JSC HALYK BANK

Condensed Interim Consolidated Financial Information (unaudited)
For the nine months ended 30 September 2012

JSC HALYK BANK

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JSC HALYK BANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012 (UNAUDITED)

Management is responsible for the preparation of the condensed interim consolidated financial information that presents fairly the financial position of JSC Halyk Bank ("the Bank") and its subsidiaries (collectively, "the Group") as at 30 September 2012, the results of its operations for the three and the nine months then ended, and cash flows and changes in equity for the nine 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:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IAS 34 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IAS 34;
- Maintaining accounting records in compliance with the Republic of Kazakhstan legislation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The condensed interim consolidated financial information of the Group for the nine months ended 30 September 2012 was approved by the Management Board on 16 November 2012.

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

16 November 2012
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

16 November 2012
Almaty, Kazakhstan

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REPORT ON REVIEW OF THE 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 ("the Bank") and its subsidiaries (collectively, "the Group") which comprises the condensed interim consolidated statement of financial position as at 30 September 2012 and the related condensed interim consolidated income statement and statement of comprehensive income for the three and the nine months then ended, and condensed interim consolidated statement of changes in equity and cash flows for the nine months ended 30 September 2012, and a summary of significant accounting policies and selected 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 the 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

16 November 2012
Almaty, Kazakhstan

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012 (UNAUDITED)
(Millions of Kazakhstani Tenge)

	Notes	30 September 2012 (unaudited)	31 December 2011
ASSETS			
Cash and cash equivalents	5	599,569	519,991
Obligatory reserves	6	51,111	52,533
Financial assets at fair value through profit or loss	7, 32	875	3,752
Amounts due from credit institutions	8	18,708	21,096
Available-for-sale investment securities	9, 32	291,037	305,890
Investments held to maturity	10, 32	57,459	78,854
Precious metals		2,656	1,710
Loans to customers	11, 32	1,144,388	1,184,240
Property and equipment		64,901	63,515
Assets held-for-sale	12	7,449	9,500
Goodwill		3,085	3,085
Intangible assets		5,530	5,914
Insurance assets	13	15,923	13,550
Other assets	14	13,911	10,300
TOTAL ASSETS		2,276,602	2,273,930
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	15, 32	1,522,687	1,557,476
Amounts due to credit institutions	16, 32	71,419	41,634
Financial liabilities at fair value through profit or loss	7	555	2,547
Debt securities issued	17	303,396	311,068
Provisions	18	3,264	3,388
Deferred tax liability	19	8,007	8,593
Insurance liabilities	13	26,606	23,028
Other liabilities	20	16,616	15,869
Total liabilities		1,952,550	1,963,603
EQUITY			
Share capital	21	143,695	143,695
Share premium reserve		1,345	1,156
Treasury shares		(81,005)	(39,960)
Retained earnings and other reserves		258,495	204,240
		322,530	309,131
Non-controlling interest		1,522	1,196
Total equity		324,052	310,327
TOTAL LIABILITIES AND EQUITY		2,276,602	2,273,930

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

16 November 2012
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

16 November 2012
Almaty, Kazakhstan

The notes on pages 10 to 50 form an integral part of this condensed interim consolidated financial information.

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2012 (UNAUDITED)
(Millions of Kazakhstani Tenge, except for earnings per share which is in Tenge)

	Notes	Three months ended 30 September 2012 (unaudited)	Three months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Interest income	23, 32	40,087	41,803	119,658	125,167
Interest expense	23, 32	(17,121)	(19,585)	(51,122)	(59,531)
NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE	23	22,966	22,218	68,536	65,636
Impairment charge on interest earning and other assets	18	(1,904)	(8,522)	(10,144)	(28,772)
NET INTEREST INCOME		21,062	13,696	58,392	36,864
Fee and commission income	24	14,368	10,026	36,808	31,225
Fee and commission expense		(1,677)	(1,173)	(4,373)	(3,884)
Fees and commissions, net		12,691	8,853	32,435	27,341
Net (loss)/gain from financial assets and liabilities at fair value through profit or loss	25, 32	(211)	523	(748)	(214)
Net realized gain from available-for-sale investment securities		6	61	756	71
Net gain on foreign exchange operations	26	2,560	1,395	6,857	6,474
Insurance underwriting income	27	4,459	3,971	13,220	10,237
Share of loss of associates		-	(1)	(1)	(5)
Other income		583	355	2,658	1,668
OTHER NON-INTEREST INCOME		7,397	6,304	22,742	18,231
Operating expenses	28	(12,300)	(11,705)	(36,870)	(33,734)
Impairment loss on assets-held-for sale	12	-	-	(2,100)	-
Recovery of provision/(additional provisions recognized)	18	1,616	6	165	(1,292)
Losses incurred from management of pensions assets		-	(6,246)	-	(6,246)
Insurance claims incurred, net of reinsurance	27	(3,294)	(2,437)	(9,174)	(7,271)
NON-INTEREST EXPENSES		(13,978)	(20,382)	(47,979)	(48,543)
INCOME BEFORE INCOME TAX EXPENSE		27,172	8,471	65,590	33,893
Income tax expense	19	(4,814)	(1,440)	(11,622)	(5,762)
NET INCOME		22,358	7,031	53,968	28,131
Attributable to:					
Non-controlling interest		152	(154)	324	57
Preferred shareholders		3,081	1,807	11,634	6,741
Common shareholders		19,125	5,378	42,010	21,333
		22,358	7,031	53,968	28,131
Basic earnings per share (in Kazakhstani Tenge)	29	17.55	4.94	38.55	18.43
Diluted earnings per share (in Kazakhstani Tenge)	29	17.55	4.94	38.55	18.43

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

16 November 2012
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

16 November 2012
Almaty, Kazakhstan

The notes on pages 10 to 50 form an integral part of this condensed interim consolidated financial information.

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2012 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Three months ended 30 September 2012 (unaudited)	Three months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Net income	22,358	7,031	53,968	28,131
Other comprehensive income/(loss)				
Gain/(loss) on revaluation of available-for-sale investment securities	1,602	(3,443)	6,068	466
Gain transferred to income statement on sale of available-for-sale investment securities	(6)	(61)	(756)	(71)
Loss/(gain) transferred to income statement on impairment of available-for-sale investment securities	24	(13)	72	(99)
(Loss)/gain on revaluation of property, net of tax	(77)	-	(124)	14
Exchange differences on translation of foreign operations into the reporting currency	366	(632)	267	41
Other comprehensive income/(loss) for the period	1,909	(4,149)	5,527	351
Total comprehensive income for the period	24,267	2,882	59,495	28,482
Attributable to:				
Non-controlling interest	151	(154)	326	33
Preferred shareholders	3,346	763	12,832	6,831
Common shareholders	20,770	2,273	46,337	21,618
	24,267	2,882	59,495	28,482

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

16 November 2012
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

16 November 2012
Almaty, Kazakhstan

The notes on pages 10 to 50 form an integral part of this condensed interim consolidated financial information.

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Share capital				Treasury Shares								
	Common shares	**Non-convertible preferred shares**	**Convertible preferred shares**	**Share premium reserve**	**common shares**	**preferred shares**	**Cumulative translation reserve***	**Revaluation reserve of available-for -sale investment securities***	**Property revaluation reserve***	**Retained earnings***	**Total**	**Non-controlling interest**	**Total equity**
31 December 2011	83,571	46,891	13,233	1,156	(39,960)	-	1,223	3,593	15,487	183,937	309,131	1,196	310,327
Net income	-	-	-	-	-	-	-	-	-	53,644	53,644	324	53,968
Other comprehensive income/(loss)	-	-	-	-	-	-	267	5,382	(124)	-	5,525	2	5,527
Total comprehensive income/(loss)	-	-	-	-	-	-	267	5,382	(124)	53,644	59,169	326	59,495
Treasury shares purchased (Note 21)	-	-	-	(217)	(9)	(41,054)	-	-	-	-	(41,280)	-	(41,280)
Treasury shares sold (Note 21)	-	-	-	406	18	-	-	-	-	-	424	-	424
Dividends paid – preferred shares	-	-	-	-	-	-	-	-	-	(4,914)	(4,914)	-	(4,914)
Release of property revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	-	-	-	(378)	378	-	-	-
30 September 2012(unaudited)	83,571	46,891	13,233	1,345	(39,951)	(41,054)	1,490	8,975	14,985	233,045	322,530	1,522	324,052

