JSC HALYK BANK

Condensed Interim Consolidated Financial Information (Unaudited)
For the three months ended 31 March 2011

JSC HALYK BANK

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)

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

Management is responsible for the preparation of the condensed interim consolidated financial information that present fairly the financial position of the Group at 31 March 2011, the results of its operations, cash flows and changes in equity for the three months then ended, in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

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

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

Management is also responsible for:

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

The condensed interim consolidated financial information of the Group for the three months ended 31 March 2011 was authorized for issue by the Management Board of the Bank on 25 May 2011.

On behalf of the Management Board:

Umut B. Shayakhmetova	**Pavel A. Cheussov**
Chairman of the Board	**Chief Accountant**
25 May 2011	25 May 2011
Almaty, Kazakhstan	Almaty, Kazakhstan

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REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed interim consolidated financial information of JSC "Halyk Bank" and its subsidiaries (collectively, "the Group") which comprises the condensed interim consolidated statement of financial position as at 31 March 2011 and the related condensed interim consolidated income statement and condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended and a summary of significant accounting policies and the related explanatory notes. Management of the Group is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

DELOITTE, LLP

25 May 2011
Almaty, Kazakhstan

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	31 March 2011 (unaudited)	31 December 2010
ASSETS			
Cash and cash equivalents	6	278,562	392,898
Obligatory reserves	7	31,272	27,284
Financial assets at fair value through profit or loss	8, 33	5,059	6,051
Amounts due from credit institutions	9	21,217	20,123
Available-for-sale investment securities	10, 33	409,791	281,294
Investments held to maturity	11, 33	314,402	174,419
Precious metals		2,476	1,665
Loans to customers	12, 33	1,079,357	1,089,273
Property and equipment		63,642	63,988
Assets held-for-sale		9,669	9,770
Goodwill		3,085	3,085
Intangible assets		5,711	5,834
Insurance assets	13	12,880	9,274
Other assets	14	12,279	12,977
TOTAL ASSETS		2,249,402	2,097,935
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	15, 33	1,561,490	1,415,755
Amounts due to credit institutions	16, 33	21,962	71,403
Financial liabilities at fair value through profit or loss	8	3,356	2,910
Debt securities issued	17	326,355	252,167
Provisions	18	4,801	3,861
Deferred tax liability	19	8,264	8,242
Insurance liabilities	13	21,127	15,664
Other liabilities	20	9,048	10,049
Total liabilities		1,956,403	1,780,051
EQUITY			
Share capital	21	143,695	143,695
Share premium reserve		1,386	1,352
Treasury shares		(39,967)	(93)
Retained earnings and other reserves		186,612	171,744
		291,726	316,698
Non-controlling interest		1,273	1,186
Total equity		292,999	317,884
TOTAL LIABILITIES AND EQUITY		2,249,402	2,097,935

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairman of the Board

25 May 2011
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

25 May 2011
Almaty, Kazakhstan

The notes on pages 10 to 46 form an integral part of this condensed interim consolidated financial information.

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)

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

	Notes	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
Interest income	23, 33	41,635	47,411
Interest expense	23, 33	(19,859)	(23,314)
NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE	23	21,776	24,097
Impairment charge	18	(11,309)	(13,346)
NET INTEREST INCOME		10,467	10,751
Fee and commission income	24	11,629	8,758
Fee and commission expense		(1,084)	(1,356)
Fees and commissions, net		10,545	7,402
Net (loss)/gain from financial assets and liabilities at fair value through profit or loss	25, 33	(352)	717
Net realized (loss)/gain from available-for-sale investment securities		(248)	21
Net gain on foreign exchange operations	26	3,112	2,025
Insurance underwriting income	27	2,864	2,899
Share of loss of associates		(1)	(9)
Other income		460	575
OTHER NON-INTEREST INCOME		5,835	6,228
Operating expenses	28	(10,538)	(10,425)
(Provision)/recoveries of provisions	18	(924)	1,098
Insurance claims incurred, net of reinsurance		(2,559)	(1,556)
NON-INTEREST EXPENSES		(14,021)	(10,883)
INCOME BEFORE INCOME TAX EXPENSE		12,826	13,498
Income tax expense	19	(2,180)	(2,124)
NET INCOME		10,646	11,374
Attributable to:			
Non-controlling interest		167	34
Preferred shareholders		2,302	2,490
Common shareholders		8,177	8,850
		10,646	11,374
Basic earnings per share (in Kazakhstani Tenge)	29	6.29	6.80
Diluted earnings per share (in Kazakhstani Tenge)	29	6.29	6.80

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairman of the Board

25 May 2011
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

25 May 2011
Almaty, Kazakhstan

The notes on pages 10 to 46 form an integral part of this condensed interim consolidated financial information.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
Net income		10,646	11,374
Other comprehensive (loss)/income			
Gain on revaluation of available-for-sale investment securities		3,730	1,227
Loss/(gain) transferred to income statement on sale of available-for-sale investment securities		248	(21)
Loss transferred to income statement on impairment of available-for-sale investment securities		-	671
Gain on revaluation of property and equipment, net of tax		5	76
Exchange differences on translation of foreign operations		413	(34)
Other comprehensive income for the period		4,396	1,919
Total comprehensive income for the period		15,042	13,293
Attributable to:			
Non-controlling interest		174	34
Preferred shareholders		3,267	2,911
Common shareholders		11,601	10,348
		15,042	13,293

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairman of the Board

25 May 2011
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

25 May 2011
Almaty, Kazakhstan

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JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Common Shares	Share capital Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Treasury shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property and equipment revaluation reserve*	Retained earnings*	Total	Non-controlling interest	Total equity
31 December 2010		83,571	46,891	13,233	1,352	(93)	1,360	3,882	16,975	149,527	316,698	1,186	317,884
Net income		-	-	-	-	-	-	-	-	10,479	10,479	167	10,646
Other comprehensive income		-	-	-	-	-	413	3,971	5	-	4,389	7	4,396
Total comprehensive income		-	-	-	-	-	413	3,971	5	10,479	14,868	174	15,042
Treasury shares purchased	21	-	-	-	-	(39,876)	-	-	-	-	(39,876)	-	(39,876)
Treasury shares sold	21	-	-	-	34	2	-	-	-	-	36	-	36
Dividends of subsidiaries		-	-	-	-	-	-	-	-	-	-	(87)	(87)
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets		-	-	-	-	-	-	-	(41)	41	-	-	-
31 March 2011 (unaudited)		83,571	46,891	13,233	1,386	(39,967)	1,773	7,853	16,939	160,047	291,726	1,273	292,999

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Common Shares	Share capital Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Treasury shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property and equipment revaluation reserve*	Retained earnings*	Total	Non-controlling interest	Total equity
31 December 2009		83,571	46,891	13,233	1,317	(103)	1,667	(976)	18,121	116,881	280,602	350	280,952
Net income		-	-	-	-	-	-	-	-	11,340	11,340	34	11,374
Other comprehensive income/(loss)		-	-	-	-	-	(34)	1,877	76	-	1,919	-	1,919
Total comprehensive income/(loss)		-	-	-	-	-	(34)	1,877	76	11,340	13,259	34	13,293
Treasury shares purchased	21	-	-	-	-	(4)	-	-	-	-	(4)	-	(4)
Treasury shares sold	21	-	-	-	69	6	-	-	-	-	75	-	75
Dividends of subsidiaries		-	-	-	-	-	-	-	-	-	-	(69)	(69)
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets		-	-	-	-	-	-	-	(36)	36	-	-	-
31 December 2010 (unaudited)		83,571	46,891	13,233	1,386	(101)	1,633	901	18,161	128,257	293,932	315	294,247

