JSC HALYK BANK

Interim Financial Information (unaudited)
For the nine months ended 30 September 2009

and Report on Review of Interim Financial Information

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JSC HALYK BANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

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

Management is responsible for the preparation of interim financial information that presents fairly the financial position of the Group as at 30 September 2009, the results of its operations for the three months and the nine months periods then ended and its cash flows and changes in equity for the nine months ended 30 September 2009, in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

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

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IAS 34 has been followed; and
- Preparing the interim financial information on a going concern basis.

Management is also responsible for:

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

In recent months a number of major economies around the world have experienced volatile capital and credit markets. A number of economic stabilization measures were introduced by governments and central banks in Kazakhstan and around the world to provide capital and liquidity to banks. The Group used a number of these funding facilities. It is expected that the Group's funding and capital plans will continue to have access to and utilize such facilities for the foreseeable future.

The Group's capital ratios are at high levels and were strengthened by the addition to the Group's share capital of KZT 74,978 million in March and May 2009. The increase in share capital was achieved by the issue of common and preferred shares of which KZT 60,000 million was acquired by JSC "Sovereign Wealth Fund "Samruk-Kazyna" ("Samruk-Kazyna"), an entity controlled by the Kazakhstan Government. This is also a strong indication of the Kazakhstan Government's support for the Group and further underlines its importance to the Kazakhstan economy and financial system.

Accordingly, management has a reasonable expectation that the Group will continue in operational existence for the foreseeable future. The interim financial information of the Group has, therefore, been prepared on a going concern basis.

On behalf of the Management Board of the Bank:

Umut B. Shayakhmetova	**Pavel A. Cheussov**
Chairman of the Board	**Chief Accountant**
18 November 2009	18 November 2009
Almaty, Kazakhstan	Almaty, Kazakhstan

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim financial information of JSC "Halyk Bank" and its subsidiaries (collectively - the "Group"), which comprises the condensed interim consolidated statement of financial position as at 30 September 2009 and the related condensed interim consolidated income statement and condensed interim consolidated statement of comprehensive income for the three months and the nine months then ended, the condensed interim consolidated statements of changes in equity and cash flows for the nine months ended 30 September 2009, a summary of significant accounting policies and the related explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Deloitte, LLP

18 November 2009
Almaty, Kazakhstan

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2009 (unaudited)

(Millions of Kazakhstani Tenge)

	Notes	30 September 2009 (unaudited)	31 December 2008
ASSETS			
Cash and cash equivalents	5	707,092	161,088
Obligatory reserves	6	29,669	30,825
Financial assets at fair value through profit or loss	7, 31	8,695	14,987
Amounts due from credit institutions	8	12,536	10,357
Available-for-sale investment securities	9, 32	87,950	135,801
Investments held to maturity	10, 32	23,605	8,689
Loans to customers	11, 32	1,151,772	1,188,280
Property and equipment		59,461	58,023
Goodwill		3,190	3,190
Intangible assets		7,804	6,436
Insurance assets	12	7,536	4,417
Other assets	13	36,501	29,256
TOTAL ASSETS		2,135,811	1,651,349
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	14, 32	1,332,727	867,392
Amounts due to credit institutions	15, 32	178,822	289,608
Financial liabilities at fair value through profit or loss	7	5,225	6,048
Debt securities issued	16	310,992	262,991
Provisions	17	4,016	2,889
Deferred tax liability	18	8,787	8,854
Insurance liabilities	12	12,361	8,618
Other liabilities	19	6,664	13,894
Total liabilities		1,859,594	1,460,294
EQUITY			
Share capital	20	140,509	65,531
Share premium reserve		1,639	1,908
Treasury shares		(101)	(69)
Retained earnings and other reserves		133,832	123,428
		275,879	190,798
Minority interest		338	257
Total equity		276,217	191,055
TOTAL LIABILITIES AND EQUITY		2,135,811	1,651,349

On behalf of the Management Board of the Bank:

Umut B. Shayakhmetova
Chairman of the Board

18 November 2009
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

18 November 2009
Almaty, Kazakhstan

The accompanying notes on pages 11 to 44 are an integral part of this interim financial information.

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2009 (unaudited)
(Millions of Kazakhstani Tenge, except earnings per share which is in Tenge)

	Notes	Three months ended 30 September 2009 (unaudited)	Three months ended 30 September 2008 (unaudited)	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
Interest income	22, 32	46,949	52,796	149,221	142,399
Interest expense	22, 32	(24,642)	(25,517)	(78,775)	(75,475)
NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE	22	22,307	27,279	70,446	66,924
Impairment charge	17	(19,809)	(15,209)	(73,408)	(30,168)
NET INTEREST INCOME/(LOSS)		2,498	12,070	(2,962)	36,756
Fee and commission income	23	9,935	6,041	30,075	20,430
Fee and commission expense		(584)	(401)	(1,553)	(1,142)
Fees and commission income, net		9,351	5,640	28,522	19,288
Net (loss)/gain from financial assets and liabilities at fair value through profit or loss	24, 32	(159)	(4,268)	991	(6,819)
Net gain/(loss) from available-for-sale investment securities		841	(181)	(297)	264
Net gain from repurchase of debt securities issued		-	-	439	-
Net gain on foreign exchange operations	25	1,782	4,602	8,573	7,778
Insurance underwriting income	26	1,949	2,035	5,954	6,718
Share of losses of associates		-	(11)	(21)	(24)
Other income		181	88	881	1,649
OTHER NON-INTEREST INCOME		4,594	2,265	16,520	9,566
Operating expenses	27	(9,389)	(10,713)	(28,433)	(31,112)
Provisions	17	(568)	(4,392)	(761)	(6,072)
Insurance claims incurred, net of reinsurance		(1,034)	(1,912)	(2,806)	(4,414)
NON-INTEREST EXPENSES		(10,991)	(17,017)	(32,000)	(41,598)
INCOME BEFORE INCOME TAX EXPENSE		5,452	2,958	10,080	24,012
Income tax expense	18	(496)	(830)	(806)	(6,272)
NET INCOME		4,956	2,128	9,274	17,740
Attributable to:					
Minority interest		31	(796)	171	(357)
Preferred shareholders		1,182	282	1,548	1,749
Common shareholders		3,743	2,642	7,555	16,348
		4,956	2,128	9,274	17,740
Basic earnings per share (in Kazakhstani Tenge)	28	3.03	2.70	6.43	16.69
Diluted earnings per share (in Kazakhstani Tenge)	28	3.03	2.44	6.43	15.61

On behalf of the Management Board of the Bank:

Umut B. Shayakhmetova
Chairman of the Board

18 November 2009
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

18 November 2009
Almaty, Kazakhstan

The accompanying notes on pages 11 to 44 are an integral part of this interim financial information.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2009 (unaudited)

(Millions of Kazakhstani Tenge)

	Three months ended 30 September 2009 (unaudited)	Three months ended 30 September 2008 (unaudited)	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
Net income	4,956	2,128	9,274	17,740
Gain/(loss) on revaluation of available-for-sale investment securities	1,902	(243)	(28)	(54)
(Gain)/loss transferred to income statement on sale of available-for-sale investment securities	(841)	129	297	(316)
Loss transferred to income statement on impairment of available-for-sale investment securities	595	-	595	-
Gain on revaluation of property and equipment, net of tax of KZT 7,882 million	-	18,391	-	18,391
Exchange differences on translation of foreign operations	333	169	2,027	416
Other comprehensive income for the period	1,989	18,446	2,891	18,437
Total comprehensive income for the period	6,945	20,574	12,165	36,177
Attributable to:				
Minority interest	(59)	(969)	81	(409)
Preferred shareholders	1,679	2,081	2,039	3,536
Common shareholders	5,325	19,462	10,045	33,050
	6,945	20,574	12,165	36,177