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Common shares	Share capital Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Treasury Shares (common shares)	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property 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		-	-	-	-	-	-	-	-	28,074	28,074	57	28,131
Other comprehensive (loss)/income		-	-	-	-	-	41	320	14	-	375	(24)	351
Total comprehensive (loss)/income		-	-	-	-	-	41	320	14	28,074	28,449	33	28,482
Treasury shares purchased		-	-	-	(180)	(39,897)	-	-	-	-	(40,077)	-	(40,077)
Treasury shares sold		-	-	-	19	31	-	-	-	-	50	-	50
Dividends paid – preferred shares		-	-	-	-	-	-	-	-	(5,493)	(5,493)	-	(5,493)
Dividends paid by subsidiaries		-	-	-	-	-	-	-	-	-	-	(90)	(90)
Release of property revaluation reserve on depreciation and disposal of previously revalued assets		-	-	-	-	-	-	-	(122)	122	-	-	-
30 September 2011 (unaudited)		83,571	46,891	13,233	1,191	(39,959)	1,401	4,202	16,867	172,230	299,627	1,129	300,756

* 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
Chairperson of the Board

16 November 2012
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

16 November 2012
Almaty, Kazakhstan

The notes on pages 10 to 50 form an integral part of this condensed interim consolidated financial information.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012 (UNAUDITED)
(Millions of Kazakhstani Tenge)

	Notes	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received from financial assets at fair value through profit or loss		17	12
Interest received from cash equivalents and amounts due from credit institutions		2,355	1,418
Interest received on available-for-sale investment securities		10,792	9,072
Interest received on investments held-to-maturity		1,079	1,012
Interest received from loans to customers		104,969	104,426
Interest paid on due to customers		(34,483)	(36,532)
Interest paid on due to credit institutions		(468)	(647)
Interest paid on debt securities issued		(15,583)	(13,633)
Fee and commission received		38,546	25,746
Fee and commission paid		(4,373)	(3,884)
Insurance underwriting income received		18,913	22,777
Ceded insurance share paid		(6,006)	(11,074)
Other income received		9,388	5,217
Operating expenses paid		(28,094)	(29,093)
Insurance reimbursements paid		(7,617)	(4,929)
Reimbursements of losses due to reinsurance risks received		315	1,392
Cash flows from operating activities before changes in net operating assets		89,750	71,280
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets:			
Obligatory reserves		1,422	(24,067)
Financial assets at fair value through profit or loss		2,043	1,129
Amounts due from credit institutions		1,680	(4,341)
Precious metals		(593)	(36)
Loans to customers		34,017	(32,626)
Insurance assets		(1,525)	(4,949)
Other assets		9,686	7,891
Increase/(decrease) in operating liabilities:			
Financial liabilities at fair value through profit or loss		(1,992)	40
Amounts due to customers		(36,191)	71,056
Amounts due to credit institutions		29,537	(10,108)
Insurance liabilities		1,164	3,510
Other liabilities		(10,675)	7,022
Net cash inflow from operating activities before income tax		118,323	85,801
Income tax paid		(4,512)	(5,742)
Net cash inflow from operating activities		113,811	80,059
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase and prepayment for property and equipment and intangible assets		(7,685)	(4,373)
Proceeds on sale of property and equipment		50	36
Purchase of available-for-sale investment securities		(38,834)	(334,585)
Proceeds on sale of available-for-sale investment securities		48,627	256,606
Purchase of investments held to maturity		(59,698)	(444,901)
Proceeds from redemption of investments held to maturity		76,996	542,811
Net cash inflow from investing activities		19,456	15,594

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from sale of treasury shares		424	50
Purchase of treasury shares		(41,280)	(40,077)
Dividends paid		(4,914)	(5,583)
Proceeds on debt securities issued		-	71,585
Redemption and repayment of debt securities issued		(13,112)	-
Net cash (outflow)/inflow from financing activities		(58,882)	25,975
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		5,193	3,909
Net change in cash and cash equivalents		79,578	125,537
CASH AND CASH EQUIVALENTS, beginning of the period		519,991	392,898
CASH AND CASH EQUIVALENTS, end of the period	5	599,569	518,435

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

16 November 2012
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

16 November 2012
Almaty, Kazakhstan

The notes on pages 10 to 50 form an integral part of this condensed interim consolidated financial information.

1. PRINCIPAL ACTIVITIES

JSC Halyk Bank ("the Bank") and its subsidiaries (collectively, "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 banking and other operations and activities on the securities market, renewed by the Committee for Control and Supervision of Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan ("FMSC" – previously known as Agency for Regulation and Supervision of Financial Market and Financial Organizations of the Republic of Kazakhstan) on 6 August 2008. The Bank is a member of the obligatory deposit insurance system provided by JSC Kazakhstan 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 payment card operations and rendering other banking services to its customers. In addition, the Bank acts as the Republic of Kazakhstan 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 Republic of 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 and in 2012, Samruk-Kazyna partially disposed of its interest in the Bank as disclosed 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 a result, the Group has recorded KZT 39,875 million as cost of acquired treasury shares (see Note 21).

In May 2012, the Bank paid KZT 7,114 million to acquire from the parent a call option to purchase 196,232,499 of the Bank's preferred shares from Samruk-Kazyna at a fixed strike price of KZT 179.94 per share. In June 2012, the Bank partially exercised the option and repurchased 150,000,000 of its own preferred shares from Samruk-Kazyna for KZT 26,991 million.

On 5 July 2012, the Bank repurchased 40,000,000 of its own preferred shares from Samruk-Kazyna at a price of KZT 180.21 per share for the total amount of KZT 7,208 million. After the repurchase, Samruk-Kazyna continues owning 6,232,499 preferred shares of the Bank (see Note 21). As a result, the Group has recorded KZT 41,054 million as a cost of acquired treasury shares.

According to IAS 32 "Financial Instruments: Presentation", the difference of the market price of the treasury shares over cost was not recorded.

The Group is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva.

As at 30 September 2012 and 31 December 2011, the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

	30 September 2012 (unaudited)		31 December 2011	
	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%	90.07%	44.51%	90.28%
Samruk-Kazyna	0.37%	-	11.55%	-
Others	55.12%	9.93%	43.94%	9.72%
	100.00%	100.00%	100.00%	100.00%

* Total shares issued include common and preferred shares

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

As at 30 September 2012, the Bank operated through its head office in Almaty and its 22 regional branches, 122 sub-regional offices and 416 cash settlement units (as at 31 December 2011 - 22, 122 and 445, respectively) located throughout Kazakhstan. The address of the Bank's registered office is: 109 V Abai Avenue, Almaty, 050008, Kazakhstan.

The condensed interim consolidated financial information of the Group for the nine months ended 30 September 2012 was authorized for issue by the Management Board of the Bank on 16 November 2012.

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 30 September 2012 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 2011.

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 has 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 which are carried at revalued cost less depreciation.

Consolidated subsidiaries

This condensed interim consolidated financial information includes the following subsidiaries:

Subsidiary	**Holding, %**		**Country**	**Industry**
	30 September 2011 (unaudited)	**31 December 2011**		
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	N/A*	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

* In accordance with Decision of the Board of Directors of the Bank dated 26 December 2011, JSC "Halyk Capital" was reorganised by merging with JSC "Halyk Finance". The actual transfer of assets was performed on 18 January 2012.

Associates

JSC Processing Center, the associate, provides data processing services in the Republic of 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 30 September 2012 and for the nine months then ended (unaudited)					
25.14	(1)	9	-	9	-
As at 31 December 2011 and for the year then ended					
25.14	(4)	11	-	11	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 2011. There were no changes in accounting policies during the nine months ended 30 September 2012.

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 as 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 30 September 2012 is KZT 297,117 million (as at 31 December 2011: KZT 291,303 million) (see Note 18).

Taxation

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

As at 30 September 2012, 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 incurred but not reported reserves (“IBNR”) claims at the reporting date. For certain lines of business, IBNR claims form the majority of the statement of financial position claims provision. It can take a significant period of time before the ultimate claims cost can be established with certainty. For hull, property, accident and liability insurance, the Group actuarially determines the liability using past claim settlement trends to predict future claims settlement amounts. In estimating the cost of reported and IBNR claims for certain other lines of business, management applies current government guidance as provided by FMSC, 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 condensed interim consolidated financial information in the period in which the necessary adjustments become known and estimable.

