Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which the IASB believes have no or minimal effect on accounting. The amendments did not have an impact on the Bank.

Puttable Financial Instruments and Obligations Arising on Liquidation—IAS 32 and IAS 1 Amendment. The amendment requires classification as equity of some financial instruments that meet the definition of financial liabilities. The amendment did not have an impact on these financial statements.

Vesting Conditions and Cancellations—Amendment to IFRS 2, Share-based Payment. The amendment clarified that only service conditions and performance conditions are vesting conditions. Other features of a share-based payment are not vesting conditions. The amendment specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment did not have an impact on these financial statements.

IFRIC 13, Customer Loyalty Development Programs. IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The amendment did not have an impact on these financial statements.

IFRIC 15, Agreements for the Construction of Real Estate. The interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors, and provides guidance for determining whether agreements for the construction of real estate are within the scope of IAS 11 or IAS 18. It also provides criteria for determining when entities should recognize revenue on such transactions. The amendment did not have an impact on these financial statements.

Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate—IFRS 1 and IAS 27 Amendment, issued in May 2008. The amendment allows first-time adopters of IFRS to measure investments in subsidiaries, jointly controlled entities or associates at fair value or at previous GAAP carrying value as deemed cost in the separate financial statements. The amendment also requires distributions from pre-acquisition net assets of investees to be recognized in profit or loss for the year rather than as a recovery of the investment. The amendment did not have an impact on these financial statements.

5 Adoption of New or Revised Standards and Interpretations (Continued)

Improving Disclosures about Financial Instruments - Amendment to IFRS 7, Financial Instruments: Disclosures, issued in March 2009. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The entity is required to disclose an analysis of financial instruments using a three-level fair value measurement hierarchy. The amendment (a) clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and (b) requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. An entity will further have to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. The above additional information about instruments available in the Bank has been disclosed in these financial statements.

Embedded Derivatives - Amendments to IFRIC 9 and IAS 39, issued in March 2009. The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for. The amendment did not have an impact on these financial statements.

IFRIC 16, Hedges of a Net Investment in a Foreign Operation. The interpretation explains which currency risk exposures are eligible for hedge accounting and states that translation from the functional currency to the presentation currency does not create an exposure to which hedge accounting could be applied. The IFRIC allows the hedging instrument to be held by any entity or entities within a group except the foreign operation that itself is being hedged. The interpretation also clarifies how the currency translation gain or loss reclassified from other comprehensive income to profit or loss is calculated on disposal of the hedged foreign operation. Reporting entities apply IAS 39 to discontinue hedge accounting prospectively when their hedges do not meet the criteria for hedge accounting in IFRIC 16. IFRIC 16 did not have an impact on these financial statements.

The International Financial Reporting Standard for Small and Medium-sized Entities (issued in July 2009) is a self-contained standard, tailored to the needs and capabilities of smaller businesses. Many of the principles of full IFRS for recognising and measuring assets, liabilities, income and expense have been simplified, and the number of required disclosures have been simplified and significantly reduced. The IFRS for SMEs may be applied by entities which publish general purpose financial statements for external users and do not have public accountability. The Bank is not eligible to apply the IFRS for SMEs due to the public accountability of its banking business.

Unless otherwise stated above, the amendments and interpretations did not have any significant effect on the Bank's consolidated financial statements.

6 New Accounting Pronouncements

Certain new standards and interpretations have been published that are mandatory for the Bank's accounting periods beginning on or after 1 January 2010 or later periods and which the Bank has not early adopted:

IFRIC 17, Distributions of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009). The interpretation clarifies when and how distribution of non-cash assets as dividends to the owners should be recognised. An entity should measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. A gain or loss on disposal of the distributed non-cash assets will be recognised in profit or loss for the year when the entity settles the dividend payable. IFRIC 17 is not relevant to the Bank's operations because it does not distribute non-cash assets to owners.

IFRIC 18, Transfers of Assets from Customers (effective for annual periods beginning on or after 1 July 2009). The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers. IFRIC 18 is not expected to have any impact on the Bank's financial statements.

Classification of Rights Issues - Amendment to IAS 32 (issued 8 October 2009; effective for annual periods beginning on or after 1 February 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. The amendment is not expected to have any impact on the Bank's financial statements.

6 New Accounting Pronouncements (Continued)

IAS 27, Consolidated and Separate Financial Statements (revised January 2008; effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "minority interests") even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Bank does not expect the amended standard to have a material effect on its financial statements.

IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer will have to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss for the year. Acquisition-related costs will be accounted for separately from the business combination and therefore recognized as expenses rather than included in goodwill. An acquirer will have to recognize at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognized in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. IFRS 3 does not expect the amendment to have any material effect on its financial statements.

Eligible Hedged Items—Amendment to IAS 39, Financial Instruments: Recognition and Measurement (effective with retrospective application for annual periods beginning on or after 1 July 2009). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The amendment is not expected to have any impact on the Bank's financial statements as the Bank does not apply hedge accounting.

IFRS 1, First-time Adoption of International Financial Reporting Standards (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after 1 July 2009). The revised IFRS 1 retains the substance of its previous version but within a changed structure in order to make it easier for the reader to understand and to better accommodate future changes. The Bank concluded that the revised standard does not have any effect on its financial statements.

Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2, Share-based Payment (effective for annual periods beginning on or after 1 January 2010). The amendments provide a clear basis to determine the classification of share-based payment awards in both consolidated and separate financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. The Bank does not expect the amendments to have any material effect on its financial statements.

Additional Exemptions for First-time Adopters - Amendments to IFRS 1, First-time Adoption of IFRS (effective for annual periods beginning on or after 1 January 2010). The amendments exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets and also exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, 'Determining Whether an Arrangement Contains a Lease' when the application of their national accounting requirements produced the same result. The amendments will not have any impact on the Bank's financial statements.

6 New Accounting Pronouncements (Continued)

Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operating decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity's own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss for the year and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. The Bank does not expect the amendments to have any material effect on its financial statements.

Amendment to IAS 24, Related Party Disclosures (issued in November 2009 and effective for annual periods beginning on or after 1 January 2011). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies; and by (b) providing a partial exemption from the disclosure requirements for government-related entities. The Bank does not expect the amendment to have any material effect on its financial statements.

IFRS 9, Financial Instruments Part 1: Classification and Measurement. IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only payments of principal and interest (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.
- While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted.

The Bank is considering the implications of the standard, the impact on the Bank and the timing of its adoption by the Bank.

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Bank's financial statements.

7 Change of Classification

In the financial statements for the period ended 31 December 2008 the transit accounts in the amount of Tenge 1 177 302 thousand were classified as amounts due to other banks. In the current financial statements the Bank decided to present these accounts within the customer accounts line. In addition, the amount of transit accounts presented as at 31 December 2008 within other liabilities in the value of Tenge 153 703 thousand was reclassified to customer accounts. The reason for changes in classification is more complete and fair presentation of information on customer accounts and other liabilities. The change of classification has been applied to the comparative figures at 31 December 2008 to comply with the current financial statement presentation.

The reclassifications made in the financial statements for the year ended 31 December 2008, are provided below:

(in thousands of tenge)	**Amount of reclassification**	**Previously reported amount**	**Revised amount**
Statement of financial position			
Reclassification to customer accounts from due to other banks and other liabilities	1 331 005	40 449 744	41 780 749
Reclassification from due to other banks to customer accounts	(1 177 302)	16 721 771	15 544 469
Reclassification from other liabilities to customer accounts	(153 703)	303 362	149 659

8 Cash and Cash Equivalents

(in thousands of tenge)	**31 December 2009**	**31 December 2008**
Cash balances with the NBRK (other than mandatory reserve deposits)	24 873 564	1 532 112
Cash on hand	5 999 142	3 589 201
Mandatory reserve deposits with NBRK	2 805 736	1 162 756
Correspondent accounts and overnight placements with other banks:		
- Republic of Kazakhstan	38 727 478	759 762
- Russian Federation	2 431 670	422 828
- United States of America	1 726 016	738 001
- European Union	975 763	944 511
Placements with other banks with original maturities of less than three months	2 490 337	630 450
Total cash and cash equivalents	**80 029 706**	**9 779 621**

Analysis by credit quality of cash and cash equivalents is as follows:

(in thousands of tenge)	**31 December 2009**	**31 December 2008**
Not rated	6 353 141	4 431 374
A rated	1 859 550	1 673 425
AA rated	842 229	8 934
B+ rated	576 214	31 012
BB+ rated	-	142 318
BBB+ rated	4 158 883	797 690
BBB- rated	66 239 689	2 694 868
Total cash and cash equivalents	**80 029 706**	**9 779 621**

Cash and cash equivalents are not past due nor impaired.

Interest rate analysis of cash and cash equivalents is disclosed in Note 30. The information on related party balances is disclosed in Note 35.

9 Due from Other Banks

(in thousands of tenge)	31 December 2009	31 December 2008
Short-term placements with other banks with original maturities of less than one year – BBB+ rated	1 495 790	294 966
Total due from other banks	**1 495 790**	**294 966**

Amounts due from other banks are not collateralised, the amounts are neither past due, nor impaired.

Interest rate analysis of due from other banks is disclosed in Note 30. The information on related party balances is disclosed in Note 35.