On behalf of the Management Board of the Bank:

Umut B. Shayakhmetova
Chairman of the Board

18 November 2009
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

18 November 2009
Almaty, Kazakhstan

The notes on pages 11 to 44 are an integral part of this interim financial information

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (unaudited)
(Millions of Kazakhstani Tenge)

	Common shares	Share capital Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Treasury shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property and equipment revaluation reserve*	Retained earnings*	Total	Minority interest	Total equity
31 December 2008	49,824	2,474	13,233	1,908	(69)	121	(1,797)	22,502	102,602	190,798	257	191,055
Exchange differences on translation of foreign operations	-	-	-	-	-	2,027	-	-	-	2,027	-	2,027
Gain/(loss) on revaluation of available-for-sale investment securities, net of tax of nil tenge	-	-	-	-	-	-	62	-	-	62	(90)	(28)
Net income/(loss) recognized directly in equity	-	-	-	-	-	2,027	62	-	-	2,089	(90)	1,999
Transfers (net of any related tax):												
Loss transferred to income statement on sale of available-for-sale investment securities	-	-	-	-	-	-	297	-	-	297	-	297
Loss transferred to income statement on impairment of available-for-sale investment securities	-	-	-	-	-	-	595	-	-	595	-	595
Release of property and equipment revaluation reserve on disposal and depreciation of revalued assets	-	-	-	-	-	-	-	(164)	164	-	-	-
Net income	-	-	-	-	-	-	-	-	9,103	9,103	171	9,274
Total recognized income and expense	-	-	-	-	-	2,027	954	(164)	9,267	12,084	81	12,165
Common shares issued	26,958	-	-	-	-	-	-	-	-	26,958	-	26,958
Preferred shares issued	-	48,020	-	-	-	-	-	-	-	48,020	-	48,020
Treasury shares purchased	-	-	-	(279)	(44)	-	-	-	-	(323)	-	(323)
Treasury shares sold	-	-	-	10	12	-	-	-	-	22	-	22
Dividends – preferred shares	-	-	-	-	-	-	-	-	(1,680)	(1,680)	-	(1,680)
30 September 2009 (unaudited)	76,782	50,494	13,233	1,639	(101)	2,148	(843)	22,338	110,189	275,879	338	276,217

(Millions of Kazakhstani Tenge)

	Common shares	Share capital Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Treasury shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property and equipment revaluation reserve*	Retained earnings*	Total	Minority interest	Total equity
31 December 2007	49,824	2,474	13,233	1,952	(66)	78	(371)	278	92,268	159,670	1,355	161,025
Exchange differences on translation of foreign operations	-	-	-	-	-	416	-	-	-	416	-	416
Loss on revaluation of available-for-sale investment securities, net of tax of nil tenge	-	-	-	-	-	-	(54)	-	-	(54)	-	(54)
Gain on revaluation of property and equipment, net of tax of KZT 7,882 million	-	-	-	-	-	-	-	18,391	-	18,391	-	18,391
Net income/(loss) recognized directly in equity	-	-	-	-	-	416	(54)	18,391	-	18,753	-	18,753
Transfers (net of any related tax):												
Gain transferred to income statement on sale of available-for-sale investment securities	-	-	-	-	-	-	(264)	-	-	(264)	(52)	(316)
Release of property and equipment revaluation reserve on disposal and depreciation of revalued assets	-	-	-	-	-	-	-	(71)	71	-	-	-
Net income/(loss)	-	-	-	-	-	-	-	-	18,097	18,097	(357)	17,740
Total recognized income and expense	-	-	-	-	-	416	(318)	18,320	18,168	36,586	(409)	36,177

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (unaudited)

(Millions of Kazakhstani Tenge)

		Share capital										
	Common shares	Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Treasury shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property and equipment revaluation reserve*	Retained earnings*	Total	Minority interest	Total equity
Treasury shares purchased	-	-	-	(38)	(4)	-	-	-	-	(42)	-	(42)
Treasury shares sold	-	-	-	4	3	-	-	-	-	7	-	7
Dividends – preferred shares	-	-	-	-	-	-	-	-	(1,679)	(1,679)	-	(1,679)
Dividends – common shares	-	-	-	-	-	-	-	-	(2,695)	(2,695)	-	(2,695)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(119)	(119)
Changes in minority interest share of net assets	-	-	-	-	-	-	-	-	-	-	54	54
30 September 2008 (unaudited)	49,824	2,474	13,233	1,918	(67)	494	(689)	18,598	106,062	191,847	881	192,728

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

On behalf of the Management Board of the Bank:

Umut B. Shayakhmetova
Chairman of the Board

18 November 2009
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

18 November 2009
Almaty, Kazakhstan

The accompanying notes on pages 11 to 44 are an integral part of this interim financial information.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (unaudited)
(Millions of Kazakhstani Tenge)

	Notes	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received from financial assets at fair value through profit or loss		203	1,446
Interest received from cash equivalents and amounts due from credit institutions		2,452	7,047
Interest received on available-for-sale investment securities		3,679	1,906
Interest received on investments held to maturity		562	-
Interest received from loans to customers		97,732	104,030
Interest paid on amounts due to customers		(40,127)	(43,280)
Interest paid on amounts due to credit institutions		(9,189)	(8,470)
Interest paid on debt securities issued		(12,913)	(9,924)
Fee and commission received		29,403	21,284
Fee and commission paid		(1,553)	(1,142)
Other income received		10,813	6,769
Operating expenses paid		(25,767)	(30,433)
Cash flows from operating activities before changes in net operating assets		55,295	49,233
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets:			
Obligatory reserves		1,156	421
Financial assets at fair value through profit or loss		6,707	17,806
Amounts due from credit institutions		(36)	(32,250)
Loans to customers		140,266	(122,450)
Insurance assets		(5,922)	(9,038)
Other assets		(11,027)	(1,596)
Increase/(decrease) in operating liabilities:			
Financial liabilities at fair value through profit or loss		(972)	(5,623)
Amounts due to customers		299,204	164,996
Amounts due to credit institutions		(127,401)	(22,576)
Insurance liabilities		9,241	14,556
Other liabilities		(761)	(1,085)
Cash inflow from operating activities before income tax		365,750	52,394
Income tax prepayments returned/(income tax paid)		327	(10,290)
Net cash inflow from operating activities		366,077	42,104
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase and prepayment for property and equipment and intangible assets		(7,364)	(13,977)
Proceeds on sale of property and equipment		94	145
Proceeds on sale of available-for-sale investment securities		184,246	82,499
Purchase of available-for-sale investment securities		(129,011)	(128,746)
Proceeds from redemption of investments held to maturity		11,758	-
Purchase of investments held to maturity		(20,039)	-
Net cash inflow/(outflow) from investing activities		39,684	(60,079)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (unaudited)
(Millions of Kazakhstani Tenge)

	Notes	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds on common shares issued	20	26,958	-
Proceeds on preferred shares issued	20	48,020	-
Proceeds on sale of treasury shares		22	7
Purchase of treasury shares		(323)	(42)
Dividends paid		(1,680)	(4,493)
Proceeds on debt securities issued		14,161	60,160
Redemption and repayment of debt securities issued		(31,292)	(1,301)
Net cash inflow from financing activities		55,866	54,331
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		84,377	355
Net change in cash and cash equivalents		546,004	36,711
CASH AND CASH EQUIVALENTS, beginning of the period		161,088	255,245
CASH AND CASH EQUIVALENTS, end of the period	5	707,092	291,956

On behalf of the Management Board of the Bank:

Umut B. Shayakhmetova
Chairman of the Board

18 November 2009
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

18 November 2009
Almaty, Kazakhstan

The accompanying notes on pages 11 to 44 are an integral part of this interim financial information.