Goodwill

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

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

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

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	30 September 2012 (unaudited)	31 December 2011
Cash on hand	59,100	61,072
Recorded as loans and receivables in accordance with IAS 39:		
Short-term deposits with Organization for Economic Co-operation and Development countries (the "OECD") based banks	268,784	217,348
Correspondent accounts with National Bank of Kazakhstan ("NBK")	170,933	77,952
Overnight deposits with OECD based banks	59,976	102,960
Correspondent accounts with OECD based banks	24,494	40,680
Short-term deposits with Kazakhstan banks	9,821	5,528
Correspondent accounts with non-OECD based banks	4,367	2,469
Short-term deposits with non-OECD based banks	2,012	1,982
Overnight deposits with non-OECD based banks	82	-
Short-term deposits with NBK	-	10,000
	599,569	519,991

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

	30 September 2012 (unaudited)		31 December 2011	
	KZT	**Foreign currencies**	**KZT**	**Foreign currencies**
Short-term deposits with OECD based banks	-	1.0%-5,5%	1.0%	0.3%
Overnight deposits with OECD based banks	-	0.1%-0.3%	-	0.1%-1.0%
Short-term deposits with Kazakhstan banks	0.7%-5.0%	-	0.7%-2.0%	-
Short-term deposits with non-OECD based banks	-	4.0%-4.3%	-	4.4%-8.0%
Overnight deposits with non-OECD based banks	-	4.3%	-	-
Short-term deposits with NBK	-	-	0.5%	-

The 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 30 September 2012 and 31 December 2011 are presented as follows:

	30 September 2012 (unaudited)		31 December 2011	
	Carrying value of deposits	**Fair value of collateral**	**Carrying value of deposits**	**Fair value of collateral**
Treasury bills and NBK Notes	9,821	10,549	5,528	5,861

6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	30 September 2012 (unaudited)	31 December 2011
Recorded as loans and receivables in accordance with IAS 39:		
Due from NBK allocated to obligatory reserves	51,111	52,533
	51,111	52,533

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

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

Financial assets at fair value through profit or loss comprise:

	30 September 2012 (unaudited)	31 December 2011
Financial assets held for trading:		
Derivative financial instruments	391	3,304
Corporate bonds	236	103
Securities of foreign countries and organizations	127	125
Equity securities of Kazakhstan banks	89	220
Bonds of Kazakhstan banks	32	-
	875	3,752

Financial liabilities at fair value through profit or loss comprise:

	30 September 2012 (unaudited)	31 December 2011
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	555	2,547

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

	30 September 2012 (unaudited) Interest rate, %	31 December 2011 Interest rate, %
Securities of foreign countries and organizations	8.9%-15.0%	8.9%-15.0%
Corporate bonds	3.6%-18.0%	6.5%-18.0%
Bonds of Kazakhstan banks	5.5%	-

Derivative financial instruments comprise:

	30 September 2012 (unaudited)			31 December 2011		
	Nominal amount	Net fair value Asset	Liability	Nominal amount	Net fair value Asset	Liability
Foreign currency contracts:						
Forwards	32,114	35	186	76,958	3,085	2,442
Swaps	23,425	102	369	35,185	158	105
Options	7,114	254	-	4,627	61	-
		391	555		3,304	2,547

As at 30 September 2012 and 31 December 2011, the Group used quoted market prices from independent information sources for all of its financial assets recorded at fair value through profit or loss, with the exception of derivative financial instruments, which are valued using valuation models based on market data.

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	30 September 2012 (unaudited)	31 December 2011
Recorded as loans and receivables in accordance with IAS 39:		
Term deposits	14,534	11,499
Deposit pledged as collateral for derivative financial instruments	3,092	7,313
Loans to Kazakhstan credit institutions	1,084	2,286
	18,710	21,098
Less - Allowance for loan impairment (Note 18)	(2)	(2)
	18,708	21,096

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

	30 September 2012 (unaudited)		31 December 2011	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Term deposits	0.5%-9.0%	2012-2014	0.5%-12.5%	2012-2014
Deposit pledged as collateral for derivative financial instruments	0.2%-1.8%	2014	0.2%-1.8%	2012
Loans to Kazakhstan credit institutions	5.5%-17.0%	2012-2015	14.5%-17.0%	2015

9. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	30 September 2012 (unaudited)	31 December 2011
Treasury bills of the Ministry of Finance of Kazakhstan	100,899	137,733
Corporate bonds	76,402	72,099
Securities of foreign countries and organizations	75,579	52,764
Treasury bills of the Russian Federation	11,161	8,156
Bonds of JSC Development Bank of Kazakhstan	10,535	9,318
Bonds of Kazakhstan banks	7,977	6,000
Local municipal bonds	3,947	4,035
Mutual investment funds shares	2,123	2,950
Equity securities of Kazakhstan corporations	1,031	1,394
NBK notes	993	11,146
Equity securities of Kazakhstan banks	230	295
Equity securities of foreign corporations	160	-
	291,037	305,890
Subject to repurchase agreements		
NBK notes	27,900	9,474

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

	30 September 2012 (unaudited)		31 December 2011	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	1.6%-8.8%	2012-2027	0.1%-10.1%	2012-2027
Corporate bonds	4.0%-14.0%	2012-2021	5.7%-10.5%	2012-2021
Securities of foreign countries and organizations	2.0%-9.0%	2013-2020	2.0%-9.6%	2012-2020
Treasury bills of the Russian Federation	3.0%-7.6%	2015-2021	2.9%-7.6%	2015-2021
Bonds of JSC Development Bank of Kazakhstan	5.4%-7.0%	2015-2026	5.4%-7.0%	2015-2026
Bonds of Kazakhstan banks	5.0%-14.9%	2012-2030	0.1%-15.4%	2012-2030
Local municipal bonds	4.9%	2015	4.9%	2015
NBK notes	-	2012-2013	1.7%	2012

As at 30 September 2012 and 31 December 2011, the Group used quoted market prices from independent informational sources to determine the fair value for all of its available-for-sale investment securities.

On 31 December 2008, the Group reclassified certain debt and equity securities with total fair value of KZT 4,925 million out of financial assets at fair value through profit or loss category into the available-for-sale investment securities. The reclassification was made only for those securities which had a significant decline in volume of transactions in the financial markets as a result of the financial crisis. The Group revised its investment policy in relation to these securities and has the intention and ability to hold these securities for the foreseeable future.

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

Debt securities:	Effective interest rate, %	As at reporting date 30 September 2012 (unaudited) Fair value	As at reclassification date 31 December 2008 Fair value
Bonds of JSC Development Bank of Kazakhstan	7.01%	3,025	2,213

Equity securities:	As at reporting date 30 September 2012 (unaudited) Fair value	As at reclassification date 31 December 2008 Fair value
Equity securities of Kazakhstan corporations	69	74
Mutual investment funds shares	-	651
	69	725

The Group sold mutual investment funds shares during the year ended 31 December 2011. 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 JSC Development Bank of Kazakhstan	4,711

The net gain/(loss) that would be recognized in the condensed interim consolidated income statement for the nine months ended 30 September 2012 and 2011 from the debt and equity securities which were reclassified is presented in the tables below:

Debt securities:	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Bonds of JSC Development Bank of Kazakhstan	532	238

Equity securities:	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Mutual investment funds shares	13	(133)
Equity securities of Kazakhstan corporations	-	3
	13	(130)

10. INVESTMENTS HELD TO MATURITY

Investments held to maturity comprise:

	30 September 2012 (unaudited)	31 December 2011
NBK notes	29,880	59,860
Treasury bills of the Ministry of Finance of Kazakhstan	13,632	9,841
Corporate bonds	8,200	7,571
Bonds of Kazakhstan banks	2,989	515
Securities of foreign countries and organizations	1,563	-
Notes of National Bank of Georgia	839	877
Treasury bills of Kyrgyz Republic	221	190
Notes of National Bank of Kyrgyz Republic	135	-
	57,459	78,854
Subject to repurchase agreements		
NBK notes	10,500	18,003

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

	30 September 2012 (unaudited)		31 December 2011	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
NBK notes	1.7%-1.8%	2012-2013	1.0%-1.5%	2012
Treasury bills of the Ministry of Finance of Kazakhstan	1.6%	2012-2030	1.6%	2012-2015
Corporate bonds	5.9%-20.3%	2015-2020	20.1%	2012-2017
Bonds of Kazakhstan banks	6.8%-15.5%	2013-2016	11.0%	2015
Securities of foreign countries and organizations	8.5%-17.1%	2014-2016	-	-
Notes of National Bank of Georgia	11.3%-15.2%	2012-2017	13.8%-15.6%	2012-2016
Treasury bills of Kyrgyz Republic	7.1%-9.5%	2013	20.0%-20.5%	2012
Notes of National Bank of Kyrgyz Republic	4.3%	2012	-	-

11. LOANS TO CUSTOMERS

Loans to customers comprise:

	30 September 2012 (unaudited)	31 December 2011
Recorded as loans and receivables in accordance with IAS 39:		
Originated loans to customers	1,440,791	1,471,436
Overdrafts	714	4,107
	1,441,505	1,475,543
Less – Allowance for loan impairment (Note 18)	(297,117)	(291,303)
	1,144,388	1,184,240

As at 30 September 2012, the annual interest rates charged by the Group ranged from 12.5% to 22% per annum for KZT-denominated loans (as at 31 December 2011 – from 12.5% to 22%) and from 12.5% to 16.5% per annum for US Dollar-denominated loans (as at 31 December 2011 – from 7% to 17%).