10 Loans and Advances to Customers

(in thousands of tenge)	31 December 2009	31 December 2008
Corporate loans	86 902 652	69 079 515
Loans to individuals – consumer loans	8 275 445	7 759 961
Loans to individuals – mortgage loans	2 139 944	1 259 589
Credit cards	279 426	305 241
Total loans and advances to customers before provision for loan impairment	**97 597 467**	**78 404 306**
Provision for loan impairment	(5 809 694)	(3 306 708)
Total loans and advances to customers	**91 787 773**	**75 097 598**

Movements in the provision for loan impairment during the years 2009 and 2008 are as follows:

(in thousands of tenge)	Corporate loans	Consumer and mortgage loans	Credit cards	Total
Provision for loan impairment as of 1 January 2008	**423 470**	**1 210 499**	**88 421**	**1 722 390**
Charge to provision for impairment during the year	1 095 676	509 133	605	1 605 414
Amounts written off during the year as uncollectible	-	(21 096)	-	(21 096)
Provision for loan impairment as of 31 December 2008	**1 519 146**	**1 698 536**	**89 026**	**3 306 708**
Charge to provision for impairment during the year	2 475 690	387 681	22 074	2 885 445
Amounts written off during the year as uncollectible	-	(382 459)	-	(382 459)
Provision for loan impairment as of 31 December 2009	**3 994 836**	**1 703 758**	**111 100**	**5 809 694**

10 Loans and Advances to Customers (Continued)

Economic sector risk concentrations within the customer loan portfolio are as follows:

(in thousands of tenge)	31 December 2009 Amount	%	31 December 2008 Amount	%
Services	29 523 990	30.3	13 584 694	17.3
Trade	23 031 771	23.7	23 985 273	30.6
Production	16 460 325	16.7	11 630 509	14.8
Consumer and mortgage	10 415 389	10.7	9 019 550	11.5
Construction	5 956 090	6.1	16 827 349	21.5
Extraction of fuel and energy minerals	3 977 480	4.1	305 416	0.4
Mining industry	3 469 568	3.6	1 234 916	1.6
Agricultural	2 987 922	3.1	-	-
Transport	611 523	0.6	644 090	0.8
Credit cards	279 426	0.3	305 241	0.4
Education	181 787	0.2	194 540	0.2
Other	702 196	0.6	672 728	0.9
Total loans and advances to customers (before provision for loan impairment)	**97 597 467**	**100.0**	**78 404 306**	**100.0**

At 31 December 2009 the Bank had ten major borrowers, which accounted for 40% (31 December 2008: 46%) of the gross loan portfolio before provision for loan impairment. The total aggregate amount of these loans and advances to customers was Tenge 39 093 708 thousand (31 December 2008: Tenge 36 455 184 thousand).

Information about collateral at 31 December 2009 is as follows:

(in thousands of tenge)	Corporate loans	Consumer and mortgage loans	Credit cards	Total
Unsecured loans	**312 715**	**2 037 607**	**270 434**	**2 620 756**
Loans collateralised by:				
- other real estate	68 292 802	-	-	68 292 802
- real estate, equipment	14 097 593	999 849	-	15 097 442
- residential real estate	-	7 367 489	-	7 367 489
- tradable securities	2 522 997	-	-	2 522 997
- cash deposits	131 759	10 444	8 992	151 195
- other assets	1 544 786	-	-	1 544 786
Secured loans	**86 589 937**	**8 377 782**	**8 992**	**94 976 711**
Total loans and advances to customers (before provision for loan impairment)	**86 902 652**	**10 415 389**	**279 426**	**97 597 467**

10 Loans and Advances to Customers (Continued)

Information about collateral at 31 December 2008 is as follows:

(in thousands of tenge)	Corporate loans	Consumer and mortgage loans	Credit cards	Total
Unsecured loans	-	**3 490 854**	**297 553**	**3 788 407**
Loans collateralised by:				
- other real estate	51 836 977	1 820 308	-	53 657 285
- real estate, equipment	11 569 892	-	-	11 569 892
- residential real estate	-	3 219 618	-	3 219 618
- tradable securities	1 137 060	-	-	1 137 060
- cash deposits	82 878	16 077	7 688	106 643
- other assets	4 452 708	472 693	-	4 925 401
Secured loans	**69 079 515**	**5 528 696**	**7 688**	**74 615 899**
Total loans and advances to customers (before provision for loan impairment)	**69 079 515**	**9 019 550**	**305 241**	**78 404 306**

The value of the loans and advances to customers was allocated by types of collateral on a proportional basis depending on the weight a certain type of collateral had in each loan.

10 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans and advances to customers outstanding at 31 December 2009 is as follows:

(in thousands of tenge)	Corporate loans	Consumer and mortgage loans	Credit cards	Total
Neither past due nor impaired				
- Performing loans	71 509 346	5 959 666	2 969	77 471 981
- Watch list loans	3 104 104	2 471 875	161 437	5 737 416
- Loans renegotiated in 2009	8 441 207	159 090	-	8 600 297
Total neither past due nor impaired	**83 054 657**	**8 590 631**	**164 406**	**91 809 694**
Past due but not impaired				
- less than 30 days overdue	181 787	24 090	-	205 877
Total past due but not impaired	**181 787**	**24 090**	**-**	**205 877**
Impaired loans attributed to collectively assessed category				
- less than 30 days overdue	-	33 545	110	33 655
- 30 to 90 days overdue	-	25 740	23 872	49 612
- 90 to 180 days overdue	-	39 506	13 751	53 257
- 180 to 360 days overdue	-	126 486	77 287	203 773
- over 360 days overdue	-	1 312 716	-	1 312 716
Total impaired loans attributed to collectively assessed category	**-**	**1 537 993**	**115 020**	**1 653 013**
Individually impaired				
- less than 30 days overdue	1 950	13 690	-	15 640
- 30 to 90 days overdue	429 192	27 068	-	456 260
- 90 to 180 days overdue	356 599	9 511	-	366 110
- 180 to 360 days overdue	2 458 959	172 076	-	2 631 035
- over 360 days overdue	419 508	40 330	-	459 838
Total individually impaired	**3 666 208**	**262 675**	**-**	**3 928 883**
Portfolio provision attributed to collectively assessed loans category	(434 439)	(1 451 566)	(111 100)	(1 997 105)
Provision for loans individually determined to be impaired	(3 560 397)	(252 192)	-	(3 812 589)
Provision for loan portfolio impairment	**(3 994 836)**	**(1 703 758)**	**(111 100)**	**(5 809 694)**
Total loans and advances to customers	**82 907 816**	**8 711 631**	**168 326**	**91 787 773**

10 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans and advances to customers outstanding at 31 December 2008 is as follows:

(in thousands of tenge)	Corporate loans	Consumer and mortgage loans	Credit cards	Total
Neither past due nor impaired				
- Performing loans	63 900 188	3 972 515	7 193	67 879 896
- Watch list loans	3 978 917	2 836 753	256 433	7 072 103
- Loans renegotiated in 2008	129 040	-	-	129 040
Total neither past due nor impaired	**68 008 145**	**6 809 268**	**263 626**	**75 081 039**
Past due but not impaired				
- less than 30 days overdue	2 472	19 435	-	21 907
Total past due but not impaired	**2 472**	**19 435**	**-**	**21 907**
Impaired loans attributed to collectively assessed category				
- less than 30 days overdue	-	129 584	-	129 584
- 30 to 90 days overdue	-	149 851	6 541	156 392
- 90 to 180 days overdue	-	173 496	8 355	181 851
- 180 to 360 days overdue	-	454 119	26 719	480 838
- over 360 days overdue	-	1 159 782	-	1 159 782
Total impaired loans attributed to collectively assessed category	-	**2 066 832**	**41 615**	**2 108 447**
Individually impaired				
- less than 30 days overdue	15 657	-	-	15 657
- 30 to 90 days overdue	185 624	18 064	-	203 688
- 90 to 180 days overdue	365 101	27 902	-	393 003
- 180 to 360 days overdue	355 073	78 049	-	433 122
- over 360 days overdue	147 443	-	-	147 443
Total individually impaired	**1 068 898**	**124 015**	**-**	**1 192 913**
Portfolio provision attributed to collectively assessed loans category	(484 270)	(1 574 521)	(89 026)	(2 147 817)
Provision for loans individually determined to be impaired	(1 034 876)	(124 015)	-	(1 158 891)
Provision for loan portfolio impairment	**(1 519 146)**	**(1 698 536)**	**(89 026)**	**(3 306 708)**
Total loans and advances to customers	**67 560 369**	**7 321 014**	**216 215**	**75 097 598**

10 Loans and Advances to Customers (Continued)

The primary factors that the Bank considers in determining whether loans and advances to customers are impaired are its overdue status and realisability of related collateral, if any. As a result, the Bank presents above an ageing analysis of loans and advances to customers that are individually determined to be impaired.

Performing loans and advances to customers – current loans and advances to customers with no signs of impairment. Watch list loans and advances to customers – loans and advances to customers which are not overdue neither impaired, however based on management's credit policy losses on these loans and advances to customers have been incurred but not yet identified as at 31 December 2009. Renegotiated loans and advances to customers – current and not impaired loans and advances to customers, represent the carrying amount of loans and advances to customers that would otherwise be past due or impaired whose terms have been renegotiated.

Collectively assessed provision is provided for portfolios of homogeneous assets and losses that have been incurred but have not yet been identified, by using the available historic experience, experienced judgment and statistical techniques.

The fair value of collateral in respect of loans and advances to customers past due but not impaired and in respect of loans and advances to customers individually determined to be impaired at 31 December 2009 was as follows:

(in thousands of tenge)	**Corporate loans**	**Consumer and mortgage loans**	**Credit cards**	**Total**
Fair value of collateral - loans past due but not impaired	**851 853**	**45 261**	**-**	**897 114**
- residential real estate	-	45 261	-	45 261
- other real estate	661 603	-	-	661 603
- other assets	190 250	-	-	190 250
Fair value of collateral – portfolio provision	**8 054 403**	**7 541 626**	**13 915**	**15 609 944**
- residential real estate	2 654 112	6 892 776	-	9 546 888
- cash deposits	-	2 334	-	2 334
- other assets	5 400 291	646 516	13 915	6 060 722
Fair value of collateral – individually impaired loans	**11 560 183**	**628 048**	**-**	**12 188 231**
- residential real estate	350 709	614 503	-	965 212
- other real estate	3 782 969	-	-	3 782 969
- other assets	7 426 505	13 545	-	7 440 050
Total	**20 466 439**	**8 214 935**	**13 915**	**28 695 289**

Fair value of pledge disclosed represents the estimated amount, which can be received by the legal owners of these assets. Management considers the loans and advances to customers secured by pledges as impaired, since there is an uncertainty in respect of final receipt of pledge in the current economic circumstances. The impairment provisions reflect the possibility of the fact that management will not be able to demand and respect its title and come into possession of pledge related to outstanding loans and advances to customers. Despite the difficulties in come into possession of pledge, management of the Bank will definitely try to achieve repayment of outstanding loans and advances to customers by all possible measures available.