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

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairman of the Board

25 May 2011
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

25 May 2011
Almaty, Kazakhstan

The notes on pages 10 to 46 form an integral part of this condensed interim consolidated financial information.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received from financial assets at fair value through profit or loss		2	11
Interest received from cash equivalents and amounts due from credit institutions		528	742
Interest received on available-for-sale investment securities		2,993	1,814
Interest received on investments held-to-maturity		232	34
Interest received from loans to customers		30,751	34,202
Interest paid on due to customers		(13,968)	(12,284)
Interest paid on due to credit institutions		(211)	(1,128)
Interest paid on debt securities issued		(1,358)	(1,448)
Fee and commission received		11,374	7,566
Fee and commission paid		(1,084)	(1,356)
Insurance underwriting income received		5,239	4,455
Other income received		2,335	4,642
Operating expenses paid		(9,947)	(8,555)
Insurance reimbursements paid		(1,538)	(1,161)
Cash flows from operating activities before changes in net operating assets		25,348	27,534
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets:			
Obligatory reserves		(3,988)	(1,336)
Financial assets at fair value through profit or loss		213	2,144
Amounts due from credit institutions		(1,119)	(4,824)
Precious metals		(791)	(135)
Loans to customers		(770)	10,435
Insurance assets		(5,982)	(6,021)
Other assets		3,879	(4,745)
Increase/(decrease) in operating liabilities:			
Financial liabilities at fair value through profit or loss		446	(279)
Amounts due to customers		151,583	119,371
Amounts due to credit institutions		(49,424)	(34,178)
Insurance liabilities		4,456	5,276
Other liabilities		736	(860)
Net cash inflow from operating activities before income tax		124,587	112,382
Income tax paid		(1,778)	(2,596)
Net cash inflow from operating activities		122,809	109,786
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase and prepayment for property and equipment and intangible assets		(1,148)	(2,177)
Proceeds on sale of property and equipment		4	13
Proceeds on sale of available-for-sale investment securities		45,883	107,064
Purchase of available-for-sale investment securities		(173,309)	(301,417)
Proceeds from redemption of investments held-to-maturity		72,129	6,943
Purchase of investments held-to-maturity		(212,213)	(521)
Net cash outflow from investing activities		(268,654)	(190,095)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)
(Millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds on sale of treasury shares		36	75
Purchase of treasury shares	21	(39,876)	(4)
Dividends paid		-	(69)
Proceeds on debt securities issued		71,585	-
Net cash inflow from financing activities		31,745	2
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		(236)	(4,562)
Net change in cash and cash equivalents		(114,336)	(84,869)
CASH AND CASH EQUIVALENTS, beginning of the period		392,898	480,622
CASH AND CASH EQUIVALENTS, end of the period	6	278,562	395,753

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairman of the Board

25 May 2011
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

25 May 2011
Almaty, Kazakhstan

The notes on pages 10 to 46 form an integral part of this condensed interim consolidated financial information.

(Millions of Kazakhstani Tenge)

1. PRINCIPAL ACTIVITIES

JSC Halyk Bank ("the Bank") and its subsidiaries (together – "the Group") provide retail and corporate banking services principally in Kazakhstan, Russia, Kyrgyzstan and Georgia, and pension asset management and insurance services in Kazakhstan. The primary state registration of the Bank with the authorities of justice of Kazakhstan was made on 20 January 1994. The Bank operates under the license No. 10 for carrying out of banking and other operations and activities on the securities market renewed by the Agency for Regulation and Supervision of Financial Markets and Financial Organizations of Kazakhstan ("FMSA") on 6 August 2008. The Bank is a member of the obligatory deposit insurance system provided by the JSC Kazakhstani Fund for Deposits Guarantee.

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

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

In March 2009, JSC "Sovereign Wealth Fund "Samruk-Kazyna" ("Samruk-Kazyna"), an entity controlled by the Kazakhstan Government, acquired 259,064,909 common shares of the Bank for KZT 26,951 million. In May 2009, Samruk-Kazyna acquired 196,232,499 non-convertible preferred shares of the Bank for KZT 33,049 million. In March 2011, Samruk-Kazyna partially disposed its interest in the Bank as disclosed in the table below.

In March 2011, the Bank paid KZT 12,867 million to acquire from JSC Almex Holding Group (hereafter – "the parent") a call option to purchase 213,000,000 of the Bank's common shares from Samruk-Kazyna at a fixed strike price of KZT 126.8 per share. The Bank has immediately exercised the option and repurchased 213,000,000 of its own common shares from Samruk-Kazyna for KZT 27,008 million. As at the date of the transactions, the Bank's common shares were traded at KZT 360.0 per share. As a result, the Group has recorded KZT 39,875 million as cost of acquired treasury shares (see Note 21). According to IAS 32 "Financial Instruments: Presentation", the excess of the market price of the treasury shares over cost was not recorded.

As at 31 March 2011 and 31 December 2010 the Bank ownership structure was as follows:

	31 March 2011 (unaudited)		31 December 2010	
	Stake in total shares issued*	Stake in total voting shares**	Stake in total shares issued*	Stake in total voting shares**
Timur Kulibayev and Dinara Kulibayeva	44.51%	90.50%	41.80%	67.71%
Samruk-Kazyna	11.55%	-	26.81%	24.71%
Others	43.94%	9.50%	31.39%	7.58%
	100.00%	100.00%	100.00%	100.00%

* Total shares issued comprise common and preferred shares including treasury shares.

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

As at 31 March 2011, the Bank operated through its head office in Almaty and its 22 regional branches, 122 sub-regional offices and 487 cash settlement units (31 December 2010 - 22, 122 and 488, respectively) located throughout Kazakhstan. The address of the Bank's registered office is: 109 V Abai avenue, Almaty, 050008, Republic of Kazakhstan.

The condensed interim consolidated financial information of the Group for the three months ended 31 March 2011 was authorized for issue by the Management Board of the Bank on 25 May 2011.

2. BASIS OF PRESENTATION

Accounting basis

The condensed interim consolidated financial information of the Group has been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34"). The condensed interim consolidated statement of financial position as at 31 December 2010 was derived from the audited consolidated financial statements but does not include all of the disclosures required by IFRS. However, the Group believes that the disclosures are adequate to make the condensed interim consolidated financial information presentation not misleading.

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

The condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements and with the notes to the consolidated financial statements of the Group for the year ended 31 December 2010.

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

Consolidated Subsidiaries

This condensed interim consolidated financial information includes the following subsidiaries:

Subsidiary	Holding, % 31 March 2011 (unaudited)	Holding, % 31 December 2010	Country	Industry
JSC Halyk Leasing	100	100	Kazakhstan	Leasing
JSC Kazteleport	100	100	Kazakhstan	Telecommunications
HSBK (Europe) B.V.	100	100	Netherlands	Issue and placement of Eurobonds, attracting of syndicated loans
OJSC Halyk Bank Kyrgyzstan	100	100	Kyrgyzstan	Banking
JSC Halyk Finance	100	100	Kazakhstan	Broker and dealer activities
LLP Halyk Inkassatsiya	100	100	Kazakhstan	Cash collection services
JSC Halyk Life	100	100	Kazakhstan	Life insurance
JSC Halyk Capital	100	100	Kazakhstan	Broker and dealer activities
LLP NBK-Finance	100	100	Russia	Broker and dealer activities
JSC Kazakhinstrakh	100	100	Kazakhstan	Insurance
OJSC NBK Bank	100	100	Russia	Banking
JSC Halyk Bank Georgia	100	100	Georgia	Banking
JSC Accumulated Pension fund of Halyk Bank	96	96	Kazakhstan	Pension assets accumulation and management

Associates

JSC Processing Center, the associate, provides data processing services in Kazakhstan. It is classified within other assets and accounted for under the equity method:

Holding, %	Share in net loss	Total assets	Total liabilities	Equity	Total revenue
As at 31 March 2011 and for the three months then ended (unaudited)					
25.14	(1)	70	-	70	1
As at 31 December 2010 and for the year then ended					
25.14	(15)	78	-	78	1

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this condensed interim consolidated financial information, the Group has applied the same accounting policies and methods of computation as those applied in the consolidated financial statements of the Group for the year ended 31 December 2010. There were no changes in accounting policies during the three months ended 31 March 2011.