As at 30 September 2012, the Group had a concentration of loans of KZT 258,678 million from the ten largest borrowers that comprised 18% of the Group's total gross loan portfolio (as at 31 December 2011 – KZT 284,771 million; 19%) and 80% of the Group's equity (as at 31 December 2011 – 92%). As at 30 September 2012 an allowance for loan impairment amounting to KZT 41,187 million was made against these loans (as at 31 December 2011 – KZT 52,712 million).

Loans are made to the following sectors:

	30 September 2012 (unaudited)	**%**	**31 December 2011**	**%**
Retail loans:				
- consumer loans	210,746	15%	168,766	11%
- mortgage loans	111,193	8%	119,199	8%
	321,939		287,965	
Wholesale trade	278,767	19 %	287,987	19%
Construction	151,098	10%	168,065	11%
Services	143,673	10%	122,038	8%
Real estate	114,115	8%	120,617	8%
Retail trade	105,444	7%	100,847	7%
Agriculture	80,266	6%	94,155	6%
Transportation	51,429	4%	44,223	3%
Chemical industry	37,983	3%	9,244	1%
Metallurgy	33,575	2%	37,023	3%
Hotel industry	29,880	2%	39,008	3%
Food industry	29,180	2%	44,787	3%
Mining	17,632	1%	4,617	0%
Oil and gas	13,949	1%	37,376	3%
Machinery	10,567	1%	7,393	1%
Energy	8,293	0%	56,665	4%
Light industry	4,056	0%	5,813	0%
Communication	1,595	0%	94	0%
Other	8,064	1%	7,626	1%
	1,441,505	100%	1,475,543	100%

As at 30 September 2012, the amount of accrued interest on loans comprised KZT 105,493 million (as at 31 December 2011 – KZT 112,313 million).

12. ASSETS HELD – FOR – SALE

During 2010 and 2009, after the default of certain counterparties on loans to customers, the Group has recognized the property pledged as collateral for the loans as assets held for sale at fair value. The type of assets recognized was land, buildings and constructions. The proceeds from disposal were expected to exceed the carrying value of the assets and accordingly no impairment losses have been recognized on these assets during the years 2011, 2010 and 2009.

In June 2012 the Group performed an independent valuation of its assets held for sale. Based on the result of the valuation the Group recognized an impairment loss of KZT 2,100 million.

13. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	30 September 2012 (unaudited)	31 December 2011
Reinsurance premium unearned	7,450	8,582
Reinsurance amounts recoverable	5,119	1,744
	12,569	10,326
Premiums receivable	3,354	3,224
Insurance assets	15,923	13,550

Insurance liabilities comprised the following:

	30 September 2012 (unaudited)	31 December 2011
Reserves for insurance claims	12,875	8,146
Gross unearned insurance premium reserve	11,343	12,129
	24,218	20,275
Payables to reinsurers and agents	2,388	2,753
Insurance liabilities	26,606	23,028

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. The insurance risk is concentrated in the Republic of Kazakhstan.

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 experienced 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 remain 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:

	30 September 2012 (unaudited)	31 December 2011
Other financial assets recorded as loans and receivables in accordance with IAS 39:		
Debtors on banking activities	5,446	2,873
Accrued commission for managing pension assets	2,088	382
Debtors on non – banking activity	1,382	1,217
Accrued other commission income	658	625
Other	51	9
	9,625	5,106
Less – Allowance for impairment (Note 18)	(1,605)	(1,125)
	8,020	3,981
Other non financial assets:		
Inventory	1,412	1,552
Prepayments for property and equipment	1,311	1,260
Corporate income tax prepaid	1,006	3,133
Advances for taxes other than income tax	1,304	664
Deferred tax asset (Note 19)	1,195	314
Investments in associates	54	67
Other	431	429
	6,713	7,419
Less – Allowance for impairment (Note 18)	(822)	(1,100)
	5,891	6,319
	13,911	10,300

15. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	30 September 2012 (unaudited)	31 December 2011
Recorded at amortized cost:		
Term deposits:		
Legal entities	342,927	420,648
Individuals	487,747	426,219
	830,674	846,867
Current accounts:		
Legal entities	539,836	570,595
Individuals	152,177	140,014
	692,013	710,609
	1,522,687	1,557,476

As at 30 September 2012, the Group's ten largest customers accounted for approximately 43% of the total amounts due to customers (31 December 2011 – 51%).

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:

	30 September 2012 (unaudited)	%	31 December 2011	%
Individuals and entrepreneurs	639,924	42%	566,233	36%
Oil and gas	309,142	20%	326,157	21%
Construction	98,103	6%	72,824	5%
Wholesale trade	98,032	6%	137,855	9%
Communication	53,644	4%	4,184	0%
Transportation	53,320	4%	126,104	8%
Other consumer services	41,760	3%	53,124	3%
Government	40,457	3%	50,531	3%
Financial sector	35,548	2%	25,064	2%
Education	24,549	2%	13,110	1%
Metallurgy	20,217	1%	27,207	2%
Insurance and pension funds activity	17,383	1%	17,058	1%
Energy	16,265	1%	57,679	4%
Healthcare and social services	12,452	1%	10,511	1%
Other	61,891	4%	69,835	4%
	1,522,687	100%	1,557,476	100%

16. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	30 September 2012 (unaudited)	31 December 2011
Recorded at amortized cost:		
Loans and deposits from Kazakhstan banks	55,654	29,340
Loans and deposits from OECD based banks	7,543	8,717
Loans and deposits from non – OECD banks	3,940	819
Correspondent accounts	2,185	1,752
Loans from other financial institutions	2,097	1,006
	71,419	41,634

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

	30 September 2012 (unaudited)		31 December 2011	
	Interest rate, %	**Maturity, year**	**Interest rate, %**	**Maturity, year**
Loans and deposits from Kazakhstan banks	0.2%-1.0%	2012	0.1%-0.5%	2012
Loans and deposits from OECD based banks	0.9% - 6.5%	2023	1.1% - 7.7%	2012 - 2023
Loans and deposits from non-OECD based banks	2.8%	2012	2.5% - 3.4%	2012 - 2013
Loans from other financial institutions	5.0%-5.2%	2012-2016	3.0% - 3.9%	2012 - 2014

Fair value of assets pledged and carrying amount of loans under repurchase agreements as at 30 September 2012 and 31 December 2011 are presented as follows:

	30 September 2012 (unaudited)		31 December 2011	
	Fair value of collateral	**Carrying amount of loans**	**Fair value of collateral**	**Carrying amount of loans**
NBK notes	42,089	39,736	28,429	27,001

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 30 September 2012 and 31 December 2011, the Group was in compliance with the covenants of the various debt agreements the Group has with other banks and financial institutions.

17. DEBT SECURITIES ISSUED

Debt securities issued comprise:

	30 September 2012 (unaudited)	31 December 2011
Recorded at amortized cost:		
Subordinated debt securities issued:		
Fixed rate KZT denominated bonds	11,899	11,754
Reverse inflation indexed KZT denominated bonds	8,674	8,406
Inflation indexed KZT denominated bonds	3,985	3,951
Total subordinated debt securities outstanding	24,558	24,111
Unsubordinated debt securities issued:		
USD denominated bonds	278,838	276,566
KZT denominated bonds	-	10,391
Total unsubordinated debt securities outstanding	278,838	286,957
Total debt securities outstanding	303,396	311,068

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

	30 September 2012 (unaudited)		31 December 2011	
	Coupon rate, %	**Maturity, year**	**Coupon rate, %**	**Maturity, year**
Subordinated debt securities issued:				
Fixed rate KZT denominated bonds	7.5%-13.0%	2014-2018	7.5%-13.0%	2014-2018
Reverse inflation indexed KZT denominated bonds	15% less inflation rate	2015-2016	15% less inflation rate	2015-2016
Inflation indexed KZT denominated bonds	inflation rate plus 1%	2015	inflation rate plus 1%	2015
Unsubordinated debt securities issued:				
USD denominated bonds	7.3%-9.3%	2013-2021	7.3%-9.3%	2013-2021
KZT denominated bonds	-	-	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 at 30 September 2012 and 31 December 2011, 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
30 June 2012 (unaudited)	(295,007)	(1)	(1,050)	(2,089)	(298,147)
(Additional provisions recognized)/recovery of provision	(1,591)	(1)	24	(336)	(1,904)
Write-offs	510	-	-	-	510
Foreign exchange differences	(1,029)	-	-	(2)	(1,031)
30 September 2012 (unaudited)	(297,117)	(2)	(1,026)	(2,427)	(300,572)
30 June 2011 (unaudited)	(271,159)	(2)	(1,121)	(2,150)	(274,432)
(Additional provisions recognized)/recovery of provision	(8,472)	4	7	(61)	(8,522)
Write-offs	8	-	-	137	145
Foreign exchange differences	(1,551)	(3)	-	(3)	(1,557)
30 September 2011 (unaudited)	(281,174)	(1)	(1,114)	(2,077)	(284,366)
31 December 2011	(291,303)	(2)	(1,098)	(2,225)	(294,628)
(Additional provisions recognized)/recovery of provision	(9,816)	-	72	(400)	(10,144)
Write - offs	5,935	-	-	200	6,135
Foreign exchange differences	(1,933)	-	-	(2)	(1,935)
30 September 2012 (unaudited)	(297,117)	(2)	(1,026)	(2,427)	(300,572)
31 December 2010	(253,237)	(2)	(1,212)	(1,989)	(256,440)
(Additional provisions recognized)/recovery of provision	(28,365)	1	98	(506)	(28,772)
Write-offs	1,562	-	-	428	1,990
Foreign exchange differences	(1,134)	-	-	(10)	(1,144)
30 September 2011 (unaudited)	(281,174)	(1)	(1,114)	(2,077)	(284,366)