10 Loans and Advances to Customers (Continued)

The fair value of collateral in respect of loans and advances to customers past due but not impaired and in respect of loans individually determined to be impaired at 31 December 2008 was as follows:

(in thousands of tenge)	Corporate loans	Consumer and mortgage loans	Credit cards	Total
Fair value of collateral - loans past due but not impaired	**33 423**	**100 227**	**-**	**133 650**
- residential real estate	-	99 124	-	99 124
- other real estate	33 423	-	-	33 423
- cash deposits	-	1 103	-	1 103
Fair value of collateral – portfolio provision	**-**	**4 776 712**	**785**	**4 777 497**
- residential real estate	-	4 446 904	-	4 446 904
- other real estate	-	27 326	-	27 326
- cash deposits	-	-	785	785
- other assets	-	302 482	-	302 482
Fair value of collateral – individually impaired loans	**6 515 189**	**454 573**	**-**	**6 969 762**
- residential real estate	-	444 974	-	444 974
- other real estate	6 340 822	-	-	6 340 822
- other assets	174 367	9 599	-	183 966
Total	**6 548 612**	**5 331 512**	**785**	**11 880 909**

The amount of interest accrued on impaired loans and advances to customers totals Tenge 213 556 thousand (2008: Tenge 102 477 thousand).

Interest rate analysis of loans and advances to customers is disclosed in Note 30. The information on related party balances is disclosed in Note 35.

11 Investment Securities Available for Sale

(in thousands of tenge)	31 December 2009	31 December 2008
Kazakhstan government bonds	20 348 673	8 175 014
Corporate bonds	7 299 693	-
Corporate shares, unquoted	2 400	2 400
Total investment securities available for sale	**27 650 766**	**8 177 414**

The movements in investment securities available for sale are as follows:

(in thousands of tenge)	31 December 2009	31 December 2008
Carrying amount at 1 January	**8 177 414**	**7 890 726**
Fair value gains less losses (Note 22)	155 279	13 104
Interest income accretion	758 199	359 176
Interest income received	(621 262)	(247 624)
Acquisition	21 781 006	6 320 505
Disposals of investment securities available for sale	(2 541 839)	(6 158 473)
Exchange differences relating to debt securities	(58 031)	-
Carrying amount at 31 December	**27 650 766**	**8 177 414**

11 Investment Securities Available for Sale (Continued)

Investment securities available for sale are neither past due nor impaired.

The analysis of maturities of investment securities available for sale as at 31 December 2009 and at 31 December 2008 is as follows:

(in thousands of tenge)	31 December 2009	31 December 2008
Without maturity	2 400	2 400
Less than 1 month	874 888	307 382
From 1 to 3 months	1 195 583	305 000
From 3 to 6 months	5 831 962	-
From 6 to 12 months	5 319 157	1 808 885
Above 12 months	14 426 776	5 753 747
Total investment securities available for sale	**27 650 766**	**8 177 414**

Analysis by credit quality of investment securities available for sale is as follows:

(in thousands of tenge)	31 December 2009	31 December 2008
BBB rated	22 190 089	8 175 014
BBB- rated	5 458 277	-
Not rated	2 400	2 400
Total investment securities available for sale	**27 650 766**	**8 177 414**

At 31 December 2008 included in investment securities available for sale are securities pledged under sale and repurchase agreements whose fair value is Tenge 985 356 thousand.

Investment securities available for sale are all traded in active markets and their value is based on quoted market prices at the end of the reporting period. The quoted market price used for investment securities held by the Bank is the current bid price. Thus all investment securities available for sale are included in level 1 of fair value hierarchy except for corporate shares that represent the holding of Kazakhstan Stock Exchange JSC and Central Depository JSC shares which are not quoted on an active market. The Bank carries them at cost less any impairment provision.

Analysis of interest rates for investment securities available for sale is disclosed in Note 30.

12 Investment Securities Held to Maturity

(in thousands of tenge)	31 December 2009
Corporate bonds of foreign issuers	8 037 658
Corporate bonds of Kazakhstani issuers	2 584 967
Total investment securities held to maturity	**10 622 625**

Investment securities held to maturity are not impaired. As at 31 December 2008 the Bank had no investment securities held to maturity.

12 Investment Securities Held to Maturity (Continued)

The analysis of maturities of investment securities held to maturity as at 31 December 2009 is as follows:

(in thousands of tenge)	**31 December 2009**
From 6 to 12 months	571 472
Above 12 months	10 051 153
Total investment securities held to maturity	**10 622 625**

Analysis by credit quality of investment securities held to maturity is as follows:

(in thousands of tenge)	**31 December 2009**
BBB rated	2 760 121
BBB- rated	7 862 504
Total investment securities held to maturity	**10 622 625**

The movements in investment securities held to maturity are as follows:

(in thousands of tenge)	**31 December 2009**
Carrying amount at 1 January	**-**
Additions	11 041 546
Interest income accrual	251 642
Interest income received	(18 179)
Disposals	(438 019)
Exchange differences relating to debt securities	(214 365)
Carrying amount at 31 December	**10 622 625**

Disposals represent securities matured during 2009.

Analysis of interest rates for investment securities held to maturity is disclosed in Note 30.

13 Premises and Equipment and Intangible Assets

(in thousands of tenge)	Note	Premises	Office and computer equipment	Construction in progress, non-installed equipment	Other	Total premises and equipment	Intangible assets
Cost at 1 January 2008		1 226 907	817 124	55 538	119 336	2 218 905	102 514
Accumulated depreciation/amortisation		(250 410)	(273 883)	-	(30 226)	(554 519)	(46 710)
Carrying amount at 1 January 2008		**976 497**	**543 241**	**55 538**	**89 110**	**1 664 386**	**55 804**
Additions		1 524 180	292 909	-	10 786	1 827 875	54 567
Transfers		-	34 682	(48 558)	13 876	-	-
Disposals		-	(14 408)	(366)	(937)	(15 711)	-
Accumulated depreciation disposal		-	14 499	-	937	15 436	-
Depreciation/amortisation charge	26	(66 163)	(115 511)	-	(13 753)	(195 427)	(5 059)
Carrying amount at 31 December 2008		**2 434 514**	**755 412**	**6 614**	**100 019**	**3 296 559**	**105 312**
Cost at 31 December 2008		2 751 087	1 130 307	6 614	143 061	4 031 069	157 081
Accumulated depreciation/amortisation		(316 573)	(374 895)	-	(43 042)	(734 510)	(51 769)
Carrying amount at 31 December 2008		**2 434 514**	**755 412**	**6 614**	**100 019**	**3 296 559**	**105 312**
Additions		922 853	989 393	-	93 522	2 005 768	120 793
Disposals		(1 032)	(160 956)	-	(17 744)	(179 732)	-
Accumulated depreciation disposal		-	14 858	-	7 628	22 486	-
Depreciation/amortisation charge	26	(92 502)	(173 725)	-	(17 074)	(283 301)	(7 725)
Carrying amount at 31 December 2009		**3 263 833**	**1 424 982**	**6 614**	**166 351**	**4 861 780**	**218 380**
Cost at 31 December 2009		3 672 908	1 958 744	6 614	218 839	5 857 105	277 874
Accumulated depreciation/amortisation		(409 075)	(533 762)	-	(52 488)	(995 325)	(59 494)
Carrying amount at 31 December 2009		**3 263 833**	**1 424 982**	**6 614**	**166 351**	**4 861 780**	**218 380**

Additions for the year mainly represent the purchase of two office buildings and adjoining land for the amount of Tenge 798 442 thousand. Additions of office and computer equipment include security equipment, servers and telecommunications equipment, as well as automated teller machines.

14 Assets held for sale

(in thousands of tenge)	31 December 2009
Total assets held for sale	**1 245 691**

As at 31 December 2009 assets held for sale in the form of grain have been levied by the Bank from the borrower, who failed to meet the obligations to repay a loan to the Bank. Sale of these assets is expected within 12 months from the moment of acquisition.

15 Other Assets

(in thousands of tenge)	31 December 2009	31 December 2008
Other financial assets		
Accounts receivable	1 207 291	-
Provision	(238 186)	-
Other non-financial assets		
Advances given for premises and equipment	315 406	412 895
Prepaid expenses	141 073	366 165
Transit accounts	95 400	30 590
Forfeit accrued	56 921	31 158
Inventories	19 902	3 424
Employee benefits	1 383	5 083
Other	87 281	41 034
Provision for other non-financial assets	(58 637)	(56 139)
Total other assets	**1 627 834**	**834 210**

Accounts receivable represent accounts receivable from collecting company from sale of uncollectible loans. Fair value of collateral for this receivable at 31 December 2009 is Tenge 1 350 860 thousand.

Advances given for premises and equipment include advances to purchase server and office equipment in the amount of Tenge 151 843 thousand.

Movement in provision for other assets during the years 2009 and 2008 is as follows.