4. SIGNIFICANT ACCOUNTING ESTIMATES

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

Allowance for impairment of loans and receivables

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

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

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

The carrying amount of the allowance for impairment of loans to customers as at 31 March 2011 is KZT 262,077 million (as at 31 December 2010: KZT 253,237 million).

Taxation

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

As at 31 March 2011, management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained. Significant additional actual taxes, penalties and interest may be assessed following any challenges by the relevant authorities, which could have a material impact on the Group's reported net income.

Claims liability and reserves arising from insurance contracts

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

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

Goodwill

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

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

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

5. RECLASSIFICATIONS

As at 31 March 2011, certain lines within the condensed interim consolidated financial information for the three months ended 31 March 2010, have been reclassified to conform to the current period presentation. Management of the Group have reclassified deposit insurance expenses from operating expenses to commission expenses, as they believe this classification better reflects the nature and purpose of these expenses with regard to the Group's operations.

	As previously reported three months ended 31 March 2010 (unaudited)	**Reclassification**	**As reclassified three months ended 31 March 2010 (unaudited)**
CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT			
Fee and commission expense	(562)	(794)	(1,356)
Fees and commissions, net	8,196	(794)	7,402
Operating expenses	(11,219)	794	(10,425)
NON-INTEREST EXPENSES	(11,677)	794	(10,883)

	As previously reported three months ended 31 March 2010 (unaudited)	**Reclassification**	**As reclassified three months ended 31 March 2010 (unaudited)**
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS			
Fee and commission paid	(562)	(794)	(1,356)
Operating expenses paid	(9,349)	794	(8,555)

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	31 March 2011 (unaudited)	**31 December 2010**
Cash on hand	46,516	35,468
Recorded as loans and receivables in accordance with IAS 39:		
Correspondent accounts with National Bank of Kazakhstan ("NBK")	7,141	-
Correspondent accounts with Organization for Economic Co-operation and Development countries ("OECD") based banks	13,169	8,281
Correspondent accounts with non-OECD based banks	1,909	5,978
Overnight deposits with OECD based banks	93,943	122,539
Overnight deposits with non-OECD based banks	6,361	46
Short-term deposits with NBK	35,013	72,003
Short-term deposits with OECD based banks	73,378	144,820
Short-term deposits with non-OECD based banks	147	2,853
Short-term deposits with Kazakhstan banks	985	910
	278,562	392,898

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

	31 March 2011 (unaudited)		31 December 2010	
	KZT	Foreign currencies	KZT	Foreign currencies
Overnight deposits with OECD based banks	-	1.0%	-	0.1%-0.7%
Overnight deposits with non-OECD based banks	-	2.0%-3.2%	-	6.0%
Short-term deposits with NBK	1.0%		0.5%	-
Short-term deposits with OECD based banks	0.6%-1.5%	0.3%-1.0%	0.6%	0.2%-3.3%
Short-term deposits with non-OECD based bank	1.0%	5.0%	-	3.5%
Short-term deposits with Kazakhstan banks	0.1%-0.4%	-	0.7%	-

Fair value of assets pledged and carrying value of short-term deposits, included in short-term deposits with Kazakhstan banks, under reverse repurchase agreements classified as cash and cash equivalents as at 31 March 2011 and 31 December 2010 are presented as follows:

	31 March 2011 (unaudited)		31 December 2010	
	Carrying value of deposits	Fair value of collateral	Carrying value of deposits	Fair value of collateral
Treasury bills of the Ministry of Finance of Kazakhstan	985	1,090	910	1,003
	985	1,090	910	1,003

7. OBLIGATORY RESERVES

Obligatory reserves comprise:

	31 March 2011 (unaudited)	31 December 2010
Recorded as loans and receivables in accordance with IAS 39:		
Due from the NBK allocated to obligatory reserves	31,272	14,752
Cash on hand allocated to obligatory reserves	-	12,532
	31,272	27,284

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

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

Financial assets at fair value through profit or loss comprise:

	31 March 2011 (unaudited)	31 December 2010
Financial assets held for trading:		
Derivative financial instruments	4,100	4,640
Equity securities of Kazakhstan banks	542	921
Mutual investment funds shares	164	220
Securities of foreign countries and organizations	127	168
Corporate bonds	126	102
	5,059	6,051

Financial liabilities at fair value through profit or loss comprise:

	31 March 2011 (unaudited)	31 December 2010
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	3,356	2,910

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

	31 March 2011 (unaudited) Interest rate	31 December 2010 Interest rate
Securities of foreign countries and organizations	5.4%-15.0%	5.0%-15.0%
Corporate bonds	6.5%-18.0%	7.0%-18.0%

Derivative financial instruments comprise:

	31 March 2011 (unaudited)			31 December 2010		
	Notional amount	Net fair value Asset	Net fair value Liability	Notional amount	Net fair value Asset	Net fair value Liability
Foreign currency contracts:						
Forwards	193,203	3,471	3,152	87,403	4,051	2,834
Options	7,367	547	-	7,620	506	-
Swaps	97,511	82	204	21,757	83	76
		4,100	3,356		4,640	2,910

As at 31 March 2011 and 31 December 2010, the Group used quoted market prices from independent information sources for all of its financial assets recorded at fair value through profit or loss, with the exception of derivative financial instruments, which are valued using valuation models based on market data.

9. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	31 March 2011 (unaudited)	31 December 2010
Recorded as loans and receivables in accordance with IAS 39:		
Term deposits	11,292	10,062
Deposit pledged as collateral for derivative financial instruments	7,737	7,822
Loans to Kazakhstan credit institutions	2,190	2,241
	21,219	20,125
Less - Allowance for loan impairment (Note 18)	(2)	(2)
	21,217	20,123

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

	31 March 2011 (unaudited)		31 December 2010	
	Interest rate	Maturity, year	Interest rate	Maturity, year
Term deposits	0.2%-10.0%	2011	4.5%-12.5%	2013
Deposit pledged as collateral for derivative financial instruments and other transactions	0.2%-1.8%	2012	0.2%-1.8%	2012
Loans to Kazakhstan credit institutions	12.0%-17.0%	2015	12.0%-17.0%	2015

10. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	31 March 2011 (unaudited)	31 December 2010
Treasury bills of the Ministry of Finance of Kazakhstan	175,728	173,314
NBK notes	146,465	27,838
Corporate bonds	58,849	56,811
Bonds of Development Bank of Kazakhstan	9,613	6,522
Bonds of Kazakhstan banks	5,664	3,347
Securities of foreign countries and organizations	5,635	6,148
Local municipal bonds	4,197	4,274
Equity securities of Kazakhstan corporations	1,940	1,569
Mutual investment funds shares	866	944
Equity securities of Kazakhstan banks	761	230
Equity securities of foreign corporations	73	111
Treasury bills of the Kyrgyz Republic	-	186
	409,791	281,294
Subject to repurchase agreements	1,520	4,211

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

	31 March 2011 (unaudited)		31 December 2010	
	Interest rate	**Maturity, year**	**Interest rate**	**Maturity, year**
Treasury bills of the Ministry of Finance of Kazakhstan	0.1%-9.4%	2011-2025	1.5%-9.0%	2011-2025
NBK notes	1.0%-1.5%	2011-2015	1.0%-1.5%	2011
Corporate bonds	5.3%-27.8%	2010-2015	6.4%-28.0%	2011-2021
Bonds of Development Bank of Kazakhstan	5.4%-7.0%	2015-2026	5.7%-7.0%	2015-2026
Bonds of Kazakhstan banks	4.2%-20.9%	2011-2030	7.2%-21.0%	2011-2022
Securities of foreign countries and organizations	7.3%-8.9%	2012-2016	7.4%-15.0%	2012-2016
Local Municipal bonds	4.9%	2015	4.9%	2015
Treasury bills of the Kyrgyz Republic	-	-	9.0%	2011

As at 31 March 2011 and 31 December 2010, the Group used quoted market prices from independent information sources to determine the fair value for all of its available-for-sale investment securities.