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 30 September 2012 (unaudited)	Three months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
At the beginning of the period	(4,854)	(5,185)	(3,388)	(3,861)
Recovery of provision/(additional provisions recognized)	1,616	6	165	(1,292)
Foreign exchange differences	(26)	17	(41)	(9)
At the end of the period	(3,264)	(5,162)	(3,264)	(5,162)

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. JSC NBK Bank and LLP NBK-Finance are subject to income tax in the Russian Federation. OJSC Halyk Bank Kyrgyzstan is subject to income tax in the Republic of Kyrgyzstan. JSC Halyk Bank Georgia is subject to income tax in Georgia.

The income tax expense comprises:

	Three months ended 30 September 2012 (unaudited)	Three months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Current tax charge	5,588	1,389	13,090	5,239
Deferred tax (benefit)/expense	(774)	51	(1,468)	523
Income tax expense	4,814	1,440	11,622	5,762

The tax rate for Kazakhstan companies was 20% during nine months ended 30 September 2012 and 2011. Income on state and other qualifying securities is tax exempt.

The tax rates in the Netherlands, the Russian Federation, the Republic of Kyrgyzstan and Georgia are 20%, 20%, 10% and 15%, respectively.

Deferred tax assets and liabilities comprise:

	30 September 2012 (unaudited)	31 December 2011
Tax effect of deductible temporary differences:		
Insurance premium reserves	1,060	239
Bonuses accrued	908	710
Provisions, different rates	194	334
Vacation pay accrual	184	198
Fair value of derivatives	102	494
Deferred tax asset	2,448	1,975
Tax effect of taxable temporary differences:		
Loans to customers, allowance for impairment losses	(4,658)	(5,410)
Property and equipment, accrued depreciation	(4,533)	(4,198)
Fair value of derivatives	(69)	(646)
Deferred tax liability	(9,260)	(10,254)
Net deferred tax liability	(6,812)	(8,279)

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:

	30 September 2012 (unaudited)	31 December 2011
Deferred tax asset (Note 14)	1,195	314
Deferred tax liability	(8,007)	(8,593)
Net deferred tax liability	(6,812)	(8,279)

Kazakhstan and other countries where the Group operates currently have 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 non-existent and few precedents have been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organizations; thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

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

20. OTHER LIABILITIES

Other liabilities comprise:

	30 September 2012 (unaudited)	31 December 2011
Other financial liabilities:		
Payable for general and administrative expenses	746	242
Creditors on bank activities	709	312
Creditors on non - banking activities	313	351
Amounts due to customers of pension funds	-	5,163
Other	83	111
	1,851	6,179
Other non financial liabilities:		
Current income tax payable	6,686	232
Salary payable	5,936	5,106
Taxes payable other than income tax	1,185	3,171
Other prepayments received	958	1,181
	14,765	9,690
	16,616	15,869

JSC Accumulated Pension fund of Halyk Bank (the “Pension Fund Management Company) receives two types of fees – 15% for management of pension assets based on the income earned or loss incurred on the pension assets during the month and 0.05% earned monthly based on total net assets under administration.

During the third quarter of 2011 due to a significant fall in the market quotations of securities the pension assets portfolio incurred significant unrealized losses, which resulted in recognition of losses incurred from management of pension assets. The Group would have to repay those amounts in instances where the customers leave the fund or otherwise they could be offset against future income.

As at 30 September 2012, the losses incurred from management of pension assets were offset against the income received amounting to KZT 5,163 million.

21. EQUITY

Authorized, issued and fully paid number of shares as at 30 September 2012 and 2011 were as follows:

30 September 2012 (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	(218,204,421)	1,090,211,539
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(214,085,931)	95,773,499
Convertible preferred shares	80,225,222	-	80,225,222	(482,898)	79,742,324

30 September 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	(219,043,865)	1,089,372,095
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(23,972,213)	285,887,217
Convertible preferred shares	80,225,222	-	80,225,222	(296,191)	79,929,031

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 2011	1,089,338,798	285,803,817	79,846,624	43,611	46,891	13,233
Purchase of treasury shares from Samruk-Kazyna (including the cost of the call option – see Note 1)	-	(190,000,000)	-	-	(41,054)	-
Other purchases of treasury shares	(902,296)	(1,349,054)	(129,300)	(9)	-	-
Sale of treasury shares	1,775,037	1,318,736	25,000	18	-	-
30 September 2012 (unaudited)	1,090,211,539	95,773,499	79,742,324	43,620	5,837	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	(2,226,211)	(575)	(1,170)	(22)	-	-
Sale of treasury shares	3,087,299	396	-	31	-	-
30 September 2011 (unaudited)	1,089,372,095	285,887,217	79,929,031	43,612	46,891	13,233

At 30 September 2012, the Group held 218,204,421 of the Group's common shares as treasury shares at KZT 39,950 million (30 September 2011 – 219,043,865 at KZT 39,959 million).

At 30 September 2012, the Group held 190,000,000 of the Group's preferred shares as treasury shares at KZT 41,054 million (30 September 2011: Nil).

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 Preferred shares cannot be less than the dividends paid on common shares. Furthermore, the dividends on common shares will not be paid until dividends on Preferred shares are fully paid.

The payment of additional dividends on the Preferred Shares is determined based on a formula specified in the Preferred 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 percent, 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 percent. Inflation in either calculation will range between three and nine percent. 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 Preferred 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:

	30 September 2012 (unaudited)	31 December 2011
Guarantees issued	92,996	86,707
Commercial letters of credit	9,943	13,479
Commitments to extend credit	13,646	10,716
Financial commitments and contingencies	116,585	110,902
Less: cash collateral against letters of credit	(5,216)	(4,266)
Less: provisions (Note 18)	(3,264)	(3,388)
Total financial commitments and contingencies, net	108,105	103,248

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 30 September 2012, the ten largest guarantees accounted for 68% of the Group's total financial guarantees (as at 31 December 2011 – 75%) and represented 19% of the Group's total equity (as at 31 December 2011 – 21%).

As at 30 September 2012, the ten largest letters of credit accounted for 84% of the Group's total commercial letters of credit (as at 31 December 2011 – 68%) and represented 3% of the Group's total equity (as at 31 December 2011 – 3%).

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 customers to manage the customers' assets with limited decision making rights and in accordance with specific criteria established by the customers. The Group may only be liable for losses or actions aimed at appropriation of the customers' funds if such funds or securities are not returned to the customer. The maximum potential financial risk of the Group on any date is equal to the volume of the customers' funds, net of any unrealized income/loss on the customer's position. The balance of the customers' funds under the management of the Group, as at 30 September 2012 is KZT 1,002 billion (31 December 2011 – KZT 878 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 this condensed interim consolidated financial information.

Taxation

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

Such uncertainty may relate to the valuation of financial instruments 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 the Republic of 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 the Republic of Kazakhstan and Kazakhstan's economy in general.

Laws and regulations affecting businesses in the Republic of Kazakhstan continue to change rapidly. Tax, currency and customs legislation within the Republic of Kazakhstan is subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in the Republic of Kazakhstan. The future economic direction of the Republic of Kazakhstan is heavily influenced by the economic, fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. Additionally there is increased uncertainty about the creditworthiness of some sovereign states in the Eurozone and financial institutions with exposure to the sovereign debt of such states. These conditions could slow or disrupt the 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.

Banks-correspondents of the Group did not decrease the limits on the Group and did not otherwise change the terms of cooperation with the Group, which could become less advantageous for the Group.