(in thousands of tenge)	Financial assets	Non financial assets	Total
Provision at 1 January 2008	**-**	**9 848**	**9 848**
Charge to provision during the year	-	46 325	46 325
Amounts written off during the year as uncollectible	-	(34)	(34)
Provision at 31 December 2008	**-**	**56 139**	**56 139**
Charge to provision during the year	238 186	20 078	258 264
Amounts written off during the year as uncollectible	-	(17 580)	(17 580)
Provision at 31 December 2009	**238 186**	**58 637**	**296 823**

16 Due to Other Banks

(in thousands of tenge)	31 December 2009	31 December 2008
Short-term placements of other banks	14 847 579	13 427 900
Loans from other banks	7 502 093	-
Correspondent accounts and overnight placements of other banks	4 279	1 201 317
Sale and repurchase agreements with other banks	-	915 252
Total due to other banks	**22 353 951**	**15 544 469**

Short-term placements of other banks represent a deposit with maturity of less than one month of Savings Bank of the Russian Federation OJSC.

Loans from other banks represent loans received under the state lending program from the sources of DAMU fund for the period to February 2016 in the total amount of Tenge 6 037 300 thousand (interest rate 8%).

Interest rate analysis of due to other banks is disclosed in Note 30. Information on related party balances is disclosed in Note 35.

17 Customer Accounts

(in thousands of tenge)	31 December 2009	31 December 2008
State and public organisations		
- Current/settlement accounts	15 138 098	1 943 399
- Term deposits	6 028 316	7 749 955
Other legal entities		
- Current/settlement accounts	40 426 100	11 618 354
- Term deposits	55 274 832	7 479 491
Individuals		
- Current/demand accounts	4 100 351	3 463 019
- Term deposits	33 119 829	9 526 531
Total customer accounts	**154 087 526**	**41 780 749**

State and public organisations exclude government owned profit oriented businesses.

Economic sector concentrations within customer accounts are as follows:

	31 December 2009		31 December 2008	
(in thousands of tenge)	Amount	%	Amount	%
Mining industry	42 127 045	27.3	1 798 739	4.3
Individuals	37 220 180	24.2	12 989 550	31.1
Customer services	32 182 868	20.9	9 827 993	23.5
Manufacturing	11 281 811	7.3	986 631	2.4
Insurance	9 547 350	6.2	-	-
Real estate	8 307 905	5.4	4 217 512	10.1
Trade	6 914 170	4.5	4 368 236	10.5
Financial intermediation	3 490 909	2.2	6 029 685	14.4
Transportation and communication	1 666 372	1.1	726 641	1.7
Agriculture	132 954	0.1	36 098	0.1
Other	1 215 962	0.8	799 664	1.9
Total customer accounts	**154 087 526**	**100.0**	**41 780 749**	**100.0**

17 Customer Accounts (Continued)

At 31 December 2009 the Bank had ten major customers, which accounted for 42% of the gross balance on customer accounts (31 December 2008: 34%). The total aggregate amount of these deposits as at 31 December 2009 was Tenge 64 637 111 thousand (31 December 2008: Tenge 13 711 669 thousand).

Interest rate analysis of customer accounts is disclosed in Note 30. Information on related party balances is disclosed in Note 35.

18 Debt Securities in Issue

(in thousands of tenge)	31 December 2009	31 December 2008
Debt securities in issue – Bonds	**5 607 716**	**5 617 285**

At 31 December 2009 debt securities in issue are represented by two issues denominated in Kazakhstani Tenge. These bonds were issued for seven years and have a coupon rate of 8.2% - 11.0% (2008: 11.0% - 12.0%).

Interest rate analyses of debt securities in issue are disclosed in Note 30.

At 31 December 2008 the Bank had debt securities in issue held by 62 third parties (31 December 2008: 66 third parties).

19 Current Tax Liability

As at 31 December 2009 the Bank has accrued tax liability based on the results of tax audit for the periods 2004 - 2007 years in the amount of Tenge 231 632 thousand. Fines, related to the current tax liability, comprise Tenge 130 303 thousand.

20 Other Liabilities

(in thousands of tenge)	31 December 2009	31 December 2008
Taxes payable other than income tax	164 917	18 864
Accrued employee benefit costs	138 992	45 753
Administrative and economic costs accrued	62 661	60 959
Provisions for credit related commitments	45 727	-
Letters of credit	42 622	-
Provision for vacations	32 801	10 350
Advances received	6 277	6 721
Settlements with employees	711	1 381
Other	37 583	5 631
Total other liabilities	**532 291**	**149 659**

21 Share Capital

(in thousands of tenge, except for number of shares)	Number of outstanding shares	Ordinary shares	Share premium	Total
At 1 January 2008	**10 000 000**	**10 000 000**	**19 000 000**	**29 000 000**
At 31 December 2008	**10 000 000**	**10 000 000**	**19 000 000**	**29 000 000**
At 31 December 2009	**10 000 000**	**10 000 000**	**19 000 000**	**29 000 000**

The nominal registered amount of the Bank's issued share capital was Tenge 10 000 000 thousand (31 December 2008: Tenge 10 000 000 thousand). At 31 December 2009, all of the Bank's outstanding shares were authorised, issued and fully paid in.

All ordinary shares have a nominal value of Tenge 1 000 per share (2008: Tenge 1 000 per share) and each share carries one vote.

Share premium represents the excess of contributions received over the nominal value of shares issued and amounts to Tenge 19 000 000 thousand.

As at 31 December 2009 and 31 December 2008 all issued shares were owned by Savings Bank of the Russian Federation OJSC, except for 235 shares belonging to three individuals.

22 Other Reserves

(in thousands of tenge)	Note	Revaluation reserve for available-for-sale securities	General bank reserve	Total other reserves
At 1 January 2008		**(17 863)**	**352 345**	**334 482**
Revaluation	11	13 850	-	13 850
Realised loss on revaluation of AFS securities	11	(746)	-	(746)
Appropriation of general bank reserve		-	1 247 655	1 247 655
At 31 December 2008		**(4 759)**	**1 600 000**	**1 595 241**
Revaluation	11	155 279	-	155 279
Appropriation of general bank reserve		-	1 600 000	1 600 000
At 31 December 2009		**150 520**	**3 200 000**	**3 350 520**

Revaluation reserve for available-for-sale securities is transferred to profit or loss when realised through sale or impairment.

In accordance with the local legislation and regulations of the NBRK, the Bank makes an appropriation from retained earnings to general reserve fund for unforeseeable risks and future losses associated with loan portfolio. General reserve fund can only be distributed through the approval of a formal shareholders' meeting.

23 Interest Income and Expense

(in thousands of tenge)	2009	2008
Interest income		
Loans and advances to customers	10 003 391	7 081 981
Interest income on impaired financial assets	2 173 111	222 979
Investment securities available for sale	814 825	663 520
Cash and cash equivalents	686 026	223 966
Investment securities held to maturity	215 932	-
Due from other banks	70 242	4 267
Overnight placements with other banks	15 294	19 589
Repurchase receivable	4 231	208 954
Financial assets at fair value through profit or loss	-	5 706
Other	2 141	27 430
Total interest income	**13 985 193**	**8 458 392**
Interest expense		
Term deposits of legal entities	(2 639 933)	(763 805)
Term deposits of individuals	(1 244 520)	(554 600)
Debt securities in issue	(597 173)	(617 867)
Other borrowed funds	(469 951)	(12 693)
Current/settlement accounts	(442 826)	(14 979)
Term placements of other banks	(214 237)	(49 850)
Repo transactions with securities	(52 627)	-
Overnight placements of other banks	(3 213)	(3 106)
Total interest expense	**(5 664 480)**	**(2 016 900)**
Net interest income	**8 320 713**	**6 441 492**

24 Fee and Commission Income and Expense

(in thousands of tenge)	2009	2008
Fee and commission income		
Settlement transactions	1 735 410	1 438 166
Cash transactions	500 759	329 252
Currency transactions	498 210	221 763
Credit card transactions	216 918	147 336
Guarantees issued	155 009	82 442
Cash collection	19 194	10 155
Other	24 201	17 887
Total fee and commission income	**3 149 701**	**2 247 001**
Fee and commission expense		
Settlement transactions	(171 941)	(126 037)
Credit card servicing	(134 202)	(55 578)
Commission from documentary settlements	(44 700)	-
Currency transactions	(5 906)	(5 607)
Transactions with securities	(3 226)	(5 652)
Other	(7 021)	(23 878)
Total fee and commission expense	**(366 996)**	**(216 752)**
Net fee and commission income	**2 782 705**	**2 030 249**

25 Other Income

(in thousands of tenge)	2009	2008
Gain on sales of keys for “Internet office” system	12 072	5 528
Gain on sale of coins	4 810	-
Gain on disposal of premises and equipment, net	1 621	1 958
Other	7 912	352
Total other income	**26 415**	**7 838**

26 Administrative and Other Operating Expenses

(in thousands of tenge)	Note	2009	2008
Staff costs		3 224 617	2 090 472
Rent		615 824	537 390
Taxes other than on income		460 630	300 334
Advertising and marketing services		322 750	382 553
Premises and equipment depreciation	13	283 301	195 427
Transport and communication		193 681	128 145
Entertainment expenses		173 717	73 567
Administrative expenses		165 356	114 553
Deposits insurance expense		157 152	46 009
Fines related to current tax liability		131 170	-
Business trip expenses		117 678	88 453
Security and alarm costs		110 242	82 130
Premises and equipment repair costs		74 996	149 587
Collection costs		53 397	26 904
Insurance costs		40 298	10 218
Audit and advisory services		14 600	16 954
Amortization of intangible assets	13	7 725	5 059
Other		239 483	64 400
Total administrative and other operating expenses		**6 386 617**	**4 312 155**

Included in staff costs are statutory mandatory pension contributions of the Bank's employees into pension funds in the amount of Tenge 275 139 thousand (2008: Tenge 172 662 thousand).