Debt and equity securities which were reclassified are presented in the tables below.

Debt securities:	**Effective interest rate**	**As at reporting date 31 March 2011 (unaudited) Fair value**	**As at reclassification date 31 December 2008 Fair value**
Bonds of Development Bank of Kazakhstan	7.0%	2,658	2,213
Securities of foreign countries and organizations	9.8%-14.5%	51	1,987
		2,709	4,200

Equity securities:	**As at reporting date 31 March 2011 (unaudited) Fair value**	**As at reclassification date 31 December 2008 Fair value**
Equity securities of Kazakhstan corporations	59	74
Mutual investment funds shares	-	651
	59	725

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

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

The net gain/(loss) that would be recognized in the condensed interim consolidated income statement for the three months ended 31 March 2011 and 2010 from the debt and equity securities which were reclassified is presented in the tables below.

Debt securities:	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
Bonds of Development Bank of Kazakhstan	234	95
Securities of foreign countries and organizations	15	14
	249	109

Equity securities:	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
Mutual investment funds shares	(128)	26
Equity securities of Kazakhstan corporations	3	(6)
	(125)	20

11. INVESTMENTS HELD TO MATURITY

Investments held to maturity securities comprise:

	31 March 2011 (unaudited)	31 December 2010
NBK Notes	298,455	159,385
Treasury bills of the Ministry of Finance of Kazakhstan	7,850	7,716
Corporate bonds	5,708	5,545
Treasury bills of Georgia	839	1,172
Treasury bills of Kyrgyz Republic	764	601
Bonds of Kazakhstan banks	500	-
Notes of National Bank of Kyrgyz Republic	286	-
	314,402	174,419

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

	31 March 2011 (unaudited)		31 December 2010	
	Interest rate	**Maturity, year**	**Interest rate**	**Maturity, year**
NBK Notes	0.9%-1.5%	2011	1.0%-1.5%	2011
Treasury bills of the Ministry of Finance of Kazakhstan	7.1%-7.8%	2013-2015	7.1%-7.8%	2013-2015
Corporate bonds	6.3%-18.0%	2011-2017	4.8%-20.0%	2011-2017
Treasury bills of Georgia	13.8%-15.6%	2011-2012	8.5%-15.6%	2011-2012
Treasury bills of Kyrgyz Republic	8.2%-16.0%	2011	8.2%-16.0%	2011
Bonds of Kazakhstan banks	11.3%	2015	-	-
Notes of National Bank of Kyrgyz Republic	6.4%-6.7%	2011	-	-

12. LOANS TO CUSTOMERS

Loans to customers comprise:

	31 March 2011 (unaudited)	31 December 2010
Recorded as loans and receivables in accordance with IAS 39:		
Originated loans to customers	1,339,514	1,341,140
Overdrafts	1,920	1,370
	1,341,434	1,342,510
Less – Allowance for loan impairment (Note 18)	(262,077)	(253,237)
	1,079,357	1,089,273

As at 31 March 2011, the annual interest rates charged by the Group ranged from 9% to 24% per annum for KZT-denominated loans (as at 31 December 2010 – from 9% to 24%) and from 7% to 17% per annum for US Dollar-denominated loans (as at 31 December 2010 – from 7% to 17%).

As at 31 March 2010, the Group had a concentration of loans of KZT 283,134 million from the ten largest borrowers that comprised 21% of the Group's total gross loan portfolio (as at 31 December 2010 – KZT 267,072 million; 20%) and 97% of the Group's total equity (as at 31 December 2010 – 84%). As at 31 March 2011 an allowance for loan impairment amounting to KZT 53,070 million was made against these loans (as at 31 December 2010 – KZT 49,403 million).

Loans are made to the following sectors:

	31 March 2011 (unaudited)	Share	31 December 2010	Share
Retail loans:				
- consumer loans	135,598	10%	136,271	10%
- mortgage loans	128,879	9%	133,958	9%
	264,477		270,229	
Wholesale trade	272,734	20%	277,222	21%
Construction	178,675	13%	180,353	13%
Services	99,006	7%	104,270	8%
Real estate	97,060	7%	96,724	7%
Retail trade	95,158	8%	92,185	8%
Agriculture	86,787	7%	86,460	6%
Hotel industry	53,381	4%	54,416	4%
Metallurgy	42,637	3%	44,689	3%
Food industry	37,594	3%	37,086	3%
Energy	36,873	3%	22,143	2%
Transportation	31,051	2%	29,688	2%
Oil and gas	10,072	1%	10,218	1%
Chemical industry	9,350	1%	9,805	1%
Machinery	9,221	1%	7,689	1%
Light industry	7,126	1%	7,472	1%
Mining	3,528	0%	5,507	0%
Communication	195	0%	232	0%
Other	6,509	0%	6,122	0%
	1,341,434	100%	1,342,510	100%

As at 31 March 2011 the amount of accrued interest on impaired loans comprised KZT 125,452 million (as at 31 December 2010 – KZT 121,752 million).

13. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	31 March 2011 (unaudited)	31 December 2010
Reinsurance amounts recoverable	4,626	5,154
Reinsurance premium unearned	3,401	2,561
	8,027	7,715
Premiums receivable	4,853	1,559
Insurance assets	12,880	9,274

Insurance liabilities comprised the following:

	31 March 2011 (unaudited)	31 December 2010
Gross unearned insurance premium reserve	9,498	5,550
Reserves for insurance claims	9,474	8,982
	18,972	14,532
Payables to reinsurers and agents	2,155	1,132
Insurance liabilities	21,127	15,664

Insurance risk

Insurance risk is the risk of fluctuations in the timing, frequency or severity of insured events, relative to the expectations of the Group at the time of underwriting.

Underwriting and pricing risk

The Group manages underwriting and pricing risk through the use of underwriting guidelines which detail the class, nature and type of business that may be accepted; pricing policies by product line and by brand; and centralized control of policy wordings and any subsequent changes.

Claims management risk

The risk that claims are handled or paid inappropriately is managed using a range of IT system controls and manual processes conducted by experiences staff. These, together with a range of detailed policies and procedures ensure that all claims are handled in a timely, appropriate and accurate manner.

Reinsurance risk

Reinsurance is used to protect against the impact of major catastrophic events or unforeseen volumes of, or adverse trends in, large individual claims and to transfer risk that is outside the Group's current risk appetite.

Reinsurance of risk above the Group's appetite is only effective if the reinsurance premium is economic and the counterparty is financially secure. Acceptable reinsurers are rated A- or better unless specifically authorized.

Reserving risk

Reserving risk relates to both premiums and claims. It is the risk that reserves are assessed incorrectly such that insufficient funds have been remained to pay or handle claims as the amounts fall due. Claims development data provides information on the historical pattern of reserving risk.

Reserves for insurance claims have been established on the basis of information currently available, including potential outstanding loss notifications, and experience with similar claims.

14. OTHER ASSETS

Other assets comprise:

	31 March 2011 (unaudited)	31 December 2010
Other financial assets recorded as loans and receivables in accordance with IAS 39:		
Debtors on banking activities	2,014	2,197
Accrued commission for managing pension assets	1,371	1,744
Debtors on non-banking activities	1,243	1,226
Accrued other commission income	1,197	569
Other	188	167
	6,013	5,903
Less – Allowance for impairment (Note 18)	(936)	(772)
	5,077	5,131
Other non financial assets:		
Income tax prepaid	2,954	3,175
Prepayments for property and equipment	2,068	2,345
Inventory	1,299	1,486
Advances for taxes other than income tax	925	773
Deferred tax assets (Note 19)	415	350
Investments in associates	230	224
Other	494	710
	8,385	9,063
Less – Allowance for impairment (Note 18)	(1,183)	(1,217)
	12,279	12,977

15. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	31 March 2011 (unaudited)	31 December 2010
Recorded at amortized cost:		
Term deposits:		
Legal entities	452,498	531,182
Individuals	407,917	387,510
	860,415	918,692
Current accounts:		
Legal entities	591,203	393,696
Individuals	109,872	103,367
	701,075	497,063
	1,561,490	1,415,755

As at 31 March 2011, the Group's ten largest customers accounted for approximately 51% of the total amounts due to customers (31 December 2010 – 50%).