(Millions of Kazakhstani Tenge)

1. PRINCIPAL ACTIVITIES

JSC Halyk Bank (the "Bank") and its subsidiaries (together the "Group") provide retail and corporate banking services principally in Kazakhstan, Russia, Kyrgyzstan and Georgia, and pension asset management and insurance services in Kazakhstan. The Bank was incorporated in 1995 and is domiciled in Kazakhstan. The Bank operates under a general license for banking operations, operations with securities and custody services renewed by the Agency for Regulation and Supervision of Financial Markets and Financial Organizations of Kazakhstan ("FMSA") on 6 August 2008. The Bank is a member of the obligatory deposit insurance system provided by the JSC Kazakhstani Fund for Deposits Guarantee.

The Bank's primary business includes originating loans and guarantees, attracting deposits, trading in securities and foreign currencies, executing transfers, cash and credit card operations and rendering other banking services to its customers. In addition, the Bank acts as the government's agent in channeling 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. The Group's controlling shareholder JSC Holding Group Almex ("Almex"), sold 17.69% of its share in the Group's equity through the GDR issuance, and obtained the proceeds from this issuance.

On 15 January 2009, the Group and JSC "Sovereign Wealth Fund "Samruk-Kazyna" ("Samruk-Kazyna"), an entity controlled by the Kazakhstan Government, have signed a series of agreements related to the realization of joint measures towards the support of the economy of the Republic of Kazakhstan within the terms of a stabilization program of the Kazakhstan Government. In accordance with the agreements signed Samruk-Kazyna will not intervene in the operating policies of the Group and its stake in the share capital of the Group will not exceed 25% of the issued common shares of the Group. On 27 March 2009, Samruk-Kazyna acquired 259,064,909 common shares of the Group for a total amount of KZT 26,951 million. On 29 May 2009, Samruk-Kazyna acquired 196,232,499 non-convertible preferred shares of the Group for a total amount of KZT 33,049 million. As at 30 September 2009 Samruk-Kazyna owned a 26.20% stake of voting shares in the Group's share capital. The Group is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva.

As at 30 September 2009 and 31 December 2008, the Group was owned by the following shareholders, which own more than 5% of the issued shares of the Group:

	30 September 2009 (unaudited)		31 December 2008	
	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	41.25%	68.12%	62.09%	93.33%
Samruk-Kazyna	27.88%	26.20%	-	-
Others (individually own less than 5%)	30.87%	5.68%	37.91%	6.67%
	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 2009 the Bank operated through its head office in Almaty and its 22 regional branches, 125 sub-regional offices and 478 cash settlement units (as at 31 December 2008 - 22, 125 and 467, respectively) located throughout Kazakhstan. The address of the Bank's registered office is: 97 Rozybakiyev Street, Almaty, 050046, Kazakhstan.

The interim financial information of the Group was authorized for issue by the Management Board of the Bank on 18 November 2009.

2. BASIS OF PREPARATION

Accounting basis

The interim financial information of the Group has been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34"). The condensed interim consolidated statement of financial position as at 31 December 2008 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 interim 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 the 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 interim 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 2008.

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

Consolidated Subsidiaries

The interim financial information includes the following subsidiaries:

Subsidiary	Holding, % 30 September 2009 (unaudited)	Holding, % 31 December 2008	Country	Industry
JSC Halyk Leasing	100	100	Kazakhstan	Leasing
JSC Kazteleport	100	100	Kazakhstan	Telecommunications
HSBK (Europe) B.V.	100	100	Netherlands	Issue and placement of Eurobonds
OJSC Halyk Bank Kyrgyzstan	100	100	Kyrgyzstan	Banking
JSC Halyk Finance	100	100	Kazakhstan	Broker and dealer activities
LLP Halyk Inkassatsiya	100	100	Kazakhstan	Cash collection services
JSC Halyk Life	100	100	Kazakhstan	Life insurance
JSC Halyk Capital	100	100	Kazakhstan	Broker and dealer activities
LLP NBK-Finance	100	100	Russia	Broker and dealer activities
JSC NBK Bank	100	100	Russia	Banking
LLP Halyk Dornod	-	100	Mongolia	Banking
LLP Halyk NBFO	100	100	Mongolia	Broker and dealer activities
JSC Halyk Bank Georgia	100	100	Georgia	Banking
JSC Kazakhinstrakh	100	99	Kazakhstan	Insurance
JSC Accumulated Pension fund of Halyk Bank	99	99	Kazakhstan	Pension assets accumulation and management

During the reporting period the Group made a decision to close the operations of LLP Halyk Dornod due to rejection from Central Bank of Mongolia to provide license for banking activities to LLP Halyk Dornod.

Associates

The following associate is accounted for under the equity method:

Associate	Holding, %	Country	Activity	Share in net loss	Total assets	Total liabilities	Equity	Total revenue
As at 30 September 2009 and for the nine months then ended (unaudited)								
JSC Processing Center	25.14	Kazakhstan	Processing	(21)	241	1	240	47
As at 31 December 2008 and for the year then ended								
JSC Processing Center	25.14	Kazakhstan	Processing	(35)	493	11	482	105

Investments in associates are classified within other assets.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this interim 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 2008, except for accounting policies disclosed in "Changes in accounting policies".

Changes in accounting policies

During the current reporting period the Group has adopted IFRS 8 "Operating Segments", IAS 1 "Presentation of Financial Statements" (revised 2008).

IFRS 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Group's management to allocate resources and assess their performance. The internal reports about the components of the Group that are regularly reviewed by the Group's management have exactly the same composition and format that was historically disclosed in the Group's operating segments information. Therefore the management of the Group has not restated the operating segments information disclosed within this interim financial information.

IAS 1 (revised 2008) requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income. As a result, the condensed interim consolidated statement of comprehensive income has been included in the primary statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES

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

Allowance for impairment of loans and receivables – The Group regularly reviews its loans and receivables to assess for impairment. The Group's loan impairment provisions are established to recognize incurred impairment losses in its portfolio of loans and receivables. The Group considers accounting estimates related to allowance for impairment of loans and receivables a key source of estimation uncertainty because (i) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired loans and receivables are based on recent performance experience, and (ii) any significant difference between the Group's estimated losses and actual losses will require the Group to create 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 judgment 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 behavior, 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 judgment 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 interim 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 2009 is KZT 200,215 million (as at 31 December 2008: KZT 115,052 million).

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

As at 30 September 2009 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 date of the statement of financial position and for the expected ultimate cost of incurred but not reported reserves ("IBNR") claims at the date of the statement of financial position. For certain lines of business, IBNR claims form the majority of the balance sheet 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 on the basis of actuarial methods 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 the FMSA, due to the absence of sufficient historical data. Under this guidance, the IBNR reserve is calculated using the expected loss ratio for each line of business, less the cumulative losses actually reported. General insurance claims provisions are not discounted for the time value of money.