Taxes other than on income include the amount of social tax expense and social deductions of Tenge 312 058 thousand (2008: Tenge 169 924 thousand).

27 Income Tax

Income tax expense recorded in the income statement comprises the following:

(in thousands of tenge)	2009	2008
Current income tax	642 702	627 136
Deferred income tax	(56 097)	17 324
Income tax expense for the year	**586 605**	**644 460**

27 Income Tax (Continued)

The income tax rate applicable to the majority of the Bank's income is 20 % (2008: 30 %). Reconciliation between the expected and the actual taxation charge is provided below:

(in thousands of tenge)	2009	2008
Profit before tax	**2 744 868**	**2 964 260**
Theoretical tax charge at statutory rate (2009: 20%; 2008: 30%)	548 974	889 278
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Other non-deductible expenses	181 255	4 744
- Income from disposal of premises and equipment	(324)	(589)
- Income on government securities	(143 300)	(248 973)
Income tax expense for the year	**586 605**	**644 460**

Differences between IFRS and Kazakhstani statutory tax regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rates which are expected to be applied to the periods when the temporary difference will reverse. In accordance with the new tax legislation effective from November 2009 the corporate income tax rate is 20% until 2013, 17.5% in the year 2014 and 15% onwards.

(in thousands of tenge)	31 December 2007	(Charged) credited to profit or loss	31 December 2008	(Charged) credited to profit or loss	31 December 2009
Tax effect of deductible/(taxable) temporary differences					
Deferred tax asset/(liability)					
Accrued operating expenses	-	-	-	29 467	29 467
Income accrued relating to receipt of interest on loans to customers	-	-	-	15 210	15 210
Other liabilities	10 898	(18 326)	(7 428)	13 988	6 560
Fair valuation of other securities at fair value through profit or loss	(11 370)	16 205	4 835	(1 858)	2 977
Premises and equipment and intangible assets	(118 532)	(15 354)	(133 886)	(56 656)	(190 542)
Loans and advances to customers	(56 097)	151	(55 946)	55 946	-
Net deferred tax liability	**(175 101)**	**(17 324)**	**(192 425)**	**56 097**	**(136 328)**

28 Segment Analysis

Starting from 1 January 2009, the Bank prepares its segment analysis in accordance with IFRS 8, *Operating segments*, which replaced IAS 14, *Segment reporting*.

The main format of presentation of segment disclosure of the Bank is presenting the information based on operating segments.

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of CODM are performed by the Board of Directors of the Bank.

(a) Description of products and services from which each reportable segment derives its revenue

The Bank is organised 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, foreign currency and derivative products.

- Investment banking – representing financial instruments trading, structured financing, corporate leasing, assets and liabilities management.

(b) Factors that management used to identify the reportable segments

Business segments of the Bank are represented by strategic business units, oriented at various client base. Management of the segments is being performed separately as each individual business unit needs its own marketing strategies and level of service.

Analysis of segment financial information is performed by the Board of Directors of the Bank, responsible for operating decision making. This financial information coincides with the internal management information provided to the Board of Directors for decision making purposes. Thus, management applied the core principle of IFRS 8 “Operating segments” in deciding what components of partially agreed financial information have to be the base for operating segments disclosure.

28 Segment Analysis (Continued)

Segment information for the reportable segments for the year ended 31 December 2009 is set out below:

(in thousands of tenge)	Retail banking	Corporate banking	Investment banking	31 December 2009
Assets				
Due from other banks	-	1 495 790	-	1 495 790
Loans and advances to customers	8 878 644	82 909 129	-	91 787 773
Investment securities available for sale	-	-	27 650 766	27 650 766
Investment securities held to maturity	-	-	10 622 625	10 622 625
Total reportable segment assets	**8 878 644**	**84 404 919**	**38 273 391**	**131 556 954**
Liabilities				
Due to other banks	-	22 353 951	-	22 353 951
Customer accounts	37 588 029	116 499 497	-	154 087 526
Debt securities in issue	-	-	5 607 716	5 607 716
Total reportable segment liabilities	**37 588 029**	**138 853 448**	**5 607 716**	**182 049 193**

(in thousands of tenge)	Retail banking	Corporate banking	Investment banking	2009
Interest income	1 839 690	11 108 374	1 037 129	13 985 193
Interest expense	(1 180 661)	(3 834 019)	(649 800)	(5 664 480)
Net interest income	**659 029**	**7 274 355**	**387 329**	**8 320 713**
Provision for loan impairment	(409 755)	(2 475 690)	-	(2 885 445)
Net interest income after provision for loan portfolio impairment	**249 274**	**4 798 665**	**387 329**	**5 435 268**
Fee and commission income	1 609 081	1 540 536	84	3 149 701
Segment result	**1 858 355**	**6 339 201**	**387 413**	**8 584 969**

28 Segment Analysis (Continued)

Segment information for the reportable segments for the year ended 31 December 2008 is set out below:

(in thousands of tenge)	Retail banking	Corporate banking	Investment banking	31 December 2008
Assets				
Due from other banks	-	294 966	-	294 966
Loans and advances to customers	7 537 169	67 560 429	-	75 097 598
Investment securities available for sale	-	-	8 177 414	8 177 414
Total reportable segment assets	**7 537 169**	**67 855 395**	**8 177 414**	**83 569 978**
Liabilities				
Due to other banks	-	15 544 469	-	15 544 469
Customer accounts	12 989 550	28 791 199	-	41 780 749
Debt securities in issue	-	-	5 617 285	5 617 285
Total reportable segment liabilities	**12 989 550**	**44 335 668**	**5 617 285**	**62 942 503**

(in thousands of tenge)	Retail banking	Corporate banking	Investment banking	2008
Interest income	2 043 956	5 244 073	1 170 363	8 458 392
Interest expense	(554 600)	(735 384)	(726 916)	(2 016 900)
Net interest income	**1 489 356**	**4 508 689**	**443 447**	**6 441 492**
Provision for loan impairment	(509 738)	(1 095 676)	-	(1 605 414)
Net interest income after provision for loan portfolio impairment	**979 618**	**3 413 013**	**443 447**	**4 836 078**
Fee and commission income	1 321 668	925 333	-	2 247 001
Segment result	**2 301 286**	**4 338 346**	**443 447**	**7 083 079**

28 Segment Analysis (continued)

Reconciliation of income and expenses, assets and liabilities for reportable segments:

(In thousands of tenge)	31 December 2009	31 December 2008
Total reportable segment assets	**131 556 954**	**83 569 978**
Cash and cash equivalents	80 029 706	9 779 621
Intangible assets	218 380	105 312
Premises and equipment	4 861 780	3 296 559
Income tax prepaid	71 704	72 174
Assets held for sale	1 245 691	-
Other assets	1 627 834	834 210
Total Assets	**219 612 049**	**97 657 854**
Total reportable segment liabilities	**182 049 193**	**62 942 503**
Current income tax liability	231 632	-
Deferred income tax liability	136 328	192 425
Other financial liabilities	-	24 204
Other liabilities	532 291	149 659
Total Liabilities	**182 949 444**	**63 308 791**

(In thousands of tenge)	2009	2008
Total segment result	**8 584 969**	**7 083 079**
Provision for impairment of other assets	(238 186)	-
Fee and commission expense	(366 996)	(216 752)
Gains less losses from financial derivatives	1 556 926	(15 078)
Gains less losses from financial assets at fair value through profit or loss	-	65
Gains less losses from trading in foreign currencies	1 463 821	544 234
Foreign exchange translation gains less losses	(1 829 659)	(80 898)
Gains less losses from disposals of investment securities available for sale	-	252
Administrative and other operating expenses	(6 386 617)	(4 312 155)
Other operating provisions	(65 805)	(46 325)
Other income	26 415	7 838
Profit or loss before tax	**2 744 868**	**2 964 260**
Income tax expenses	(586 605)	(644 460)
Total Income	**2 158 263**	**2 319 800**

All of the revenue mainly comes from Kazakshtani customers. All of the Bank's assets are located in Kazakhstan. Geographical segments of the Bank have been reported in Note 30 of these financial statements based on the physical location of the counterparty, i.e. based on economic risk rather than legal risk of the counterparty.

29 Earnings per Share

(in thousands of tenge)	**2009**	**2008**
Profit for the year attributable to ordinary shareholders	2 158 263	2 319 800
Weighted average number of ordinary shares in issue to define earnings per share, basic and diluted	10 000	10 000
Earnings per share	**216**	**232**

30 Financial Risk Management

The risk management function within the Bank is carried out in respect of credit risks, financial, non-financial, operational, reputational, legal and liquidity risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise the risks.

Credit risk

The Bank takes on exposure to credit risk which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Bank's lending and other transactions with counterparties giving rise to financial assets.

The Bank's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the balance sheet. For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of related borrowers, and to geographical segments. The limits of risk by products are approved by management on a regular basis. Such risks are monitored on a revolving basis and subject to an annual or more frequent revision.

The Bank established a number of credit committees, which are responsible for approving credit limits for individual borrowers:

- The credit and investment committee reviews and approves limits to finance legal entity lending programs. The Committee meetings are held on a weekly basis.

- The individual credit committee reviews and approves limits to finance retail lending programs. The Committee meetings are held on a weekly basis.

Loan applications originated by the relevant client relationship managers are passed on to the Credit Committee for approval of credit limit. Exposure to credit risk is also managed, in part, by obtaining collateral and corporate and personal guarantees.

To monitor credit risk exposures, the credit department officers produce regular reports based on a structured analysis focusing on the customer's business and financial performance. Any significant exposures against customers with deteriorating creditworthiness are reported to and reviewed by the appropriate credit committee.