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

An analysis of customer accounts by sector follows:

	31 March 2011 (unaudited)	Share	31 December 2010	Share
Individuals and entrepreneurs	517,789	33%	490,877	35%
Oil and gas	405,194	26%	329,416	23%
Transportation	188,484	12%	179,584	13%
Wholesale trade	88,807	6%	88,061	6%
Other consumer services	52,605	3%	55,775	4%
Construction	51,171	3%	34,209	2%
Metallurgy	49,713	3%	43,853	3%
Financial sector	43,677	3%	24,568	2%
Insurance and pension funds activity	37,188	2%	49,243	3%
Government	24,991	2%	26,854	2%
Energy	24,970	2%	22,803	2%
Healthcare and social services	22,044	1%	6,143	0%
Education	15,736	1%	10,934	1%
Communication	15,268	1%	15,180	1%
Other	23,853	2%	38,255	3%
	1,561,490	100%	1,415,755	100%

16. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	31 March 2011 (unaudited)	31 December 2010
Recorded at amortized cost:		
Loans and deposits from OECD based banks	14,985	16,422
Loans and deposits from Kazakhstan banks	4,528	52,159
Loans from other financial institutions	1,406	1,412
Correspondent accounts	878	1,185
Loans and deposits from non-OECD based banks	165	225
	21,962	71,403

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

	31 March 2011 (unaudited)		31 December 2010	
	Interest rate	Maturity, year	Interest rate	Maturity, year
Loans and deposits from OECD based banks	1.1%-7.7%	2011-2023	1.1%-7.7%	2011-2023
Loans and deposits from Kazakhstan banks	4.5%	2011	4.5%	2011
Loans from other financial institutions	2.7%-3.4%	2012-2014	2.3%-3.1%	2012-2014
Loans and deposits from non-OECD based banks	2.5%-3.8%	2013	2.7%-3.9%	2013

Fair value of assets pledged and carrying value of loans under repurchase agreements as at 31 March 2011 and 31 December 2010 are presented as follows:

	31 March 2011 (unaudited)		31 December 2010	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
NBK notes	1,520	1,000	4,211	4,000

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

As at 31 March 2011 and 31 December 2010, the Group was in compliance with the covenants of the various debt agreements with other banks and financial institutions.

17. DEBT SECURITIES ISSUED

Debt securities issued consisted of the following:

	31 March 2011 (unaudited)	31 December 2010
Recorded at amortized cost:		
Subordinated debt securities issued:		
Inflation indexed KZT denominated bonds	14,327	14,132
Fixed rate KZT denominated bonds	11,933	11,725
Reverse inflation indexed KZT denominated bonds	8,583	8,120
Total subordinated debt securities outstanding	34,843	33,977
Unsubordinated debt securities issued:		
USD denominated bonds	281,550	207,701
KZT denominated bonds	9,962	10,489
Total unsubordinated debt securities outstanding	291,512	218,190
Total debt securities outstanding	326,355	252,167

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

	31 March 2011 (unaudited)		31 December 2010	
	Coupon rate	**Maturity, year**	**Coupon rate**	**Maturity, year**
Subordinated debt securities issued:				
Inflation indexed KZT denominated bonds	inflation rate plus 1%	2015	inflation rate plus 1%	2015
Fixed rate KZT denominated bonds	7.5%-13.0% inflation rate plus 2%	2014-2019 2017	7.5%-13.0% inflation rate plus 2%	2014-2019 2017
Reverse inflation indexed KZT denominated bonds	15% less inflation rate	2015-2016	15% less inflation rate	2015-2016
Unsubordinated debt securities issued:				
USD denominated bonds	7.3%-9.3%	2013-2021	7.3%-9.3%	2013-2017
KZT denominated bonds	12.7%	2012	12.7%	2012

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

In accordance with the terms of the USD denominated bonds, the Group is required to maintain certain financial covenants particularly with regard to its capital adequacy, limitations on transactions at less than fair market value and payment of dividends. Furthermore, the terms of the USD denominated bonds include covenants restricting the Group's ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group's other financing arrangements. The Group's management believes that as of 31 March 2011 and 31 December 2010 the Group was in compliance with the covenants of the agreements the Group has with the notes' trustees and holders.

18. ALLOWANCES FOR IMPAIRMENT LOSSES AND PROVISIONS

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

	Loans to customers	Amounts due from credit institutions	Available-for-sale investment securities	Other assets	Total
31 December 2009	(207,101)	(9)	(730)	(1,472)	(209,312)
Additional provisions recognized	(12,626)	(6)	(642)	(72)	(13,346)
Write-offs	1,412	-	-	6	1,418
Foreign exchange differences	31	-	-	116	147
31 March 2010 (unaudited)	(218,284)	(15)	(1,372)	(1,422)	(221,093)
31 December 2010	(253,237)	(2)	(1,212)	(1,989)	(256,440)
(Additional provisions recognized)/recovery of provision	(11,067)	(3)	2	(241)	(11,309)
Write-offs	1,540	-	-	120	1,660
Foreign exchange differences	687	3	1	(9)	682
31 March 2011 (unaudited)	(262,077)	(2)	(1,209)	(2,119)	(265,407)

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

Provisions represent provisions against letters of credit and guarantees issued. The movements in provisions were as follows:

	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
At the beginning of the period	(3,861)	(4,433)
Recovery of provisions	2,127	2,381
Additional provisions recognized	(3,051)	(1,283)
Foreign exchange differences	(16)	66
At the end of the period	(4,801)	(3,269)

19. TAXATION

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

The income tax expense comprises:

	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
Current tax charge	2,223	1,884
Deferred tax (benefit)/charge	(43)	240
Income tax expense	2,180	2,124

Kazakhstan legal entities must file individual tax declarations. Tax rates for banks for the income other than on state and other qualifying securities were 20% during the three months ended 31 March 2011 and 2010. The tax rate for companies other than banks was also 20% during three months ended 31 March 2011 and 2010, except for insurance companies which were taxed at 4%. Income on state and other qualifying securities is tax exempt.

Deferred tax assets and liabilities comprise:

	31 March 2011 (unaudited)	31 December 2010
Tax effect of deductible temporary differences:		
Fair value of derivatives	671	585
Bonuses accrued	624	674
Provisions, different rates	338	11
Insurance premium reserves	295	152
Vacation pay accrual	207	231
Deferred tax asset	2,135	1,653
Tax effect of taxable temporary differences:		
Loans to customers, allowance for impairment losses	(5,015)	(4,514)
Property and equipment, accrued depreciation	(4,165)	(4,103)
Fair value of derivatives	(804)	(928)
Deferred tax liability	(9,984)	(9,545)

The Group has offset deferred tax assets and liabilities on the consolidated statement of financial position where a right of offset existed. The amounts presented after offset comprise:

	31 March 2011 (unaudited)	31 December 2010
Deferred tax asset (Note 14)	415	350
Deferred tax liability	(8,264)	(8,242)
Net deferred tax liability	(7,849)	(7,892)

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

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

20. OTHER LIABILITIES

Other liabilities comprise:

	31 March 2011 (unaudited)	31 December 2010
Other financial liabilities:		
Payable for general and administrative expenses	403	301
Creditors on non-banking activities	265	359
Creditors on bank activities	146	201
Other	206	148
	1,020	1,009
Other non financial liabilities:		
Salary payable	4,551	4,628
Taxes payable other than income tax	1,980	2,681
Other prepayments received	1,100	1,558
Current income tax payable	397	173
	9,048	10,049