23. NET INTEREST INCOME

	Three months ended 30 September 2012 (unaudited)	Three months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Interest income comprises:				
Interest income on financial assets recorded at amortized cost:				
- interest income on impaired assets	17,945	19,326	64,890	71,124
- interest income on unimpaired assets	18,609	18,784	43,909	43,136
Interest income on financial assets at fair value through profit or loss	7	4	21	14
Interest income on available-for-sale investment securities	3,526	3,689	10,838	10,893
Total interest income	40,087	41,803	119,658	125,167
Interest income on financial assets recorded at amortized cost comprises:				
Interest income on loans to customers	35,284	36,532	104,986	109,184
Interest income on investments held to maturity	712	892	2,293	3,130
Interest income on amounts due from credit institutions and cash and cash equivalents	558	686	1,520	1,946
Total interest income on financial assets recorded at amortized cost	36,554	38,110	108,799	114,260
Interest income on financial assets at fair value through profit or loss:				
Interest income on financial assets held-for-trading	7	4	21	14
Total interest income on financial assets at fair value through profit or loss	7	4	21	14
Interest income on available-for-sale investment securities	3,526	3,689	10,838	10,893
Total interest income	40,087	41,803	119,658	125,167
Interest expense comprises:				
Interest expense on financial liabilities recorded at amortized cost	(17,121)	(19,585)	(51,122)	(59,531)
Total interest expense	(17,121)	(19,585)	(51,122)	(59,531)
Interest expense on financial liabilities recorded at amortized cost comprise:				
Interest expense on amounts due to customers	(10,870)	(12,662)	(32,365)	(39,266)
Interest expense on debt securities issued	(6,070)	(6,703)	(18,265)	(19,625)
Interest expense on amounts due to credit institutions	(181)	(220)	(492)	(640)
Total interest expense on financial liabilities recorded at amortized cost	(17,121)	(19,585)	(51,122)	(59,531)
Net interest income before impairment charge	22,966	22,218	68,536	65,636

24. FEES AND COMMISSION INCOME

Fee and commission income was derived from the following sources:

	Three months ended 30 September 2012 (unaudited)	Three months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Pension fund and asset management	5,065	2,431	11,565	9,654
Bank transfers – settlements	2,446	2,100	7,023	5,908
Payment cards maintenance	1,398	1,138	3,963	3,181
Bank transfers – salary projects	1,480	1,219	3,972	3,349
Cash operations	1,320	974	3,321	2,660
Customers' pension payments	757	836	2,746	2,430
Letters of credit and guarantees issued	626	717	1,666	2,155
Maintenance of customer accounts	313	246	776	559
Other	963	365	1,776	1,329
	14,368	10,026	36,808	31,225

Fee and commission income from Pension fund and asset management was derived from the following:

	Three months ended 30 September 2012 (unaudited)	Three months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Investment income on pension assets	3,696	1,280	7,664	6,472
Income from administration of pension assets	1,369	1,151	3,901	3,182
	5,065	2,431	11,565	9,654

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

Net (loss)/gain from financial assets and liabilities at fair value through profit or loss comprises:

	Three months ended 30 September 2012 (unaudited)	Three months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Net (loss)/gain on operations with financial assets and liabilities classified as held for trading:				
(Loss)/gain on trading operations	(173)	485	99	11
Net fair value adjustment	(38)	38	(847)	(225)
	(211)	523	(748)	(214)

26. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

Net gain on foreign exchange operations comprises:

	Three months ended 30 September 2012 (unaudited)	Three months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Dealing, net	2,108	1,308	5,392	3,476
Translation differences, net	452	87	1,465	2,998
	2,560	1,395	6,857	6,474

27. INSURANCE UNDERWRITING INCOME

Insurance underwriting income comprised:

	Three months ended 30 September 2012 (unaudited)	Three months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Insurance premiums written, gross	4,643	5,519	21,333	24,064
Change in unearned insurance premiums, net	916	756	(689)	(1,584)
Ceded reinsurance share	(1,100)	(2,304)	(7,424)	(12,243)
	4,459	3,971	13,220	10,237

Insurance underwriting expense comprised:

	Three months ended 30 September 2012 (unaudited)	Three months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Insurance payments	2,979	2,023	7,516	4,933
Insurance reserves	212	333	1,387	2,162
Commission to agents	103	81	271	176
	3,294	2,437	9,174	7,271

28. OPERATING EXPENSES

Operating expenses comprise:

	Three months ended 30 September 2012 (unaudited)	Three months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Salaries and other employee benefits	7,026	6,470	20,983	17,985
Depreciation and amortization expenses	1,789	1,730	5,300	5,155
Taxes other than income tax	486	519	1,442	1,482
Repairs and maintenance	363	325	1,086	866
Security	358	350	1,066	1,055
Communication	337	307	953	910
Rent	316	280	914	834
Advertisement	225	171	626	477
Insurance agents' fees	191	172	593	473
Information services	184	175	512	497
Business trip expenses	162	153	465	426
Stationery and office supplies	140	117	449	480
Transportation	123	113	381	309
Professional services	42	50	188	196
Hospitality expenses	23	16	45	40
Charity	15	15	66	92
Social events	5	4	16	17
Other	515	738	1,785	2,440
	12,300	11,705	36,870	33,734

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 parent by the weighted average number of participating shares outstanding during the period.

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

The following table presents basic and diluted earnings per share:

	Three months ended 30 September 2012 (unaudited)	Three months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2011 (unaudited)
Basic earnings per share				
Net income for the period attributable to shareholders	22,206	7,185	53,644	28,074
Less: Additional dividends that would be paid on full distribution of profit to the preferred shareholders	(3,081)	(1,807)	(6,720)	(1,248)
Less: Dividends paid on preference shares	-	-	(4,914)	(5,493)
Earnings attributable to common shareholders	19,125	5,378	42,010	21,333
Weighted average number of common shares for the purposes of basic earnings per share	1,089,687,996	1,088,972,999	1,089,631,391	1,157,599,395
Basic earnings per share (in Kazakhstani Tenge)	17.55	4.94	38.55	18.43
Diluted earnings per share				
Net income for the period attributable to common shareholders	19,125	5,378	42,010	21,333
Add: Additional dividends that would be paid on full distribution of profit to the convertible preferred shareholders	1,399	N/A	1,777	N/A
Add: Dividends paid on convertible preferred shares	N/A	N/A	1,299	N/A
Less: Amounts payable to convertible preferred shareholders upon conversion	N/A	N/A	N/A	N/A
Earnings used in the calculation of total diluted earnings per share	20,524	5,378	45,086	21,333
Weighted average number of common shares for the purposes of basic earnings per share	1,089,687,996	1,088,972,999	1,089,631,391	1,157,599,395
Shares deemed to be issued:				
Weighted average number of common shares that would be issued for the convertible preferred shares	79,742,324	N/A	79,791,303	N/A
Weighted average number of common shares for the purposes of diluted earnings per share	1,169,430,320	1,088,972,999	1,169,422,694	1,157,599,395
Diluted earnings per share (in Kazakhstani Tenge)	17.55	4.94	38.55	18.43

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 30 September 2012 and 31 December 2011 is as follows.

	30 September 2012 (unaudited)			31 December 2011		
Class of shares	**Outstanding shares**	**Equity**	**Book value of one share, KZT**	**Outstanding shares**	**Equity**	**Book value of one share, KZT**
Common	1,090,211,539	298,215	273.54	1,089,338,798	243,052	223.12
Non-convertible preferred	95,773,499	7,074	73.86	285,803,817	48,128	168.40
Convertible preferred	79,742,324	13,233	165.95	79,846,624	13,233	165.73
		318,522			304,413	

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 financial services 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:

Credit risk

Credit risk is the risk of loss arising for the Group when the counterparty is unable to meet its contractual obligations on time or in full.

The Risk Management division plays an important role in managing and controlling the credit risk. This division is responsible for the credit risks identification and evaluation, implementation of the control and monitoring measures. The Risk Management division directly participates in the credit decision-making processes and consideration of internal rules, regulations and loan programs. Along with that, the division provides independent recommendations concerning credit exposure minimization measures, controls and monitors credit risks, provides relevant reporting to the management and ensures compliance of the credit process with external laws/regulations as well as internal requirements and procedures.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower/counterparty, or groups of borrowers, and to industry (and geographical) segments. Limits on the level of credit risk concentration by industry sector are approved and controlled by the Assets and Liabilities Management Committee (ALMC). Limits on credit risk exposure with respect to credit programmes (Small and medium enterprises (SME) and retail) are approved by the Management Board. The exposure to any one borrower, including banks and brokers, covers on and off-balance sheet exposures which are reviewed by the Credit Committees and ALMC. Actual exposures against limits are monitored daily.

The risk, that a counterparty will not meet its obligations, is restricted by the limits covering on and off-balance sheet exposure.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk for off-balance sheet financial instruments is defined as the probability of losses due to the inability of counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of the loss is less than the total unused commitments since most commitments to extend credit are contingent upon counterparties maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the financial instruments recorded in the consolidated statement of financial position, i.e. the one based on the procedures for approving the granting of loans, using limits to mitigate the risk, and current monitoring. The Group monitors the term to maturity of off-balance sheet contingencies because longer term commitments generally have a greater degree of credit risk than short-term commitments.