The Bank's risk management department reviews ageing analysis of outstanding loans and follows up past due balances.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as a result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Bank uses the same credit policies in regards to contingent liabilities as it does for on-balance sheet financial instruments through established credit approvals, risk control limits and monitoring procedures.

30 Financial Risk Management (Continued)

Market risk

Market risk represents a possibility of losses relating to unfavourable changes of market parameters (foreign exchange rate, interest rate, cost of financial instruments, etc.).

The Bank takes on exposure to market risks. Market risks arise from open positions in (a) currency and (b) interest rate products, all of which are exposed to general and specific market movements. Bank's committee on assets and liabilities management sets the limits on the value of risk that may be accepted, which is monitored on a daily basis.

Currency risk

Currency is a risk of origination of expenses (losses) as the result of change of foreign currency exchange rates in the normal course of the Bank's operation. The danger of expenses (losses) arises due to revaluation of the Bank's positions by currencies in value terms.

The management sets limits on the level of exposure by currencies, which are monitored on a daily basis. The table below summarises the Bank's exposure to foreign currency exchange rate risk at the balance sheet date:

			31 December 2009
(in thousands of tenge)	**Monetary financial assets**	**Monetary financial liabilities**	**Net position**
Tenge	124 723 618	(94 251 788)	30 471 830
Russian Rouble	6 464 834	(6 408 336)	56 498
US Dollars	75 953 452	(75 984 685)	(31 233)
EURO	5 413 119	(5 403 972)	9 147
British Pound	742	(412)	330
Total	**212 555 765**	**(182 049 193)**	**30 506 572**

				31 December 2008
(in thousands of tenge)	**Monetary financial assets**	**Monetary financial liabilities**	**Derivatives**	**Net position**
Tenge	80 197 453	(37 129 389)	-	43 068 064
Russian Rouble	1 393 276	(1 576 166)	-	(182 890)
US Dollars	9 469 286	(21 968 178)	12 248 106	(250 786)
EURO	2 289 584	(2 292 805)	-	(3 221)
British Pound	-	(169)	-	(169)
Total	**93 349 599**	**(62 966 707)**	**12 248 106**	**42 630 998**

The Bank's position in respect of derivatives disclosed in each column represents the fair value, at the balance sheet date of the respective currency that the Bank agreed to buy (positive amount) or sell (negative amount).

30 Financial Risk Management (Continued)

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates based on the volatility of foreign currency as compared to the national currency for 2008-2009, applied at the balance sheet date with all other variables held constant. Negative amounts in the table shows potential net decrease in net profits, and positive amount shows potential net increase:

		31 December 2009
(in thousands of tenge)	**Impact on profit or loss**	**Impact on equity**
US Dollar strengthening by 10%	(3 123)	(3 123)
US Dollar weakening by 15%	4 685	4 685
Euro strengthening by 10%	915	915
Euro weakening by 15%	(1 372)	(1 372)
Russian Rouble strengthening by 10%	5 650	5 650
Russian Rouble weakening by 15%	(8 475)	(8 475)
Total effect of strengthening	3 442	3 442
Total effect of weakening	(5 162)	(5 162)

		31 December 2008
(in thousands of tenge)	**Impact on profit or loss**	**Impact on equity**
US Dollar strengthening by 5%	(4 683)	(4 683)
US Dollar weakening by 10%	9 365	9 365
Euro strengthening by 10%	(60)	(60)
Euro weakening by 5%	30	30
Russian Rouble strengthening by 5%	(727)	(727)
Russian Rouble weakening by 20%	2 906	2 906
Total effect of strengthening	(5 470)	(5 470)
Total effect of weakening	12 301	12 301

The sensitivity analysis is based on the assumption that in the case the market interest rates change all applicable rates on interest rate assets and liabilities will change for the equal amount.

The currency position during the year had approximately equal value, since the Bank established limits for open currency positions, and the position was within the established limit.

Interest rate risk. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The purpose of risk management in this regard is to minimize the losses arising from changes in interest rates on the market. For the adequate assessment of interest rate risk Bank uses GAP model, based on the analysis of non-concurrence of maturities of interest rate assets and liabilities.

30 Financial Risk Management (Continued)

The table below summarises the Bank's exposure to interest rate risks. The table presents the aggregated amounts of the Bank's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates.

(in thousands of tenge)	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	More than 1 year	Total
31 December 2009					
Total financial assets	91 886 919	15 946 316	45 246 120	59 476 410	212 555 765
Total financial liabilities	84 859 803	41 536 793	46 365 046	9 287 551	182 049 193
Net interest sensitivity gap at 31 December 2009	**7 027 116**	**(25 590 477)**	**(1 118 926)**	**50 188 859**	**30 506 572**
31 December 2008					
Total financial assets	11 329 008	4 423 639	27 547 171	50 049 781	93 349 599
Total financial liabilities	33 952 773	9 649 993	7 892 699	11 471 242	62 966 707
Net interest sensitivity gap at 31 December 2008	**(22 623 765)**	**(5 226 354)**	**19 654 472**	**38 578 539**	**30 382 892**

In 2009 within the framework of lending policy the Bank actively lent funds to customers and raised funds in the domestic market at the expense of customer accounts and loans from other banks. In 2009 the Bank significantly increased volumes of financial assets at the expense of increase of customer accounts raised in the domestic market.

The negative gap as at 31 December 2009 in the period "from 1 to 12 months" assumes that in case of decrease of rates in the market the Bank will decrease its expenses on financial liabilities, and in case of increase of rates in the market the Bank will incur additional losses on financial liabilities.

The positive gap as at 31 December 2009 in the period "less than 1 month" and "more than 1 year" assumes that in case of increase of rates in the market the Bank will increase its income on financial assets and in case of decrease of rates in the market the Bank will not receive the expected income on financial assets.

The Bank assumes that in the medium-term perspective interest rates in the market will not decrease due to volatility of the global financial market and financial market in the Republic of Kazakhstan.

The Bank revises its interest rates in respect of debt instruments on the semi-annual basis, except for debt instruments with fixed interest rates.

At 31 December 2009, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant the following effect would be on profit for the year and equity:

	31 December 2009	31 December 2008
(in thousands of tenge)	Net profit for the year	Net profit for the year
100 bp increase	513 568	376 997
100 bp decrease	(513 568)	(376 997)

30 Financial Risk Management (Continued)

The Bank monitors and when necessary modifies interest rates for its financial instruments. The table below summarises effective interest rates based on reports reviewed by key management personnel of the Bank's departments.

The effective interest rates as at 31 December 2009 were as follows:

% p.a.	Tenge	US dollar	Euro	Rouble
Assets				
Cash and cash equivalents	0.50– 14.40	0.03 – 15.90	0.10 – 9.80	0.15 – 12.10
Due from other banks	-	9.20	9.20	7.10 – 15.40
Investment securities held to maturity	-	5.70 – 15.00	4.70 – 5.40	-
Loans and advances to individuals	10.30 – 31.50	10.90 – 24.40	-	-
Loans and advances to legal entities	11.50 – 21.90	5.50 – 18.40	7.50 – 10.70	-
Investment securities available for sale	4.10 – 5.50	5.50 – 7.20	4.70	-
Liabilities				
Due to other banks	6.50 – 16.00	0.40 – 5.80	1.30 – 7.00	7.80 – 8.30
Customer accounts				
- current and settlement accounts	0.30 – 6.70	0.20 – 2.50	0.30 – 1.76	0.20 – 4.10
- term deposits	1.50 – 14.90	0.50 – 9.90	0.30 – 5.60	1.00 – 8.80
Repurchase payable	0.40 – 10.50	-	-	-
Debt securities in issue	11.30 – 12.40	-	-	-

The sign " - " in the table above means that the Bank does not have the respective interest bearing assets or liabilities in corresponding currency.

The effective interest rate on Due from other banks accounts held in USD, Euro and Russian Rubles increased from 4.90% to 9.20%, from 5.10% to 9.20%, from 10.50% to 15.40% in 2009 as compared to 2008. The global financial crisis resulting in devaluation of national currency, restriction on external and internal financing is the main reason of such increase.

30 Financial Risk Management (Continued)

The effective interest rates as at 31 December 2008 were as follows:

% p.a.	Tenge	US dollar	Euro	Rouble
Assets				
Cash and cash equivalents	7.20 - 17.20	1.20 - 9.40	3.80 - 5.20	2.50 - 14.30
Due from other banks	5.30 - 16.00	1.80 - 4.90	3.90 - 5.10	3.00 - 10.50
Loans and advances to individuals	10.50 - 86.20	12.70 - 22.00	12.00 - 18.80	17.00
Loans and advance to legal entities	11.10 - 19.70	9.60 - 18.10	12.00 - 13.50	-
Investment securities available for sale	2.10 - 8.70	-	-	-
Repurchase receivable	2.50 - 10.40	-	-	-
Liabilities				
Due to other banks	5.10 - 12.70	1.10 - 4.60	7.00	4.90 - 12.70
Customer accounts				
- current and settlement accounts	4.00 - 8.00	0.50 -2.50	1.70 - 2.50	0.20 - 2.50
- term deposits	1.50 - 13.20	2.50 - 11.60	2.50 - 8.30	5.90 - 9.90
Repurchase payable	8.30 - 11.00	-	-	-
Debt securities in issue	11.30 - 12.40	-	-	-

The sign " - " in the table above means that the Bank does not have the respective interest bearing assets or liabilities in corresponding currency.