21. EQUITY

Authorized, issued and fully paid number of shares as at 31 March 2011 and 2010 were as follows:

31 March 2011 (unaudited)

	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
Common shares	2,400,000,000	(1,091,584,040)	1,308,415,960	(219,823,305)	1,088,592,655
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(23,971,859)	285,887,571
Convertible preferred shares	80,225,222	-	80,225,222	(296,191)	79,929,031

31 March 2010 (unaudited)

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

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

	Number of shares			Nominal (placement) amount		
	Common	Non-convertible preferred	Convertible preferred	Common	Non-convertible preferred	Convertible preferred
31 December 2009	1,300,516,169	285,889,251	79,930,401	83,468	46,891	13,233
Purchase of treasury shares	(424,220)	-	(200)	(4)	-	-
Sale of treasury shares	626,071	40	-	6	-	-
31 March 2010 (unaudited)	1,300,718,020	285,889,291	79,930,201	83,470	46,891	13,233
31 December 2010	1,301,511,007	285,887,396	79,930,201	83,478	46,891	13,233
Purchase of treasury shares from Samruk-Kazyna (including the cost of the call option – see Note 1)	(213,000,000)	-	-	(39,875)	-	-
Other purchases of treasury shares	(91,511)	(200)	(1,170)	(1)	-	-
Sale of treasury shares	173,159	375	-	2	-	-
31 March 2011 (unaudited)	1,088,592,655	285,887,571	79,929,031	43,604	46,891	13,233

At 31 March 2011, the Group held 219,823,305 of the Group's common shares as treasury shares at KZT 39,967 million (31 March 2010 – 7,697,940 at KZT 101 million).

Common Shares

Each common share is entitled to one vote and dividends.

Preferred shares

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

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

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

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

Share premium reserve

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

Convertible preferred shares

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

22. COMMITMENTS AND CONTINGENCIES

Financial Commitments and Contingencies

The Group's financial commitments and contingencies comprised the following:

	31 March 2011 (unaudited)	31 December 2010
Guarantees issued	116,644	108,346
Commercial letters of credit	15,388	27,876
Commitments to extend credit	11,827	14,925
Financial commitments and contingencies	143,859	151,147
Less: cash collateral against letters of credit	(497)	(313)
Less: provisions (Note 18)	(4,801)	(3,861)
Total financial commitments and contingencies, net	138,561	146,973

Guarantees issued included above represent financial guarantees where payment is not probable as at the reporting date, and therefore have not been recorded in the condensed interim consolidated statement of financial position. As at 31 March 2011, the ten largest guarantees accounted for 83% of the Group's total financial guarantees (as at 31 December 2010 – 82%) and represented 33% of the Group's total equity (as at 31 December 2010 – 28%).

As at 31 March 2011, the ten largest letters of credit accounted for 96% of the Group's total commercial letters of credit (as at 31 December 2010 – 97%) and represented 5% of the Group's total equity (as at 31 December 2010 – 9%).

The Group requires collateral to support credit-related financial instruments when it is deemed necessary. The Group typically requires collateral support unless it is determined to be not necessary through review of the credit risk of the borrower or analysis of other deposit accounts held by the Group. Collateral held varies, but may include deposits held in the banks, government securities and other assets.

Trust Activities

In the normal course of its business, the Group enters into agreements with clients to manage the clients' assets with limited decision making rights and in accordance with specific criteria established by the clients. The Group may only be liable for losses or actions aimed at appropriation of the clients' funds if such funds or securities are not returned to the client. The maximum potential financial risk of the Group on any date is equal to the volume of the clients' funds, net of any unrealized income/loss on the client's position. The balance of the clients' funds under the management of the Group, as at 31 March 2011 is KZT 598 billion (31 December 2010 – KZT 712 billion).

Legal proceedings

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

Taxation

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

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

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

Operating environment

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

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

The global financial turmoil that has negatively affected Kazakhstan's financial and capital markets in 2008 and 2009 has receded. However, significant economic uncertainties remain. Adverse changes arising from systemic risks in global financial systems, including any tightening of the credit environment or decline in grain, oil and gas prices could slow or disrupt Kazakhstan's economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, results of operations, financial condition and prospects.

23. NET INTEREST INCOME

	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
Interest income comprises:		
Interest income on financial assets recorded at amortized cost:		
- interest income on impaired assets	36,119	43,268
- interest income on unimpaired assets	1,920	1,347
Interest income on available-for-sale investment securities	3,591	2,785
Interest income on financial assets at fair value through profit or loss	5	11
Total interest income	41,635	47,411
Interest income on financial assets recorded at amortized cost comprises:		
Interest income on loans to customers	36,118	43,261
Interest income on investments held-to-maturity	1,219	524
Interest income on amounts due from credit institutions and cash and cash equivalents	702	830
Total interest income on financial assets recorded at amortized cost	38,039	44,615
Interest income on financial assets at fair value through profit or loss:		
Interest income on financial assets held-for-trading	5	11
Total interest income on financial assets at fair value through profit or loss	5	11
Interest income on available-for-sale investment securities	3,591	2,785
Total interest income	41,635	47,411
Interest expense comprises:		
Interest expense on financial liabilities recorded at amortized cost	(19,859)	(23,314)
Total interest expense	(19,859)	(23,314)
Interest expense on financial liabilities recorded at amortized cost comprise:		
Interest expense on amounts due to customers	(13,380)	(16,463)
Interest expense on debt securities issued	(6,267)	(5,604)
Interest expense on amounts due to credit institutions	(212)	(1,247)
Total interest expense on financial liabilities recorded at amortized cost	(19,859)	(23,314)
Net interest income before impairment charge	21,776	24,097

24. FEES AND COMMISSIONS

Fee and commission income was derived from the following sources:

	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
Pension fund and asset management	5,041	3,443
Bank transfers and payments	2,647	2,225
Plastic cards maintenance	799	753
Customers' pension payments	770	545
Cash operations	759	672
Letters of credit and guarantees issued	724	450
Maintenance of customer accounts	273	370
Other	616	300
	11,629	8,758

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

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

	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
Net gain on operations with financial assets and liabilities classified as held for trading:		
Gain on trading operations	428	126
Net fair value adjustment	(780)	591
	(352)	717

26. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

Net gain on foreign exchange operations comprises:

	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
Translation differences, net	1,859	437
Dealing, net	1,253	1,588
	3,112	2,025

27. INSURANCE UNDERWRITING INCOME

Insurance underwriting income comprised:

	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
Insurance premiums written, gross	8,533	6,619
Change in unearned insurance premiums, net	(3,177)	(1,790)
Ceded reinsurance share	(2,492)	(1,930)
	2,864	2,899

28. OPERATING EXPENSES

Operating expenses comprised:

	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
Salaries and other employee benefits	5,558	4,283
Depreciation and amortization expenses	1,725	1,614
Taxes other than income tax	456	481
Security	353	354
Communication	295	285
Rent	264	280
Repairs and maintenance	231	222
Stationery and office supplies	204	134
Information services	154	138
Insurance agents' fees	143	218
Business trip expenses	105	102
Transportation	91	88
Advertisement	85	92
Professional services	82	217
Charity	30	16
Hospitality expenses	12	12
Social events	5	6
Write-off of intangible assets	-	1,093
Other	745	790
	10,538	10,425

29. EARNINGS PER SHARE

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

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

The following table presents basic and diluted earnings per share:

	Three months ended 31 March 2011 (unaudited)	Three months ended 31 March 2010 (unaudited)
Basic earnings per share		
Net income for the period attributable to shareholders	10,479	11,340
Less: Additional dividends that would be paid on full distribution of profit to the preferred shareholders	(2,302)	(2,490)
Earnings attributable to common shareholders	8,177	8,850
Weighted average number of common shares for the purposes of basic earnings per share	1,299,152,241	1,300,557,657
Basic earnings per share (in Kazakhstani Tenge)	6.29	6.80
Diluted earnings per share		
Net income for the period attributable to common shareholders	8,177	8,850
Add: Additional dividends that would be paid on full distribution of profit to the convertible preferred shareholders	503	544
Earnings used in the calculation of total diluted earnings per share	8,680	9,394
Weighted average number of common shares for the purposes of basic earnings per share	1,299,152,241	1,300,557,657
Shares deemed to be issued:		
Weighted average number of common shares that would be issued for the convertible preferred shares	79,929,912	79,930,308
Weighted average number of common shares for the purposes of diluted earnings per share	1,379,082,153	1,380,487,965
Diluted earnings per share (in Kazakhstani Tenge)	6.29	6.80

On 8 November 2010, KASE has enacted new rules for listed companies that require presentation of book value of one share in the financial statements of the listed companies.