The gross reserves for claims and the related receivables for reinsurance recoveries are based on information available to management and the ultimate amounts may vary as a result of subsequent information and events and may result in adjustments to the amounts recovered. Actual claims experience may differ from the historical pattern on which the estimate is based and the cost of settling individual claims may differ from costs previously estimated. Any adjustments to the amount of reserves will be reflected in the interim 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 judgment; 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, 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 2009 (unaudited)	31 December 2008
Cash on hand	34,169	23,918
Recorded as loans and receivables in accordance with IAS 39:		
Correspondent accounts with the National Bank of Kazakhstan («NBK»)	243,922	-
Correspondent accounts with the Organization for Economic Co-operation and Development countries ("OECD") based banks	59,089	1,719
Correspondent accounts with non-OECD based banks	5,173	6,701
Overnight deposits with the OECD based banks	126,353	1,902
Short-term deposits with the OECD based banks	156,988	125,626
Short-term deposits with the NBK	72,076	-
Short-term deposits with Kazakhstan banks	5,380	660
Short-term deposits with non-OECD based banks	3,942	562
	707,092	161,088

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

	30 September 2009 (unaudited)		31 December 2008	
	KZT	Foreign currencies	KZT	Foreign currencies
Overnight deposits with the OECD based banks	-	0.1%-3.0%	-	0.10%
Short-term deposits with the OECD based banks	-	0.2%-0.4%	-	0.0%-1.1%
Short-term deposits with the NBK	2.0%-2.5%	-	-	-
Short-term deposits with Kazakhstan banks	3.0%	-	11.5%	-
Short-term deposits with non-OECD based bank	8.5%	1.9%-7.8%	-	3.1%-11.1%

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 2009 and 31 December 2008 are presented as follows:

	30 September 2009 (unaudited)		31 December 2008	
	Carrying value of deposits	Fair value of collateral	Carrying value of deposits	Fair value of collateral
Treasury bills of the Ministry of Finance of Kazakhstan	5,380	5,978	660	666

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6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	30 September 2009 (unaudited)	31 December 2008
Recorded as loans and receivables in accordance with IAS 39:		
Due from NBK allocated to obligatory reserves	29,669	9,159
Cash on hand allocated to obligatory reserves	-	21,666
	29,669	30,825

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

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

Financial assets at fair value through profit or loss comprise:

	30 September 2009 (unaudited)	31 December 2008
Financial assets held for trading:		
Derivative financial instruments	6,322	6,441
Equity securities of Kazakhstan corporations	1,508	1,530
Equity securities of Kazakhstan banks	672	665
Corporate bonds	193	222
Treasury bills of the Ministry of Finance of Kazakhstan	-	5,514
Bonds of Kazakhstan banks	-	615
	8,695	14,987
Subject to repurchase agreements	-	3,508

Financial liabilities at fair value through profit or loss comprise:

	30 September 2009 (unaudited)	31 December 2008
Financial liabilities held for trading:		
Derivative financial instruments	5,225	6,048

Effective interest rates and maturities of financial assets at fair value through profit or loss follow:

	30 September 2009 (unaudited)		31 December 2008	
	Effective interest rate, %	Maturity	Effective interest rate, %	Maturity
Corporate bonds	10.0%-18.0%	2010-2015	9.6%-18.0%	2010-2015
Treasury bills of the Ministry of Finance of Kazakhstan	-	-	5.6%-6.4%	2009-2014
Bonds of Kazakhstan banks	-	-	13.2%-16.3%	2009

Derivative financial instruments comprise:

	30 September 2009 (unaudited)			31 December 2008		
	Nominal amount	Net fair value		Nominal amount	Net fair value	
		Asset	Liability		Asset	Liability
Foreign currency contracts:						
Forwards	39,300	5,682	4,996	35,576	6,361	5,871
Swaps	10,159	67	229	87,638	55	156
Other	7,368	573	-	-	-	-
Interest rate contracts:						
Swaps	-	-	-	1,198	25	21
		6,322	5,225		6,441	6,048

As at 30 September 2009 and 31 December 2008, 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. Therefore, the fair values are not susceptible to significant changes that would result from changes in management's assumptions.

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	30 September 2009 (unaudited)	31 December 2008
Recorded as loans and receivables in accordance with IAS 39:		
Term deposits	12,331	9,992
Loans to Kazakhstan credit institutions	223	382
	12,554	10,374
Less - Allowance for loan impairment (Note 17)	(18)	(17)
	12,536	10,357

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

	30 September 2009 (unaudited)		31 December 2008	
	Interest rate, %	Maturity	Interest rate, %	Maturity
Term deposits	1.8%-8.5%	2009-2012	7.0%-11.1%	2009-2012
Loans to Kazakhstan credit institutions	15.0%-17.0%	2010-2015	11.1%	2015

9. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	30 September 2009 (unaudited)	31 December 2008
Treasury bills of the Ministry of Finance of Kazakhstan	55,248	64,273
NBK notes	12,642	56,375
Securities of foreign governments and organizations	8,390	-
Corporate bonds	6,478	10,659
Bonds of JSC Development Bank of Kazakhstan	2,314	2,213
Equity securities of Kazakhstan corporations	1,269	670
Mutual investment funds shares	1,137	651
Bonds of Kazakhstan banks	1,067	763
Treasury bills of Kyrgyz Republic	-	197
	88,545	135,801
Less - Allowance for impairment (Note 17)	(595)	-
	87,950	135,801
Subject to repurchase agreements	22,761	78,077

Effective interest rates and maturities of available-for-sale investment securities are:

	30 September 2009 (unaudited)		31 December 2008	
	Effective interest rate, %	Maturity	Effective interest rate, %	Maturity
Treasury bills of the Ministry of Finance of Kazakhstan	2.0%-11.8%	2009-2024	2.0%-19.3%	2009-2015
NBK notes	3.0%	2009	6.3%-15.5%	2009
Securities of foreign governments and organizations	1.1%-15.4%	2012-2014	-	-
Corporate bonds	7.5%-27.8%	2009-2021	6.3%-25.9%	2009-2021
Bonds of JSC Development Bank of Kazakhstan	7.0%	2026	7.0%	2026
Bonds of Kazakhstan banks	6.1%-12.0%	2009-2016	7.9%-17.4%	2009-2017
Treasury bills of the Kyrgyz Republic	-	-	8.6%-20.0%	2009-2010

In October 2008 the International Accounting Standards Board ("IASB") has issued amendments to IAS 39 "Financial Instruments: Recognition and Measurement", which allow the reclassification of financial assets out of the financial assets at fair value through profit or loss category in rare circumstances if certain other requirements are met. On 31 December 2008 in accordance with these amendments the Group has reclassified certain debt and equity securities with total fair value of KZT 4,925 million as of 31 December 2008 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 have had a significant decline in volume of transactions in the financial markets as a result of the current financial crisis. The Group has revised its investment policy in relation to these securities and has the intention and ability to hold these securities for the foreseeable future.