Structure and authorities of credit committees

Credit committees, ALMC, the Management Board and the Board of Directors are credit authorities responsible for implementation of the Bank's Credit Policy and credit decision-making process.

Head Office Credit Committee

Is the committee, the primary goal of which is the implementation of the Bank's Credit Policy in terms of credit operations and credit applications from corporate customers.

Branch credit committee and Branch Network Credit Committee

Are committees, the primary goal of which is the implementation of the Bank's Credit Policy in terms of granting financial instruments via branches to the small and medium enterprises customers.

Delegated credit authority limits for Branch credit committees and Branch Networking Credit Committees are established by the Management Board. Branch credit committees make credit decisions within its limits. If the loan application exceeds the relevant credit limit or the authorities of the Branch credit committees, the final decision has to be taken by the Branch Network Credit Committee. The procedure of the decision-making by the Branch Network Credit Committee involves consideration of the package of documents, including complex analysis, assessments of the potential borrowers conducted by the Bank's experts.

Retail branch credit committee and Retail credit committee of the Head Office

Are committees, the primary goal of which is the implementation of the Bank's Credit Policy in terms of granting retail financial instruments via branches.

Retail branch credit committees make credit decisions within their authorities and limits established by the Management Board and Retail credit committee of the Head Office. Retail credit committee of the Head Office is authorized to consider loan applications that exceed relevant credit limits of the authorities of the Retail Branch credit committee, as well as issues within the authorities established by the Management Board.

Along with the process of decision-making via credit committees, there is an automated approach of decision procedures for potential borrowers whose income can be confirmed by the Independent Government body. This approach takes into account risk-profile of the potential borrower and allows minimizing the credit risk exposure in the decision-making procedures.

Problem loans committee of the Head Office, branches

Are committees, the primary goal of which is implementation of the Bank's Credit Policy in terms of management, servicing and maintaining the repayment of the problem loans.

Authorized credit authorities of the Bank subsidiaries

Consideration and approval of the loan applications in the subsidiaries are performed by the Authorized credit authorities in accordance with the internal rules and regulations of the subsidiary. The loan applications exceeded the limits and the authorities have to be considered by the Board of Directors of the subsidiaries with the preliminary consideration by the relevant Credit Committee according to the Bank's internal rules and regulations.

ALMC

Is the committee, the primary goal of which is the profit maximization and limit the risks of banking activities related to raising and allocation of funds. The main tasks of the ALMC are: liquidity management, interest rate risk management, price risk and other banking risks management.

ALMC is also responsible for establishing country and counterparty limits. ALMC is reporting to the Board of Directors.

The Management Board

The loan applications exceeding the authorities of the Head Office Credit Committee, Branch Network Credit Committee, Retail Credit Committee of the Head Office, or exceeding the relevant limits of Branch Network Credit Committee, Retail Credit Committee of the Head Office have to be considered by the Management Board.

The Board of Directors

If the loan applications exceed 5% of the Bank's equity capital or the potential borrower is a related party, such applications have to be considered by the Board of Directors.

Currency Risk

The Group is exposed to currency risk. Currency risk arises from open positions in foreign currencies and adverse movements of market exchange rates that may have a negative impact on the financial performance of the Group.

ALMC controls currency risk by management of the open currency position based on the estimations of KZT devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rates fluctuations of national and foreign currencies.

The Treasury Department performs daily monitoring of the Group's open currency position with the aim to comply with the requirements of the regulatory authority.

The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates (primarily USD) on its financial position, results of operations and cash flows, which are monitored daily. ALMC sets limits on the level of exposure by currencies within the authority approved by the Board of Directors, by branches and in total. These limits also comply with the minimum requirements of the regulator authority.

The Group's exposure to foreign currency exchange rate risk follows:

	30 September 2012 (unaudited)			31 December 2011		
	KZT	**Foreign currencies**	**Total**	**KZT**	**Foreign currencies**	**Total**
FINANCIAL ASSETS:						
Cash and cash equivalents	49,827	549,742	599,569	58,108	461,883	519,991
Obligatory reserves	23,474	27,637	51,111	23,531	29,002	52,533
Financial assets at fair value through profit or loss	647	228	875	399	3,353	3,752
Amounts due from credit institutions	14,550	4,158	18,708	11,526	9,570	21,096
Available-for-sale investment securities	163,913	127,124	291,037	202,142	103,748	305,890
Investments held to maturity	48,279	9,180	57,459	73,459	5,395	78,854
Loans to customers	885,690	258,698	1,144,388	763,741	420,499	1,184,240
Other financial assets	5,993	2,027	8,020	3,585	396	3,981
	1,192,373	978,794	2,171,167	1,136,491	1,033,846	2,170,337
FINANCIAL LIABILITIES:						
Amounts due to customers	935,027	587,660	1,522,687	915,930	641,546	1,557,476
Amounts due to credit institutions	42,636	28,783	71,419	27,811	13,823	41,634
Financial liabilities at fair value through profit or loss	508	47	555	-	2,547	2,547
Debt securities issued	24,552	278,844	303,396	34,502	276,566	311,068
Other financial liabilities	1,590	261	1,851	5,941	238	6,179
	1,004,313	895,595	1,899,908	984,184	934,720	1,918,904
Net financial position	188,060	83,199	271,259	152,307	99,126	251,433

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 is the risk resulting from the inability of the Group to provide funds for repayment of its obligations in due time. The Group's liquidity risk arises when terms of assets on active operations and maturity dates of obligations do not match.

Short-term liquidity needs are managed by the Group's Treasury function collecting daily customers' cash inflow/outflow forecasts. Long-term liquidity management is performed by ALMC by analyzing longer term liquidity positions and making decisions on managing significant gaps through various available means.

In order to manage liquidity risk, the Group analyzes the financial assets and liabilities, taking into account payment schedules for loans issued to customers. 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 "Less than 1 month" as they are available to meet the Group's short-term liquidity needs.

	30 September 2012 (unaudited)					
	Less than 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
FINANCIAL ASSETS:						
Cash and cash equivalents	327,045	272,524	-	-	-	599,569
Obligatory reserves	22,340	5,147	13,228	7,500	2,896	51,111
Financial assets at fair value through profit or loss	875	-	-	-	-	875
Amounts due from credit institutions	21	5,501	6,943	6,243	-	18,708
Available-for-sale investment securities	3,368	9,903	65,818	159,837	52,111	291,037
Investments held to maturity	146	31,646	1,871	18,040	5,756	57,459
Loans to customers	147,763	114,303	626,186	189,553	66,583	1,144,388
Other financial assets	7,500	204	93	30	193	8,020
	509,058	439,228	714,139	381,203	127,539	2,171,167
FINANCIAL LIABILITIES:						
Amounts due to customers	770,987	187,333	441,688	96,598	26,081	1,522,687
Amounts due to credit institutions	63,974	319	393	2,826	3,907	71,419
Financial liabilities at fair value through profit or loss	171	364	20	-	-	555
Debt securities issued	301	451	41,806	185,221	75,617	303,396
Other financial liabilities	1,262	269	278	25	17	1,851
	836,695	188,736	484,185	284,670	105,622	1,899,908
Net position	(327,637)	250,492	229,954	96,533	21,917	
Accumulated gap	(327,637)	(77,145)	152,809	249,342	271,259	

	31 December 2011					
	Less than 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
FINANCIAL ASSETS:						
Cash and cash equivalents	519,991	-	-	-	-	519,991
Obligatory reserves	29,360	7,119	12,340	2,698	1,016	52,533
Financial assets at fair value through profit or loss	3,752	-	-	-	-	3,752
Amounts due from credit institutions	33	673	13,995	6,395	-	21,096
Available-for-sale investment securities	7,650	14,270	78,579	140,687	64,704	305,890
Investments held to maturity	79	39,935	23,418	13,106	2,316	78,854
Loans to customers	166,974	182,126	591,410	169,950	73,780	1,184,240
Other financial assets	3,510	112	167	115	77	3,981
	731,349	244,235	719,909	332,951	141,893	2,170,337
FINANCIAL LIABILITIES:						
Amounts due to customers	870,078	211,151	366,080	80,035	30,132	1,557,476
Amounts due to credit institutions	31,827	250	1,663	3,859	4,035	41,634
Financial liabilities at fair value through profit or loss	2,547	-	-	-	-	2,547
Debt securities issued	118	10,391	282	133,167	167,110	311,068
Other financial liabilities	538	279	5,329	33	-	6,179
	905,108	222,071	373,354	217,094	201,277	1,918,904
Net position	(173,759)	22,164	346,555	115,857	(59,384)	
Accumulated gap	(173,759)	(151,595)	194,960	310,817	251,433	

Assets and liabilities are recorded on the basis of their contractual maturity and payment schedules. The Group possesses a right to unilaterally call back part of long-term loans provided to customers in ten months period after proper notification would be issued by the Group.