The book value of one share per each class of shares as at 31 March 2011 and 31 December 2010 is as follows.

	31 March 2011 (unaudited)		
Class of shares	**Outstanding shares**	**Equity**	**Book value of one share, in KZT**
Common	1,088,592,655	225,927	207.54
Non-convertible preferred	285,887,571	48,128	168.35
Convertible preferred	79,929,031	13,233	165.56
		287,288	

Class of shares	Outstanding shares	31 December 2010 Equity	Book value of one share, in KZT
Common	1,301,511,007	250,689	192.61
Non-convertible preferred	285,887,396	48,128	168.35
Convertible preferred	79,930,201	13,233	165.56
		312,050	

The amount of equity attributable to non-convertible preferred shares is calculated as the sum of non-convertible shares carrying amount and the share premium reserve attributable to non-convertible preferred shares. The amount of equity attributable to convertible preferred shares is calculated as carrying amount of convertible shares. The amount of equity attributable to common shares is calculated as the difference between the total equity, total net book value of intangible assets, and the amounts attributable to preferred shares.

The management of the Group believes that it fully complies with the requirement of KASE as at the reporting date.

30. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

Currency Risk

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

	31 March 2011 (unaudited)			31 December 2010		
	KZT	**Foreign currencies**	**Total**	**KZT**	**Foreign currencies**	**Total**
FINANCIAL ASSETS:						
Cash and cash equivalents	74,260	204,302	278,562	94,811	298,087	392,898
Obligatory reserves	14,180	17,092	31,272	12,320	14,964	27,284
Financial assets at fair value through profit or loss	906	4,153	5,059	1,291	4,760	6,051
Amounts due from credit institutions	10,678	10,539	21,217	9,448	10,675	20,123
Available-for-sale investment securities	364,127	45,664	409,791	240,694	40,600	281,294
Investments held to maturity	308,481	5,921	314,402	168,752	5,667	174,419
Loans to customers	586,611	492,746	1,079,357	591,360	497,913	1,089,273
Other financial assets	4,185	892	5,077	4,012	1,119	5,131
	1,363,428	781,309	2,144,737	1,122,688	873,785	1,996,473
FINANCIAL LIABILITIES:						
Amounts due to customers	924,338	637,152	1,561,490	796,880	618,875	1,415,755
Amounts due to credit institutions	1,931	20,031	21,962	4,737	66,666	71,403
Financial liabilities at fair value through profit or loss	-	3,356	3,356	-	2,910	2,910
Debt securities issued	44,786	281,569	326,355	44,466	207,701	252,167
Other financial liabilities	742	278	1,020	818	191	1,009
	971,797	942,386	1,914,183	846,901	896,343	1,743,244
Net financial position	391,631	(161,077)	230,554	275,787	(22,558)	253,229

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

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

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

	31 March 2011 (unaudited)								
	On demand	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
FINANCIAL ASSETS:									
Cash and cash equivalents	68,734	159,771	50,057	-	-	-	-	-	278,562
Obligatory reserves	14,095	2,097	2,555	10,413	785	501	238	588	31,272
Financial assets at fair value through profit or loss	5,059	-	-	-	-	-	-	-	5,059
Amounts due from credit institutions	20	920	19	5,301	12,771	2,179	7	-	21,217
Available-for-sale investment securities	579	103,986	44,539	71,611	46,416	26,200	69,566	46,894	409,791
Investments held to maturity	90	15,296	269,810	15,384	1,124	1,600	6,399	4,699	314,402
Loans to customers	52,450	112,396	117,408	547,136	85,881	49,736	41,719	72,631	1,079,357
Other financial assets	1,307	2,874	203	227	42	317	27	80	5,077
	142,334	397,340	484,591	650,072	147,019	80,533	117,956	124,892	2,144,737
FINANCIAL LIABILITIES:									
Amounts due to customers	703,812	104,695	127,574	519,944	39,202	25,028	11,895	29,340	1,561,490
Amounts due to credit institutions	2,429	1,962	602	2,213	3,712	3,691	3,458	3,895	21,962
Financial liabilities at fair value through profit or loss	8	340	1,011	465	1,532	-	-	-	3,356
Debt securities issued	87	717	482	9,927	-	114,375	15,223	185,544	326,355
Other financial liabilities	132	525	59	141	128	35	-	-	1,020
	706,468	108,239	129,728	532,690	44,574	143,129	30,576	218,779	1,914,183
Net position	(564,134)	289,101	354,863	117,382	102,445	(62,596)	87,380	(93,887)	
Accumulated gap	(564,134)	(275,033)	79,830	197,212	299,657	237,061	324,441	230,554	

	31 December 2010								
	On demand	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
FINANCIAL ASSETS:									
Cash and cash equivalents	49,727	343,171	-	-	-	-	-	-	392,898
Obligatory reserves	7,911	2,411	2,819	7,437	1,765	573	120	4,248	27,284
Financial assets at fair value through profit or loss	6,051	-	-	-	-	-	-	-	6,051
Amounts due from credit institutions	33	-	1,235	2,902	8,028	7,061	863	1	20,123
Available-for-sale investment securities	43	17,453	31,743	55,391	32,616	26,834	72,686	44,528	281,294
Investments held to maturity	-	6,029	65,349	89,158	1,303	1,658	6,058	4,864	174,419
Loans to customers	48,253	60,416	108,410	515,001	112,781	65,775	88,218	90,419	1,089,273
Other financial assets	1,031	3,353	114	291	207	36	25	74	5,131
	113,049	432,833	209,670	670,180	156,700	101,937	167,970	144,134	1,996,473
FINANCIAL LIABILITIES:									
Amounts due to customers	499,300	104,883	178,492	468,022	108,453	23,509	4,899	28,197	1,415,755
Amounts due to credit institutions	3,040	48,694	574	3,534	4,286	3,506	2,730	5,039	71,403
Financial liabilities at fair value through profit or loss	2,910	-	-	-	-	-	-	-	2,910
Debt securities issued	-	100	993	3,358	9,496	111,476	15,212	111,532	252,167
Other financial liabilities	142	364	99	278	32	94	-	-	1,009
	505,392	154,041	180,158	475,192	122,267	138,585	22,841	144,768	1,743,244
Net position	(392,343)	278,792	29,512	194,988	34,433	(36,648)	145,129	(634)	
Accumulated gap	(392,343)	(113,551)	(84,039)	110,949	145,382	108,734	253,863	253,229	

31. SEGMENT ANALYSIS

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

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

The products and services offered by each segment are:

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

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

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

There were no transactions between business segments during the three months ended 31 March 2011 and 2010. Segment assets and liabilities exclude certain unallocated amounts. Unallocated assets include obligatory reserves, property and equipment and other unallocated assets. Unallocated liabilities include debt securities issued, amounts due to credit institutions and other unallocated liabilities.