Fair value of debt and equity securities which were previously reclassified is presented in the tables below:

Debt securities:	Effective interest rate, %	As at reporting date 30 September 2009 (unaudited) Fair value	As at reclassification date 31 December 2008 Fair value
Bonds of JSC Development Bank of Kazakhstan	7.0%	2,314	2,213
Corporate bonds	11.4% -22.4%	63	1,987
		2,377	4,200

Equity securities:	As at reporting date 30 September 2009 (unaudited) Fair value	As at reclassification date 31 December 2008 Fair value
Mutual investment funds shares	977	651
Equity securities of Kazakhstan corporations	58	74
	1,035	725

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

Debt securities:	As at reporting date 30 September 2009 (unaudited)	As at reclassification date 31 December 2008
Bonds of JSC Development Bank of Kazakhstan	5,338	4,711
Corporate bonds	72	2,939
	5,410	7,650

The net (loss)/gain that would be recognized in the condensed interim consolidated income statement for the nine months ended 30 September 2009, had the reclassification not occurred, and net gain that was recognized in the condensed interim consolidated income statement for the nine months ended 30 September 2008 from the debt and equity securities which were reclassified is presented in the tables below.

Debt securities:	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
Corporate bonds	(413)	429
Bonds of JSC Development Bank of Kazakhstan	(1)	414
	(414)	843

Equity securities:	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
Mutual investment funds shares	158	152
Equity securities of Kazakhstan corporations	2	40
	160	192

As at 30 September 2009 and 31 December 2008, the Group used quoted market prices from independent information sources to determine the fair value of all of its available-for-sale investment securities.

10. INVESTMENTS HELD TO MATURITY

Investments held to maturity comprise:

	30 September 2009 (unaudited)	31 December 2008
Securities of foreign governments and organizations	9,522	3,682
Corporate bonds	6,253	2,776
Treasury bills of the Ministry of Finance of Kazakhstan	4,384	-
Bonds of Kazakhstan banks	2,139	1,011
Notes of the National Bank of Georgia	1,307	1,220
	23,605	8,689

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

	30 September 2009 (unaudited)		31 December 2008	
	Effective interest rate, %	Maturity	Effective interest rate, %	Maturity
Securities of foreign governments and organizations	3.0%-20.0%	2009-2010	3.0%-8.1%	2009
Corporate bonds	6.3%-7.5%	2009-2017	6.9%	2016
Treasury bills of the Ministry of Finance of Kazakhstan	1.3%-1.5%	2013-2015	-	-
Bonds of Kazakhstan banks	8.1%-8.9%	2009	8.9%	2009
Notes of the National Bank of Georgia	4.0%-6.0%	2009-2010	11.0%-13.0%	2009

On 31 December 2008, in accordance with the IASB amendments to IAS 39 the Group reclassified certain debt securities with total carrying value and fair value of KZT 1,912 million out of financial assets at fair value through profit or loss category into investments held to maturity.

The reclassification was made for those securities which have had a significant decline in volume of transactions in the financial markets as a result of the current financial crisis. The Group has revised its investment policy in relation to these securities and has the intention and ability to hold these securities until maturity.

During the nine months ended 30 September 2009, the reclassified securities were repaid by the issuer before maturity in total nominal value.

11. LOANS TO CUSTOMERS

Loans to customers comprise:

	30 September 2009 (unaudited)	31 December 2008
Recorded as loans and receivables in accordance with IAS 39:		
Loans to customers	1,351,350	1,298,985
Overdrafts	637	4,347
	1,351,987	1,303,332
Less – Allowance for loan impairment (Note 17)	(200,215)	(115,052)
	1,151,772	1,188,280

As at 30 September 2009, the annual interest rates charged by the Group ranged from 9% to 24% per annum for KZT-denominated loans (as at 31 December 2008 – from 9% to 23%) and from 7% to 17% per annum for US Dollar-denominated loans (as at 31 December 2008 – from 7% to 17%).

As at 30 September 2009, the Group had a concentration of loans of KZT 268,473 million from the ten largest borrowers that comprised 20% of the Group's total gross loan portfolio (as at 31 December 2008 – KZT 214,295 million; 16%) and 97% of the Group's total equity (as at 31 December 2008 – 112%). As at 30 September 2009, an allowance for loan impairment amounting to KZT 43,559 million was made against these loans (as at 31 December 2008 – KZT 17,205 million).

Loans are made to the following sectors:

	30 September 2009 (unaudited)	%	31 December 2008	%
Retail loans:				
- consumer loans	159,750	12%	188,542	15%
- mortgage loans	155,506	11%	158,078	12%
	315,256		346,620	
Wholesale trade	276,358	20%	251,654	19%
Construction	175,701	13%	166,788	13%
Retail trade	105,566	8%	106,063	8%
Services	100,711	7%	134,499	10%
Real estate	95,217	7%	65,793	5%
Agriculture	89,150	7%	73,538	6%
Metallurgy	45,783	3%	36,009	3%
Food industry	33,561	2%	25,285	2%
Transportation	23,510	2%	21,560	2%
Oil and gas	21,850	2%	23,297	2%
Hotel industry	21,383	2%	14,279	1%
Energy	12,164	1%	11,072	1%
Machinery	8,308	1%	4,396	0%
Mining	4,216	0%	5,043	0%
Communication	559	0%	1,785	0%
Other	22,694	2%	15,651	1%
	1,351,987	100%	1,303,332	100%

As at 30 September 2009 the amount of accrued interest on impaired loans comprised KZT 98,815 million (as at 31 December 2008 – KZT 55,737 million).

12. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	30 September 2009 (unaudited)	31 December 2008
Reinsurance premium unearned	3,458	2,583
Reinsurance amounts recoverable	555	112
	4,013	2,695
Premiums receivable	3,523	1,722
Total insurance assets	7,536	4,417

Insurance liabilities comprised the following:

	30 September 2009 (unaudited)	31 December 2008
Gross unearned insurance premium reserve	7,599	6,057
Reserves for insurance claims	2,252	1,344
	9,851	7,401
Payables to reinsurers and agents	2,510	1,217
Total insurance liabilities	12,361	8,618

13. OTHER ASSETS

	30 September 2009 (unaudited)	31 December 2008
Other financial assets recorded as loans and receivables in accordance with IAS 39:		
Advances paid for acquisition of foreign currency	4,126	-
Debtors on non-banking activities	1,269	1,876
Debtors on banking activities	1,061	760
Accrued commission for managing pension assets	983	197
Accrued other commission income	663	777
Other	892	361
	8,994	3,971
Less – Allowance for impairment (Note 17)	(1,947)	(1,074)
	7,047	2,897
Other non financial assets:		
Prepayments for property and equipment	13,588	14,044
Corporate income tax prepaid	7,550	8,608
Non-current assets held for sale	4,295	-
Inventory	1,014	1,590
Advances for taxes other than income tax	491	-
Deferred tax assets (Note 18)	327	424
Investments in associates	233	272
Other	1,956	1,421
	36,501	29,256

Non-current assets held for sale are composed of buildings and constructions which the management of the Group has designated for disposal within an operating cycle through sale to a willing party.

14. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	30 September 2009 (unaudited)	31 December 2008
Recorded at amortized cost:		
Term deposits:		
Legal entities	564,403	384,832
Individuals	300,779	258,499
	865,182	643,331
Current accounts:		
Legal entities	387,126	151,713
Individuals	80,419	72,348
	467,545	224,061
	1,332,727	867,392

As at 30 September 2009, the Group's ten largest customers accounted for approximately 56% of the total amounts due to customers (31 December 2008 – 50%).