30 Financial Risk Management (Continued)

Geographical risk concentrations

The geographical concentration of the Bank's financial assets and liabilities at 31 December 2009 is set out below:

(in thousands of tenge)	Kazakhstan	Other countries	Total
Assets			
Cash and cash equivalents	72 175 456	7 854 250	80 029 706
Due from other banks	-	1 495 790	1 495 790
Loans and advances to customers	91 783 696	4 077	91 787 773
Investment securities available for sale	20 351 072	7 299 694	27 650 766
Investment securities held to maturity	2 584 968	8 037 657	10 622 625
Income tax prepaid	71 704	-	71 704
Intangible assets	218 380	-	218 380
Premises and equipment	4 861 780	-	4 861 780
Assets held for sale	1 245 691		1 245 691
Other assets	1 567 262	60 572	1 627 834
Total assets	**194 860 009**	**24 752 040**	**219 612 049**
Liabilities			
Due to other banks	6 158 152	16 195 799	22 353 951
Customer accounts	152 304 197	1 783 329	154 087 526
Debt securities in issue	5 607 716	-	5 607 716
Current income tax liability	231 632	-	231 632
Deferred income tax liability	136 328	-	136 328
Other liabilities	512 508	19 783	532 291
Total liabilities	**164 950 533**	**17 998 911**	**182 949 444**
Net balance sheet position	**29 909 476**	**6 753 129**	**36 662 605**

Assets and liabilities and credit related commitments have been based on the country in which the counterparty is located. Cash on hand and premises and equipment have been allocated based on the country in which they are physically held.

30 Financial Risk Management (Continued)

The geographical concentration of the Bank's financial assets and liabilities at 31 December 2008 is set out below:

(in thousands of tenge)	Kazakhstan	Other countries	Total
Assets			
Cash and cash equivalents	6 683 253	3 096 368	9 779 621
Due from other banks	-	294 966	294 966
Loans and advances to customers	75 063 280	34 318	75 097 598
Investment securities available for sale	8 177 414	-	8 177 414
Income tax prepaid	72 174	-	72 174
Intangible assets	105 312	-	105 312
Premises and equipment	3 296 559	-	3 296 559
Other assets	782 838	51 372	834 210
Total assets	**94 180 830**	**3 477 024**	**97 657 854**
Liabilities			
Due to other banks	3 101 004	12 443 465	15 544 469
Customer accounts	40 908 966	871 783	41 780 749
Debt securities in issue	5 617 285	-	5 617 285
Deferred income tax liability	192 425	-	192 425
Current income tax liability	24 204	-	24 204
Other liabilities	113 672	35 987	149 659
Total liabilities	**49 957 556**	**13 351 235**	**63 308 791**
Net balance sheet position	**44 223 274**	**(9 874 211)**	**34 349 063**

Other risk concentrations. Concentration of credit risk on large borrowers is managed by established limits on one borrower by Committee on issuance of loans and investments; and limits established by the Agency. Management receives the information on credit risk concentrations from management reports containing information on borrowers with aggregated loan balances in excess of 10% of net assets.

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivative instruments.

The liquidity management of the Bank requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans; and monitoring balance sheet liquidity ratios against regulatory requirements. The Bank calculates liquidity ratios on a daily basis in accordance with the requirement of the Agency of the Republic of Kazakhstan for Regulation and Supervision over Financial Market and Financial Organizations and monitors it on a daily basis. These liquidity ratios as at 31 December 2009 are as follows:

Description	Value	Established minimum
Liquidity coefficient - (k4)	1.713	0.30
Liquidity coefficient - (k4-1)	6.963	1.00
Liquidity coefficient - (k4-2)	3.847	0.90
Liquidity coefficient - (k4-3)	2.314	0.80

30 Financial Risk Management (Continued)

Current liquidity ratio k4 is calculated as monthly average amount of highly liquid assets to monthly average amount of liabilities paid on demand, including interest accrued.

Current liquidity ratio k4-1 is calculated as monthly average amount of highly liquid assets with maturity up to 7 days inclusive to monthly average amount of current liabilities with maturity up to 7 days inclusive.

Current liquidity ratio k4-2 is calculated as monthly average amount of liquid assets with maturity up to one month inclusive, including highly liquid assets, to monthly average amount of current liabilities with maturities up to one month inclusive.

Current liquidity ratio k4-3 is calculated as monthly average amount of liquid assets with maturity up to three months inclusive, including highly liquid assets, to monthly average amount of current liabilities with maturities up to three month inclusive.

Certain changes have been made in liquidity risk management system in the context of the financial crisis. Regular meetings are held by the Committee on management of assets and liabilities to discuss the Bank's current liquidity position and develop short-term plans targeted at its management.

The undiscounted contractual maturity analysis of financial liabilities at 31 December 2009 is as follows:

(in thousands of tenge)	Less than 1 month	From 1 to 3 months	From 3 to 12 months	Over 1 year	Without maturity	Total
Due to other banks	14 999 242	171 771	344 392	7 045 424	3 196	22 564 025
Customer accounts	10 111 334	41 834 546	45 223 191	-	59 638 706	156 807 777
Debt securities in issue	240 191	90 658	3 406 227	3 584 741	-	7 321 817
Contingent financial liabilities						
- credit related commitments	790 711	2 225 735	3 019 531	2 635 739	-	8 671 716
Total financial liabilities and contingent financial liabilities	**26 141 478**	**44 322 710**	**51 993 341**	**13 265 904**	**59 641 902**	**195 365 335**

The undiscounted contractual maturity analysis of financial liabilities at 31 December 2008 is as follows:

(in thousands of tenge)	Less than 1 month	From 1 to 3 months	From 3 to 12 months	Over 1 year	Total
Due to other banks	8 507 354	6 397 566	-	772 847	15 677 767
Customer accounts	19 480 348	9 325 300	8 773 016	5 809 050	43 387 714
Debt securities in issue	189 194	102 986	463 426	7 359 726	8 115 332
Other liabilities	24 204	-	-	-	24 204
Contingent financial liabilities					
- credit related commitments	421 773	184 523	978 348	1 207 646	2 792 290
- other contingent liabilities	425 843	3 722	168 968	-	598 533
Total financial liabilities and contingent financial liabilities	**29 048 716**	**16 014 095**	**10 383 758**	**15 149 271**	**70 595 840**

30 Financial Risk Management (Continued)

The analysis by remaining discounted maturities may be summarised as follows at 31 December 2009:

(in thousands of tenge)	**Less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**Over 5 years**	**Without maturity**	**Total**
Assets							
Cash and cash equivalents	41 000 587	-	-	-	-	39 029 119	80 029 706
Due from other banks	255 895	255 102	984 793	-	-	-	1 495 790
Loans and advances to customers	10 726 431	14 495 631	31 569 630	28 663 911	6 332 170	-	91 787 773
Investment securities available for sale	874 887	1 195 583	11 151 120	14 426 776	-	2 400	27 650 766
Investment securities held to maturity	-		571 473	4 649 502	5 401 650	-	10 622 625
Income tax prepaid	-	-	71 704	-	-	-	71 704
Intangible assets	-	-	-	-	-	218 380	218 380
Premises and equipment	-	-	-	-	-	4 861 780	4 861 780
Assets held for sale		-	1 245 691	-	-	-	1 245 691
Other assets	108 662	315 406	1 203 766	-	-	-	1 627 834
Total assets	**52 966 462**	**16 261 722**	**46 798 177**	**47 740 189**	**11 733 820**	**44 111 679**	**219 612 049**
Liabilities							
Due to other banks	14 968 059	171 059	338 053	836 284	6 037 300	3 196	22 353 951
Customer accounts	10 054 360	41 365 734	43 028 726	-	-	59 638 706	154 087 526
Debt securities in issue	195 483	-	2 998 266	2 413 967	-	-	5 607 716
Current income tax liability	-	-	-	-	-	231 632	231 632
Deferred income tax liability	-	-	-	-	-	136 328	136 328
Other liabilities	10	-	286 770	245 511	-	-	532 291
Total liabilities	**25 217 912**	**41 536 793**	**46 651 815**	**3 495 762**	**6 037 300**	**60 009 862**	**182 949 444**
Net balance sheet position at 31 December 2009	**27 748 550**	**(25 275 071)**	**146 362**	**44 244 427**	**5 696 520**	**(15 898 183)**	**36 662 605**

30 Financial Risk Management (Continued)

The analysis by remaining discounted maturities may be summarised as follows at 31 December 2008:

(in thousands of tenge)	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Without maturity	Total
Assets							
Cash and cash equivalents	9 779 621	-	-	-	-	-	9 779 621
Due from other banks	-	-	294 966	-	-	-	294 966
Loans and advances to customers	1 961 051	3 484 985	27 208 458	20 280 060	22 163 044	-	75 097 598
Investment securities available for sale	307 382	305 000	1 808 885	5 558 038	195 709	2 400	8 177 414
Income tax prepaid	-	-	72 174	-	-	-	72 174
Intangible assets	-	-	-	-	-	105 312	105 312
Premises and equipment	-	-	-	-	-	3 296 559	3 296 559
Other assets			657 717	3 039	-	173 454	834 210
Total assets	**12 048 054**	**3 789 985**	**30 042 200**	**25 841 137**	**22 358 753**	**3 577 725**	**97 657 854**
Liabilities							
Due to other banks	14 526 806	337 246	-	680 417	-	-	15 544 469
Customer accounts	19 475 505	9 207 454	8 243 816	4 757 264	96 710		41 780 749
Debt securities in issue	-	-	-	5 617 285	-	-	5 617 285
Deferred income tax liability	-	-	-	-	-	192 425	192 425
Other financial liabilities	24 204	-	-	-	-	-	24 204
Other liabilities	-	-	-	-	-	149 659	149 659
Total liabilities	**34 026 515**	**9 544 700**	**8 243 816**	**11 054 966**	**96 710**	**342 084**	**63 308 791**
Net balance sheet position at 31 December 2008	**(21 978 461)**	**(5 754 715)**	**21 798 384**	**14 786 171**	**22 262 043**	**3 235 641**	**34 349 063**

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest and exchange rates.