Segment information for the main reportable business segments of the Group for the three months ended 31 March 2011 and 2010 is set out below:

	Retail Banking	Corporate banking	Other	Total
As at 31 March 2011 and for the three months then ended (unaudited)				
External revenues	12,762	43,613	2,724	59,099
Total revenues	12,762	43,613	2,724	59,099
Total revenues comprise:				
- Interest income	9,856	31,779	-	41,635
- Fee and commission income	2,484	9,145	-	11,629
- Net loss from financial assets and liabilities at fair value through profit or loss	-	-	(352)	(352)
- Net realized loss from available-for-sale investment securities	-	-	(248)	(248)
- Net gain on foreign exchange operations	422	2,690	-	3,112
- Share of loss of associates	-	(1)	-	(1)
- Insurance underwriting income and other income	-	-	3,324	3,324
Total revenues	12,762	43,613	2,724	59,099
- Interest expense on amounts due to customers	(8,039)	(5,341)	-	(13,380)
- Impairment charge	(1,722)	(9,587)	-	(11,309)
- Fee and commission expense	(186)	(898)	-	(1,084)
- Salaries and other employee benefits	(1,001)	(4,557)	-	(5,558)
- Advertisement expenses	(85)	-	-	(85)
- Provision	-	(924)	-	(924)
Segment result	1,729	22,306	2,724	26,759
Unallocated costs:				
- Interest expense from debt securities issued and amounts due to credit institutions				(6,479)
- Insurance claims incurred, net of reinsurance				(2,559)
- Unallocated operating expenses				(4,895)
Income before income tax expense				12,826
Total segment assets	259,322	1,119,814	729,482	2,108,618
Unallocated assets				140,784
Total assets				2,249,402
Total segment liabilities	(517,789)	(1,043,701)	(4,801)	(1,566,291)
Unallocated liabilities				(390,112)
Total liabilities				(1,956,403)
Other segment items:				
Capital expenditure (unallocated)				(1,148)
Depreciation and amortization expense (unallocated)				(1,725)

As at 31 March 2010 and for the three months then ended (unaudited)	Retail Banking	Corporate banking	Other	Total
External revenues	11,970	46,215	4,212	62,397
Total revenues	11,970	46,215	4,212	62,397
Total revenues comprise:				
- Interest income	10,585	36,826	-	47,411
- Fee and commission income	1,107	7,651	-	8,758
- Net gain from financial assets and liabilities at fair value through profit or loss	-	-	717	717
- Net realized loss from available-for-sale investment securities	-	-	21	21
- Net gain on foreign exchange operations	278	1,747	-	2,025
- Insurance underwriting income and other income	-	-	3,474	3,474
- Share of loss of associates	-	(9)	-	(9)
Total revenues	11,970	46,215	4,212	62,397
- Interest expense on amounts due to customers	(6,786)	(9,677)	-	(16,463)
- Impairment charge	(2,487)	(10,859)	-	(13,346)
- Fee and commission expense	(223)	(1,133)	-	(1,356)
- Salaries and other employee benefits	(930)	(3,353)	-	(4,283)
- Deposit insurance and advertisement expenses	(92)	-	-	(92)
- Recovery of provisions	-	1,098	-	1,098
Segment result	1,452	22,291	4,212	27,955
Unallocated costs:				
- Interest expense from debt securities issued and amounts due to credit institutions				(6,851)
- Insurance claims incurred, net of reinsurance				(1,556)
- Unallocated operating expenses				(6,050)
Income before income tax expense				13,498
Total segment assets	273,417	1,293,367	415,223	1,982,007
Unallocated assets				136,487
Total assets				2,118,494
Total segment liabilities	(411,416)	(975,046)	(3,269)	(1,389,731)
Unallocated liabilities				(434,516)
Total liabilities				(1,824,247)
Other segment items:				
Capital expenditure (unallocated)				(2,177)
Depreciation and amortization expense (unallocated)				(1,614)

Geographical information – Segment information for the main geographical segments of the Group is set out below as at 31 March 2011 and 2010 and for the three-months then ended

	Kazakhstan	OECD	Non-OECD	Total
31 March 2011 (unaudited)				
Total assets	1,995,927	211,592	41,883	2,249,402
31 December 2010				
Total assets	1,752,669	306,993	38,273	2,097,935
Three months ended 31 March 2011 (unaudited)				
External revenues	57,853	398	848	59,099
Capital expenditure	(1,148)	-	-	(1,148)
Three months ended 31 March 2010 (unaudited)				
External revenues	61,472	708	217	62,397
Capital expenditure	(2,177)	-	-	(2,177)

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

32. SUBSEQUENT EVENTS

On 12 April 2011, the ultimate shareholder of the Group, Timur Kulibayev, was appointed to the position of the chairman in Samruk-Kazyna.

On 21 April 2011, during annual meeting the shareholders of Bank made the decision to pay the dividends to preferred shareholders of the Bank in amount of KZT 5,492 million. The period of payment was set from 1 till 30 June 2011.

33. RELATED PARTY TRANSACTIONS

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

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

The ultimate shareholder of the Group, Timur Kulibayev, has held the position of deputy chairman in Samruk-Kazyna since October 2008. The functional responsibilities of Timur Kulibayev do not allow him to exercise significant control over the operations and policies of Samruk-Kazyna or otherwise influence its governance.

The Group had the following balances outstanding as at 31 March 2011 and 31 December 2010 with related parties:

	31 March 2011 (unaudited)		31 December 2010	
	Related party balances	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Financial assets at fair value through profit or loss	-	5,059	48	6,051
- Samruk-Kazyna and its subsidiaries	-		48	
Available-for-sale investment securities before allowance for impairment	-	411,000	39,058	282,506
- Samruk-Kazyna and its subsidiaries	-		39,058	
Allowance for impairment losses on available-for-sale investment securities	-	(1,209)	(549)	(1,212)
- Samruk-Kazyna and its subsidiaries	-		(549)	
Investments held to maturity	-	314,402	4,714	174,419
- Samruk-Kazyna and its subsidiaries	-		4,714	
Loans to customers before allowance for loan impairment	676	1,341,434	12,265	1,342,510
- key management personnel of the entity or its parent	109		109	
- other related parties	567		12,156	
Allowance for impairment losses on loans to customers	(373)	(262,077)	(1,979)	(253,237)
- key management personnel of the entity or its parent	(13)		(13)	
- other related parties	(360)		(1,966)	
Amounts due to customers	33,085	1,561,490	280,277	1,415,755
- the parent	23,139		12,457	
- entities with joint control or significant influence over the entity	1,127		3,017	
- associates	24		117	
- key management personnel of the entity or its parent	1,355		1,450	
- Samruk-Kazyna and its subsidiaries	-		257,750	
- other related parties	7,440		5,486	
Amounts due to credit institutions	-	21,962	44,482	71,403
- Samruk-Kazyna and its subsidiaries	-		44,482	

Included in the condensed interim consolidated income statement and in the condensed interim statement of comprehensive income for the three months ended 31 March 2011 and 2010 are the following amounts which arose due to transactions with related parties:

	Three months ended 31 March 2011 (unaudited)		**Three months ended 31 March 2010 (unaudited)**	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Interest income	939	41,635	1,338	47,411
- entities with joint control or significant influence over the entity	-		412	
- key management personnel of the entity or its parent	3		1	
- Samruk-Kazyna and its subsidiaries	933		192	
- other related parties	3		733	
Interest expense	(1,870)	(19,859)	(7,397)	(23,314)
- the parent	(256)		(234)	
- entities with joint control or significant influence over the entity	(4)		(147)	
- key management personnel of the entity or its parent	(33)		(23)	
- Samruk-Kazyna and its subsidiaries	(1,454)		(6,934)	
- other related parties	(123)		(59)	
Net (loss)/gain from financial assets and liabilities at fair value through profit or loss	(1)	(352)	1	717
- Samruk-Kazyna and its subsidiaries	(1)		1	

	Three months ended 31 March 2011 (unaudited)		**Three months ended 31 March 2010 (unaudited)**	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Key management personnel compensation:	59	5,558	50	4,283
- short-term employee benefits	59		50	