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

An analysis of customer accounts by sector follows:

	30 September 2009 (unaudited)	%	31 December 2008	%
Individuals and entrepreneurs	381,198	29%	330,847	38%
Oil and gas	378,053	28%	279,458	32%
Wholesale trade	142,339	11%	50,832	6%
Government	86,291	6%	1,350	0%
Other consumer services	82,481	6%	14,044	2%
Construction	80,014	6%	42,575	5%
Transportation	65,440	5%	45,024	5%
Energy	47,912	4%	28,440	3%
Metallurgy	21,892	2%	2,183	0%
Financial sector	18,815	1%	51,035	6%
Other	28,292	2%	21,604	3%
	1,332,727	100%	867,392	100%

15. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	30 September 2009 (unaudited)	31 December 2008
Recorded at amortized cost:		
Loans and deposits from the OECD based banks	138,944	191,337
Loans and deposits from Kazakhstan banks	26,436	96,391
Loans from the Fund for Entrepreneurship Development "DAMU"	11,925	-
Correspondent accounts	1,158	1,367
Loans and deposits from non-OECD based banks	344	329
Loans from other financial institutions	15	184
	178,822	289,608

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

	30 September 2009 (unaudited)		31 December 2008	
	%	Maturity	%	Maturity
Loans and deposits from the OECD based banks	1.1%-7.7%	2009-2023	2.5%-8.4%	2009-2015
Loans and deposits from Kazakhstan banks	3.5%-8.5%	2009	6.9%-11.0%	2009
Loans from the Fund for Entrepreneurship Development "DAMU"	7.7%	2016	-	-
Loans and deposits from non-OECD based banks	2.7%	2012	11.0%	2009
Loans from other financial institutions	3.2%-3.7%	2011-2014	5.3%-6.9%	2010

Fair value of assets pledged and carrying value of loans, included in loans and deposits from Kazakhstan banks, under repurchase agreements as at 30 September 2009 and 31 December 2008 are presented as follows:

	30 September 2009 (unaudited)		31 December 2008	
	Fair value of collateral	Carrying value of loans	Fair value of collateral	Carrying value of loans
Treasury bills of the Ministry of Finance of Kazakhstan	17,870	16,150	39,536	36,247
NBK notes	4,891	4,647	42,049	39,982
	22,761	20,797	81,585	76,229

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 its liquidity, capital adequacy and lending exposures. In accordance with the terms of certain of those loans, the Group is also required to obtain the approval of the lender before distributing any dividends to the common shareholders other than dividend shares. Furthermore, 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 2009 and 31 December 2008, the Group was in compliance with the covenants of the various debt agreements the Group has with other banks and financial institutions.

16. DEBT SECURITIES ISSUED

Debt securities issued consisted of the following:

	30 September 2009 (unaudited)	31 December 2008
Recorded at amortized cost:		
Subordinated debt securities issued:		
Inflation indexed KZT denominated bonds	19,685	19,228
Fixed rate KZT denominated bonds	16,899	16,021
Reverse inflation indexed KZT denominated bonds	8,508	8,359
Total subordinated debt securities outstanding	45,092	43,608
Unsubordinated debt securities issued:		
USD denominated bonds	254,702	200,118
KZT denominated bonds	11,198	19,265
Total unsubordinated debt securities outstanding	265,900	219,383
	310,992	262,991

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

	30 September 2009 (unaudited)		31 December 2008	
	%	**Maturity**	**%**	**Maturity**
Subordinated debt securities issued:				
Inflation indexed KZT denominated bonds	inflation rate plus 1%	2015	inflation rate plus 1%	2015
	inflation rate plus 2%	2010-2017	inflation rate plus 2%	2010-2018
Fixed rate KZT denominated bonds	7.5%-14.0%	2014-2019	7.5%-13.0%	2009-2018
Reverse inflation indexed KZT denominated bonds	15% less inflation rate	2015-2016	15% less inflation rate	2015-2016
Unsubordinated debt securities issued:				
USD denominated bonds	7.3%-9.3%	2009-2017	7.3%-9.3%	2009-2017
KZT denominated bonds	12.7%	2012	7.2%-7.8%	2009

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, lending exposures, 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. In addition, 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. Management believes that as at 30 September 2009 and 31 December 2008, the Group was in compliance with the covenants of the agreements the Group has with the notes' trustee and holders.

17. ALLOWANCES FOR IMPAIRMENT AND OTHER 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 2008 (unaudited)	(71,340)	(20)	-	(470)	(71,830)
(Additional provisions recognized)/recovery of provision	(14,824)	4	-	(389)	(15,209)
Foreign exchange differences	558	-	-	113	671
Write-offs	1	-	-	5	6
30 September 2008 (unaudited)	(85,605)	(16)	-	(741)	(86,362)
30 June 2009 (unaudited)	(179,759)	(33)	(465)	(2,201)	(182,458)
(Additional provisions recognized)/recovery of provision	(19,871)	11	(130)	181	(19,809)
Foreign exchange differences	(595)	4	-	(1)	(592)
Write-offs	10	-	-	74	84
30 September 2009 (unaudited)	(200,215)	(18)	(595)	(1,947)	(202,775)
31 December 2007	(56,697)	(18)	-	(504)	(57,219)
(Additional provisions recognized)/recovery of provision	(29,170)	2	-	(1,000)	(30,168)
Foreign exchange differences	260	-	-	(47)	213
Write-offs	2	-	-	810	812
30 September 2008 (unaudited)	(85,605)	(16)	-	(741)	(86,362)
31 December 2008	(115,052)	(17)	-	(1,074)	(116,143)
Additional provisions recognized	(71,808)	(1)	(595)	(1,004)	(73,408)
Foreign exchange differences	(13,404)	-	-	(9)	(13,413)
Write-offs	49	-	-	140	189
30 September 2009 (unaudited)	(200,215)	(18)	(595)	(1,947)	(202,775)

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

The movements in provisions were as follows:

	Three months ended 30 September 2009 (unaudited)	Three months ended 30 September 2008 (unaudited)	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
At the beginning of the period	(3,416)	(3,609)	(2,889)	(1,885)
Additional provisions recognized	(3,801)	(3,003)	(8,314)	(9,418)
Recovery of provision	3,233	3,265	7,553	8,000
Provision recognized for accrued losses from management of pension assets	-	(4,654)	-	(4,654)
Foreign exchange differences	(32)	55	(366)	11
At the end of the period	(4,016)	(7,946)	(4,016)	(7,946)

Provisions represent provisions against letters of credit and guarantees issued.

18. TAXATION

The Bank and its subsidiaries, other than HSBK (Europe) B.V., JSC NBK Bank, OJSC Halyk Bank Kyrgyzstan, LLP Halyk NBFO, 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. LLP Halyk NBFO is subject to income tax in Mongolia. JSC Halyk Bank Georgia is subject to income tax in Georgia.

The income tax expense comprises:

	Three months ended 30 September 2009 (unaudited)	Three months ended 30 September 2008 (unaudited)	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
Current tax charge	298	853	776	5,420
Deferred tax charge/(benefit)	198	(23)	30	852
Income tax expense	496	830	806	6,272

Kazakhstan legal entities must file individual tax declarations. Tax rates for banks for the income other than on state and other qualifying securities were 20% and 30% during the nine months ended 30 September 2009 and 2008, respectively. The tax rate for companies other than banks was also 20% and 30% during nine months ended 30 September 2009 and 2008, respectively, except for insurance companies which were taxed at 4%. Income on state and other qualifying securities is tax exempt.