A significant portion of the Group's liabilities is represented by customer term deposits, current accounts of corporate and retail customers, bonds.

Management believes that although a substantial portion of current accounts and customer deposits are on demand and mature in less than one month, diversification of these deposits by number and type of depositors, and the past experience of the Group indicate that these deposits provide a long-term and stable source of funding for the Group. Therefore an essential part of current accounts is considered as stable resources for the purposes of liquidity analysis and management.

31. SEGMENT ANALYSIS

Segment information for the main reportable business segments of the Group as at 30 September 2012 and 2011 and for the nine months then ended is set out below:

	Retail Banking	Corporate banking	Other	Total
As at 30 September 2012 and for the nine months ended (unaudited)				
External revenues	54,134	109,188	15,886	179,208
Total revenues	54,134	109,188	15,886	179,208
Total revenues comprise:				
- Interest income	35,743	83,915	-	119,658
- Fee and commission income	16,669	20,139	-	36,808
- Net loss from financial assets and liabilities at fair value through profit or loss	-	-	(748)	(748)
- Net realized gain from available-for-sale investment securities	-	-	756	756
- Net gain on foreign exchange operations	1,722	5,135		6,857
- Insurance underwriting income and other income	-	-	15,878	15,878
- Share of loss of associates	-	(1)	-	(1)
Total revenues	54,134	109,188	15,886	179,208
- Interest expense on amounts due to customers	(23,641)	(8,724)	-	(32,365)
- Impairment charge	(3,567)	(6,577)	-	(10,144)
- Fee and commission expense	(762)	(3,611)	-	(4,373)
- Salaries and other employee benefits	(4,254)	(16,729)	-	(20,983)
- Advertisement expenses	(626)	-	-	(626)
- Provisions	-	165	-	165
Segment result	21,284	73,712	15,886	110,882
Unallocated costs:				
- Interest expense from debt securities issued and amounts due to credit institutions				(18,757)
- Insurance claims incurred, net of reinsurance				(9,174)
- Unallocated operating expenses				(15,261)
- Impairment loss on assets-held-for sale				(2,100)
Income before income tax expense				65,590
Income tax expense				(11,622)
Net income				53,968
Total segment assets	342,444	1,420,222	349,425	2,112,091
Unallocated assets				164,511
Total assets				2,276,602
Total segment liabilities	(639,924)	(882,763)	(3,264)	(1,525,951)
Unallocated liabilities				(426,599)
Total liabilities				(1,952,550)
Other segment items:				
Capital expenditure (unallocated)				(7,685)
Depreciation and amortization expense (unallocated)				(5,300)

	Retail Banking	Corporate banking	Other	Total
As at 30 September 2011 and for the nine months ended (unaudited)				
External revenues	50,421	112,440	11,762	174,623
Total revenues	50,421	112,440	11,762	174,623
Total revenues comprise:				
- Interest income	30,848	94,319	-	125,167
- Fee and commission income	18,091	13,134	-	31,225
- Net loss from financial assets and liabilities at fair value through profit or loss	-	-	(214)	(214)
- Net realized gain from available-for-sale investment securities	-	-	71	71
- Net gain on foreign exchange operations	1,482	4,992	-	6,474
- Insurance underwriting income and other income	-	-	11,905	11,905
- Share of loss of associates	-	(5)	-	(5)
Total revenues	50,421	112,440	11,762	174,623
- Interest expense on amounts due to customers	(24,451)	(14,815)	-	(39,266)
- Impairment charge	(8,074)	(20,698)	-	(28,772)
- Fee and commission expense	(600)	(3,284)	-	(3,884)
- Salaries and other employee benefits	(3,252)	(14,733)	-	(17,985)
- Advertisement expenses	(477)	-	-	(477)
- Provisions	-	(1,292)	-	(1,292)
- Losses incurred from management of pension assets	(6,246)	-	-	(6,246)
Segment result	7,321	57,618	11,762	76,701
Unallocated costs:				
- Interest expense from debt securities issued and amounts due to credit institutions				(20,265)
- Insurance claims incurred, net of reinsurance				(7,234)
- Unallocated operating expenses				(15,309)
				(42,808)
Income before income tax expense				33,893
Income tax expense				(5,762)
Net income				28,131
Total segment assets	301,831	1,340,194	436,961	2,078,986
Unallocated assets				160,668
Total assets				2,239,654
Total segment liabilities	(545,838)	(945,009)	(5,162)	(1,496,009)
Unallocated liabilities				(442,889)
Total liabilities				(1,938,898)
Other segment items:				
Capital expenditure (unallocated)				(4,373)
Depreciation and amortization expense (unallocated)				(5,155)

Geographical information

Segment information for the main geographical segments of the Group is set out below as at 30 September 2012 and for the nine months then ended and as at 31 December 2011 and for the nine months ended 30 September 2011:

	Kazakhstan	**OECD countries**	**Non-OECD countries**	**Total**
30 September 2012 (unaudited)				
Total assets	1,783,799	423,596	69,207	2,276,602
31 December 2011				
Total assets	1,795,044	434,947	43,939	2,273,930
Nine months ended 30 September 2012 (unaudited)				
External revenues	172,807	2,871	3,530	179,208
Capital expenditure	(7,685)	-	-	(7,685)
Nine months ended 30 September 2011 (unaudited)				
External revenues	169,545	2,430	2,648	174,623
Capital expenditure	(4,373)	-	-	(4,373)

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. 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 Group had the following transactions outstanding as at 30 September 2012 and 31 December 2011 with related parties:

	30 September 2012 (unaudited)		31 December 2011	
	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	34	875	31	3,752
- Samruk-Kazyna and its subsidiaries	34		31	
Available-for-sale investment securities before allowance for impairment	56,471	292,063	54,832	306,988
- Samruk-Kazyna and its subsidiaries	56,471		54,832	
Allowance for available-for-sale investment securities impairment	(490)	(1,026)	(490)	(1,098)
- Subsidiaries of Samruk-Kazyna	(490)		(490)	
Investments held to maturity	5,648	57,459	5,138	78,854
- Subsidiaries of Samruk-Kazyna	5,648		5,138	
Loans to customers before allowance for impairment losses	4,713	1,441,505	11,466	1,475,543
- entities with joint control or significant influence over the entity	4,204		10,195	
- key management personnel of the entity or its parent	-		43	
- other related parties	509		1,228	
Allowance for impairment losses	(656)	(297,117)	(3,549)	(291,303)
- entities with joint control or significant influence over the entity	(293)		(3,183)	
- key management personnel of the entity or its parent	-		(4)	
- other related parties	(363)		(362)	
Amounts due to customers	37,636	1,522,687	289,227	1,557,476
- the parent	22,469		22,421	
- entities with joint control or significant influence over the entity	492		679	
- associates	68		152	
- key management personnel of the entity or its parent	2,268		1,929	
- Samruk-Kazyna and its subsidiaries	6,110		240,765	
- other related parties	6,229		23,281	
Amounts due to credit institutions	68	71,419	202	41,634
- Subsidiaries of Samruk-Kazyna	68		202	

Included in the condensed interim consolidated income statement and in the condensed interim consolidated statement of comprehensive income for the nine months ended 30 September 2012 and 2011 are the following amounts which arose due to transactions with related parties:

	Nine months ended 30 September 2012 (unaudited)		**Nine months ended 30 September 2011 (unaudited)**	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Interest income	1,590	119,658	945	125,167
- entities with joint control or significant influence over the entity	288		-	
- key management personnel of the entity or its parent	-		4	
- subsidiaries of Samruk-Kazyna	1,267		933	
- other related parties	35		8	
Interest expense	(1,251)	(51,122)	(3,221)	(59,531)
- the parent	(873)		(743)	
- entities with joint control or significant influence over the entity	(1)		(7)	
- key management personnel of the entity or its parent	(92)		(93)	
- Samruk-Kazyna and its subsidiaries	(224)		(1,454)	
- other related parties	(61)		(924)	
Net (loss)/gain from financial assets and liabilities at fair value through profit or loss	(5)	(748)	(1)	(214)
- subsidiaries of Samruk-Kazyna	(5)		(1)	

	Nine months ended 30 September 2012 (unaudited)		**Nine months ended 30 September 2011 (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:	866	20,983	759	17,985
- short-term employee benefits	866		759	

33. SUBSEQUENT EVENTS

JSC Halyk Bank established a new subsidiary LLP “Halyk Project” with share capital KZT 15 million. The main activity of the subsidiary is management of distressed assets of the Bank. Registration date is 12 October 2012.