Management believes that in spite of a substantial portion of customer accounts being on demand, diversification of these deposits by number and type of depositors, and the past experience of the Bank would indicate that these customer accounts provide a long-term and stable source of funding for the Bank.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

31 Management of Capital

The Bank's objectives when managing capital are:

(i) to comply with the capital requirements set by the Agency,

(ii) to safeguard the Bank's ability to continue as a going concern.

The Agency has established the following minimum value of capital adequacy ratio: k1 should be no less than 5 percent (2008: 5 percent).

Compliance with capital adequacy ratios set by the Agency is monitored daily in accordance with the guidelines set by the Agency. The reports outlining their calculation are reviewed and signed by the Bank's management.

Regulatory capital is based on the Bank's reports prepared under legislative requirements of the Republic of Kazakhstan and comprises:

(in thousands of tenge)	**31 December 2009**	**31 December 2008**
Tier 1 capital		
Share capital	29 000 000	29 000 000
Funds and reserves provided at the expense of previous year income	3 200 000	1 600 000
Previous year retained earnings	2 153 822	1 434 022
Total Tier 1 capital	**34 353 822**	**32 034 022**
Tier 1 capital to the balance sheet amount	**15%**	**33%**

The Bank has complied with all externally imposed capital requirements as at 31 December 2009 and 31 December 2008.

32 Contingencies and Commitments

***Legal proceedings*.** From time to time and in the normal course of business, claims against the Bank may be received. On the basis of its own estimates and internal pro fessional advice Management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these financial statements except for the losses which already were recognized (Note 19).

Tax legislation. Kazakhstani tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Ba nk may be challenged by the relevant authorities.

The Kazakhstani tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been cha llenged in the past may be challenged.

Kazakhstani tax legislation does not provide definitive guidance in certain areas. From time to time, the Bank adopts interpretations of such uncertain areas that reduce the overall tax rate of the Bank. As noted abov e, such tax positions may come under heightened scrutiny as a result of recent developments in administrative and court practices; the impact of any challenge by the tax authorities cannot be reliably estimated; however, it may be significant to the financ ial condition and/or the overall operations of the entity .

32 Contingencies and Commitments (Continued)

Operating lease commitments. Where the Bank is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

(in thousands of tenge)	**31 December 2009**	**31 December 2008**
Less than 1 year	509 488	553 058
From 1 to 5 years	761 635	1 067 721
Over 5 years	95 369	95 146
Total operating lease commitments	**1 366 492**	**1 715 925**

Capital commitments. At 31 December 2009 capital commitments of the Bank represent the future liability for payment for the administrative building of Tenge 4 050 000 thousand.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. Outstanding credit related commitments are as follows:

(in thousands of tenge)	**31 December 2009**	**31 December 2008**
Guarantees issued	4 631 911	1 658 197
Undrawn credit lines	3 333 052	796 621
Import letters of credit	363 351	175 767
Future commitments on loans	343 402	337 473
Export letters of credit	-	422 765
Total credit related commitments	**8 671 716**	**3 390 823**

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

32 Contingencies and Commitments (Continued)

Credit related commitments are denominated in currencies as follows:

(in thousands of tenge)	31 December 2009	31 December 2008
Tenge	6 664 780	1 617 434
US Dollar	1 529 831	1 229 910
EURO	304 633	520 440
Russian Rouble	172 472	23 039
Total	**8 671 716**	**3 390 823**

33 Fair Value of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Bank using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Republic of Kazakhstan continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial instruments carried at fair value. Trading securities, other securities at fair value through profit or loss, investment securities available for sale and financial derivatives are carried on the balance sheet at their fair value.

Fair values were determined based on quoted market prices.

For financial instruments carried at fair value, the levels in the fair value hierarchy into which the fair values are categorised are as follows:

		31 December 2009	31 December 2008
(in thousands of tenge)	Note	Quoted price in an active market (Level 1)	Quoted price in an active market (Level 1)
Kazakhstan government bonds	11	20 348 673	8 175 014
Corporate bonds	11	7 299 693	-
Investment securities available for sale		**27 648 366**	**8 175 014**

Cash and cash equivalents, due from other banks and repurchase receivables are carried at amortised cost which approximates their current fair value.

33 Fair Value of Financial Instruments (Continued)

Loans and receivables carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on currency, maturity of the instrument and credit risk of the counterparty and were as follows:

% p.a.	**2009**	**2008**
Loans and advances to customers		
Corporate loans	11.0 - 19.0	9.6 - 19.7
Loans to individuals - consumer loans	6.0 - 36.0	10.5 - 30.0

Liabilities carried at amortised cost. The fair value of subordinated debt and notes issued on the domestic market is based on quoted market prices. The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Analysis of rates on customer accounts is as follows:

% p.a.	**2009**	**2008**
Due to other banks	0.3 - 15.5	4.0 - 12.0
Customer accounts	0.5 - 14.0	2.2 - 7.5
Debt securities in issue	8.2 - 11.0	11.0 - 12.1

Derivative financial instruments. All derivative financial instruments are carried at fair value as assets when the fair value is positive and as liabilities when the fair value is negative. Their fair values are based on observable market prices.

Fair values of financial instruments are as follows:

	31 December 2009		**31 December 2008**	
(in thousands of tenge)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial Assets				
Cash and cash equivalents	80 029 706	80 029 706	9 779 621	9 779 621
Due from other banks	1 495 790	1 495 790	294 966	294 966
Loans and advances to customers	91 787 773	91 350 276	75 097 598	74 478 951
Investment securities available for sale	27 650 766	27 650 766	8 177 414	8 177 414
Investment securities held to maturity	10 622 625	10 676 591	-	-
Other financial assets	969 105	969 105	-	-
Total financial assets	**212 555 765**	**212 172 234**	**93 349 599**	**92 730 952**
Financial liabilities				
Due to other banks	22 353 951	22 353 951	15 544 469	16 721 771
Customer accounts	154 087 526	158 040 166	41 780 749	41 903 883
Debt securities in issue	5 607 716	5 279 862	5 617 285	5 617 285
Other financial liabilities	-	-	24 204	24 204
Total financial liabilities	**182 049 193**	**185 673 979**	**62 966 707**	**64 267 143**

34 Reconciliation of Classes of Financial instruments with Measurement Categories

For the purposes of measurement, IAS 39, *Financial Instruments: Recognition of Measurement*, classifies financial assets into the following categories: (a) loans and receivables; (b) available for sale financial assets; (c) financial assets held to maturity.

The following table provides a reconciliation of classes of financial assets with these measurement categories as at 31 December 2009:

(in thousands of tenge)	Loans and receivables	Available-for-sale assets	Total
Assets			
Cash and cash equivalents	80 029 706	-	80 029 706
Due from other banks	1 495 790	-	1 495 790
Loans and advances to customers	91 787 773	-	91 787 773
Investments securities available for sale	-	27 650 766	27 650 766
Investments securities held to maturity	10 622 625	-	10 622 625
Other financial assets	969 105	-	969 105
Total financial assets	**184 904 999**	**27 650 766**	**212 555 765**
Non-financial assets	7 056 284	-	7 056 284
Total assets	**191 961 283**	**27 650 766**	**219 612 049**

The following table provides a reconciliation of classes of financial assets with these measurement categories as at 31 December 2008:

(in thousands of tenge)	Loans and receivables	Available-for-sale assets	Total
Assets			
Cash and cash equivalents	9 779 621	-	9 779 621
Due from other banks	294 966	-	294 966
Loans and advances to customers	75 097 598	-	75 097 598
Investments securities available for sale	-	8 177 414	8 177 414
Total financial assets	**85 172 185**	**8 177 414**	**93 349 599**
Non-financial assets	4 308 255	-	4 308 255
Total assets	**89 480 440**	**8 177 414**	**97 657 854**

All of the Bank's financial liabilities, except for derivatives, are carried at amortised cost as at 31 December 2009 and 31 December 2008.

35 Related Party Transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 31 December 2009 and at 31 December 2008 the outstanding balances with related parties were as follows:

	31 December 2009		31 December 2008	
(In thousands of tenge)	**Parent**	**Key management personnel**	**Parent**	**Key management personnel**
Assets				
Cash and cash equivalents (contractual interest rate: 2009: 5.3%-4.8%)	3 794 271	-	647 322	-
Due from other banks (contractual interest rate: 2009: 10.7% – 7.0%, 2008: 9%)	1 495 790	-	294 966	-
Gross amount of loans and advances to customers (contractual interest rate: 2008: 12.0%)	-	-	-	3 046
Provision for loan impairment as at 31 December	-	-	-	(102)
Other assets	-	-	10 606	-
Liabilities				
Due to other banks (contractual interest rate: 2009: 0.9%, 2008: 1.7% - 10.5%)	14 847 579	-	10 574 505	-
Customer accounts (contractual interest rate: 2009: 10.0% - 4.5%, 2008: 9.0% - 10.8%)	-	40 797		34 061
Other liabilities	-	-	21 441	-

The income and expense items with related parties for the year 2009 and 2008 were as follows:

	2009		2008	
(In thousands of tenge)	**Parent**	**Key management personnel**	**Parent**	**Key management personnel**
Interest income	137 279	-	50 952	809
Interest expense	39 845	1 328	8 551	362
Fee and commission income	-	-	7	-
Fee and commission expense	22 406	-	3 552	-

Aggregate amounts repaid by related parties during 2008 were:

(In thousands of tenge)	**2008 Key management personnel**
Amounts repaid by related parties during the period	**(12 650)**

35 Related Party Transactions (Continued)

Key management compensation is presented below:

(In thousands of tenge)	2009	2008
Short-term benefits:		
Short-term bonuses	92 592	66 150
- Including monthly bonuses	33 655	24 863
Salaries	80 413	68 992
Benefits in-kind	21 931	10 533
Total	**194 936**	**145 675**

Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

36 Events After the Balance Sheet Date

There have been no significant events after the end of the reporting period.