Deferred tax assets and liabilities comprise:

	30 September 2009 (unaudited)	31 December 2008
Tax effect of deductible temporary differences:		
Losses carried forward	2,317	143
Fair value of derivatives	835	1,051
Insurance premium reserves	255	170
Vacation pay accrual	156	182
Bonuses accrued	126	18
Provisions, different rates	-	62
Deferred tax asset	3,689	1,626
Tax effect of taxable temporary differences:		
Loans to customers, allowance for impairment losses	(6,223)	(5,042)
Property and equipment, accrued depreciation	(5,022)	(4,041)
Fair value of derivatives	(900)	(971)
Provisions, different rates	(4)	-
Taxes	-	(2)
Deferred tax liability	(12,149)	(10,056)
Net deferred tax asset (Note 13)	327	424
Net deferred tax liability	(8,787)	(8,854)

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

19. OTHER LIABILITIES

	30 September 2009 (unaudited)	31 December 2008
Other financial liabilities:		
Creditors on non-banking activities	1,266	967
Payable for insurance of customers deposits	723	-
Creditors on bank activities	549	94
Payable for general and administrative expenses	432	600
Payable to the State Center of Pension Payments	172	-
Amounts due to customers of pension funds	-	7,209
Other	169	88
	3,311	8,958
Other non financial liabilities:		
Salary payable	1,542	1,332
Other prepayments received	1,163	1,017
Taxes payable other than income tax	595	2,579
Current income tax payable	53	8
	6,664	13,894

20. EQUITY

On 27 March 2009, Samruk-Kazyna acquired 259,064,909 common shares of the Group. The amount of contribution to the share capital of the Group made by Samruk-Kazyna equals to KZT 26,951 million. On 29 May 2009, Samruk-Kazyna acquired 196,232,499 non-convertible preferred shares for a total amount of KZT 33,049 million.

Authorized, issued and fully paid number of shares as at 30 September 2009 and 2008 were as follows:

30 September 2009 (unaudited)

	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
Common	2,400,000,000	(1,156,843,885)	1,243,156,115	(7,843,371)	1,235,312,744
Non-convertible preferred	600,000,000	(290,140,570)	309,859,430	(520,223)	309,339,207
Convertible preferred	80,225,222	-	80,225,222	(209,721)	80,015,501

30 September 2008 (unaudited)

	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
Common	1,129,016,660	(145,000,000)	984,016,660	(4,320,290)	979,696,370
Convertible preferred	80,225,222	-	80,225,222	(76,677)	80,148,545
Non-convertible preferred	24,742,000	-	24,742,000	(165,149)	24,576,851

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

	Number of shares			Nominal (placement) amount in KZT million		
	Common	Non-convertible preferred	Convertible preferred	Common	Non-convertible preferred	Convertible preferred
31 December 2007	979,759,488	24,686,763	80,192,612	49,758	2,474	13,233
Purchase of treasury shares	(364,541)	(166,112)	(148,443)	(4)	-	-
Sale of treasury shares	301,423	56,200	104,376	3	-	-
30 September 2008 (unaudited)	979,696,370	24,576,851	80,148,545	49,757	2,474	13,233
31 December 2008	979,431,057	24,542,679	80,111,545	49,755	2,474	13,233
Capital contributions	259,139,455	285,117,430	-	26,958	48,020	-
Purchase of treasury shares	(4,434,778)	(523,569)	(96,044)	(44)	-	-
Sale of treasury shares	1,177,010	202,667	-	12	-	-
30 September 2009 (unaudited)	1,235,312,744	309,339,207	80,015,501	76,681	50,494	13,233

At 30 September 2009, the Group held 7,843,371 of the Group's common shares as treasury shares at KZT 101 million (30 September 2008 – 4,320,290 at KZT 67 million).

Common Shares

Each common share is entitled to one vote and dividends.

Preferred shares

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

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

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

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

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

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

21. COMMITMENTS AND CONTINGENCIES

Financial Commitments and Contingencies – The Group's financial commitments and contingencies comprised the following:

	30 September 2009 (unaudited)	**31 December 2008**
Guarantees issued	66,092	32,337
Commercial letters of credit	24,918	18,760
Commitments to extend credit	18,897	23,489
Financial commitments and contingencies	109,907	74,586
Less: cash collateral against letters of credit	(759)	(1,197)
Less: provisions (Note 17)	(4,016)	(2,889)
Financial commitments and contingencies, net	105,132	70,500

Guarantees issued included above represent financial guarantees where payment is not probable as at the respective date of the statement of financial position, and therefore have not been recorded in the condensed interim consolidated statement of financial position. As at 30 September 2009, the ten largest guarantees accounted for 80% of the Group's total financial guarantees (as at 31 December 2008 – 72%) and represented 19% of the Group's total equity (as at 31 December 2008 – 12%).

As at 30 September 2009, the ten largest letters of credit accounted for 91% of the Group's total commercial letters of credit (as at 31 December 2008 – 83%) and represented 8% of the Group's total equity (as at 31 December 2008 – 8%).

The Group requires collateral to support credit-related financial instruments when it is deemed necessary. Collateral held varies, but may include deposits held in the banks, government securities and other assets.

Trust Activities – In the normal course of its business, the Group enters into agreements with clients to manage the clients' assets with limited decision making rights and in accordance with specific criteria established by the clients. The Group may only be liable for losses or actions aimed at appropriation of the clients' funds if such funds or securities are not returned to the client. The maximum potential financial risk of the Group on any date is equal to the volume of the clients' funds, net of any unrealized income/loss on the client's position. The balance of the clients' funds under the management of the Group, as at 30 September 2009 is KZT 516 billion (31 December 2008 – KZT 405 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 interim 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 interim 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.

Specific volatility in global and Kazakhstani financial markets – In recent months a number of major economies around the world have experienced volatile capital and credit markets. A number of major global financial institutions has either been placed into bankruptcy, taken over by other financial institutions and/or supported by government funding. As a consequence of the recent market turmoil in capital and credit markets both globally and in the Republic of Kazakhstan, notwithstanding any potential economic stabilization measures that may be put into place by the Government of the Republic of Kazakhstan, economic uncertainties exist surrounding the continual availability, and cost, of credit both for the Group and its counterparties. There is potential for economic uncertainties to continue in the foreseeable future and, as a consequence, the potential that assets may not be recovered at their carrying amount in the regular course of business. Any potential impairment of these assets would have a corresponding impact on the Group's profitability.

Recoverability of financial assets – As a result of recent economic turmoil in capital and credit markets globally, and the consequential economic uncertainties existing as at date of the statement of financial position, there is potential that assets may not be recovered at their carrying amount in the regular course of business.

As at 30 September 2009, the Group has financial assets amounting to KZT 2,028,366 million (as at 31 December 2008: KZT 1,552,924 million). The recoverability of these financial assets largely depends on the efficacy of the fiscal measures and other measures and actions, beyond the Group's control, undertaken within various countries to achieve economic stability and recovery. The recoverability of the Group's financial assets is determined based on conditions prevailing and information available as at the date of the statement of financial position. It is the management's opinion that no additional provision on financial assets is needed at present based on prevailing market conditions and available information.

22. NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE

	Three months ended 30 September 2009 (unaudited)	**Three months ended 30 September 2008 (unaudited)**	**Nine months ended 30 September 2009 (unaudited)**	**Nine months ended 30 September 2008 (unaudited)**
Interest income comprises:				
Interest income on financial assets recorded at amortized cost:				
- interest income on impaired assets	44,199	49,572	139,830	133,281
- interest income on unimpaired assets	1,195	72	3,368	1,162
Interest income on available-for-sale investment securities	1,547	2,603	5,906	6,709
Interest income on financial assets at fair value through profit or loss	8	549	117	1,247
Total interest income	46,949	52,796	149,221	142,399
Interest income on financial assets recorded at amortized cost comprises:				
Interest income on loans to customers	43,271	46,974	137,230	127,342
Interest income on investments held to maturity	842	-	2,600	-
Interest income on amounts due from credit institutions and cash and cash equivalents	1,281	2,670	3,368	7,101
Total interest income on financial assets recorded at amortized cost	45,394	49,644	143,198	134,443
Interest income on financial assets at fair value through profit or loss:				
Interest income on financial assets held-for-trading	8	549	117	1,247
Total interest income on financial assets at fair value through profit or loss	8	549	117	1,247
Interest income on available-for-sale investment securities	1,547	2,603	5,906	6,709
Total interest income	46,949	52,796	149,221	142,399
Interest expense comprises:				
Interest expense on financial liabilities recorded at amortized cost	(24,642)	(25,517)	(78,775)	(75,475)
Total interest expense	(24,642)	(25,517)	(78,775)	(75,475)
Interest expense on financial liabilities recorded at amortized cost comprise:				
Interest expense on amounts due to customers	(16,422)	(16,828)	(49,351)	(50,887)
Interest expense on debt securities issued	(6,617)	(5,868)	(21,500)	(15,746)
Interest expense on amounts due to credit institutions	(1,603)	(2,821)	(7,924)	(8,842)
Total interest expense on financial liabilities recorded at amortized cost	(24,642)	(25,517)	(78,775)	(75,475)
Net interest income before impairment charge	22,307	27,279	70,446	66,924

23. FEE AND COMMISSION INCOME

Fee and commission income was derived from the following sources:

	Three months ended 30 September 2009 (unaudited)	Three months ended 30 September 2008 (unaudited)	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
Pension fund and asset management	3,607	-	12,981	3,982
Bank transfers	2,247	2,181	6,317	6,573
Maintenance of customer accounts	1,258	1,038	2,630	1,820
Cash operations	937	949	2,328	2,658
Letters of credit and guarantees issued	572	590	1,393	1,466
Customers' pension payments	565	451	1,551	1,231
Plastic cards maintenance	442	364	1,944	1,642
Utilities payments	84	206	233	352
Foreign currency operations	2	2	15	52
Other	221	260	683	654
	9,935	6,041	30,075	20,430

24. 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 comprise:

	Three months ended 30 September 2009 (unaudited)	Three months ended 30 September 2008 (unaudited)	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
Net (loss)/gain on operations with financial assets and liabilities classified as held for trading:				
Net fair value adjustment	318	(3,273)	644	(4,072)
(Loss)/gain on trading operations	(477)	(995)	347	(2,747)
	(159)	(4,268)	991	(6,819)

25. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

Net gain on foreign exchange operations comprises:

	Three months ended 30 September 2009 (unaudited)	Three months ended 30 September 2008 (unaudited)	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
Dealing, net	1,947	1,918	8,533	5,120
Translation differences, net	(165)	2,684	40	2,658
	1,782	4,602	8,573	7,778

26. INSURANCE UNDERWRITING INCOME

Insurance underwriting income comprised:

	Three months ended 30 September 2009 (unaudited)	Three months ended 30 September 2008 (unaudited)	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
Insurance premiums written, gross	2,888	3,580	12,118	13,480
Change in unearned insurance premiums, net	136	(74)	(854)	(1,250)
Ceded reinsurance share	(1,075)	(1,471)	(5,310)	(5,512)
	1,949	2,035	5,954	6,718

27. OPERATING EXPENSES

Operating expenses comprised:

	Three months ended 30 September 2009 (unaudited)	Three months ended 30 September 2008 (unaudited)	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
Salaries and other employee benefits	4,429	4,805	12,719	15,166
Depreciation and amortization expenses	1,209	1,348	4,462	3,599
Deposit insurance	716	359	1,847	1,182
Taxes other than income tax	435	629	1,324	1,525
Security	339	278	991	789
Insurance agents' fees	291	-	916	-
Rent	278	477	1,084	1,396
Repair and maintenance	261	473	1,165	1,220
Stationery and office supplies	236	27	462	133
Professional services	176	150	563	418
Information services	153	129	440	306
Communication	144	347	733	1,015
Business trip expenses	107	155	307	488
Transportation	82	118	271	316
Advertisement	67	333	225	865
Charity	12	9	45	76
Hospitality expenses	10	-	28	-
Social events	10	17	14	56
Other	434	1,059	837	2,562
	9,389	10,713	28,433	31,112

28. 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 2009 (unaudited)	Three months ended 30 September 2008 (unaudited)	Nine months ended 30 September 2009 (unaudited)	Nine months ended 30 September 2008 (unaudited)
Basic earnings per share				
Net income for the year attributable to equity holders of the parent	4,925	2,924	9,103	18,097
Less: Additional dividends that would be paid on full distribution of profit to the preferred shareholders	(1,182)	(282)	-	(70)
Less: Dividends paid on preference shares	-	-	(1,680)	(1,679)
Net profit for the year attributable to preferred shareholders	(1,182)	(282)	(1,680)	(1,749)
Earnings attributable to common shareholders	3,743	2,642	7,423	16,348
Weighted average number of common shares for the purposes of basic earnings per share	1,235,249,994	979,751,954	1,154,854,416	979,753,213
Basic earnings per share (in Kazakhstani Tenge)	3.03	2.70	6.43	16.69
Diluted earnings per share				
Earnings for the period attributable to common shareholders	3,743	2,642	7,423	16,348
Add: Dividends paid on convertible preferred shares	-	-	N/A	1,284
Add: Additional dividends that would be paid on full distribution of profit to the convertible preferred shareholders	246	216	N/A	54
Less: Amounts payable to convertible preferred shareholders upon conversion	-	(274)	N/A	(1,139)
Earnings used in the calculation of total diluted earnings per share	3,989	2,584	7,423	16,547
Weighted average number of common shares for the purposes of basic earnings per share	1,235,249,994	979,751,954	1,154,854,416	979,753,213
Shares deemed to be issued:				
Weighted average number of common shares that would be issued for the convertible preferred shares	80,032,656	80,175,851	N/A	80,174,375
Weighted average number of common shares for the purposes of diluted earnings per share	1,315,282,650	1,059,927,805	1,154,854,416	1,059,927,588
Diluted earnings per share (in Kazakhstani Tenge)*	3.03	2.44	6.43	15.61

*For the nine months ended 30 September 2009 the convertible preferred shares were not included in the computation of diluted earnings per share as their effect was anti-dilutive.

29. FINANCIAL RISK MANAGEMENT

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

- Currency risk
- Credit risk
- Liquidity risk
- Market risk

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

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

	30 September 2009 (unaudited)			31 December 2008		
	KZT	**Foreign currencies**	**Total**	**KZT**	**Foreign currencies**	**Total**
FINANCIAL ASSETS:						
Cash and cash equivalents	100,652	606,440	707,092	4,282	156,806	161,088
Obligatory reserves	16,982	12,687	29,669	20,165	10,660	30,825
Financial assets at fair value through profit or loss	2,373	6,322	8,695	8,090	6,897	14,987
Amounts due from credit institutions	3,055	9,481	12,536	5,777	4,580	10,357
Available-for-sale investment securities	76,109	11,841	87,950	132,879	2,922	135,801
Investments held to maturity	4,853	18,752	23,605	-	8,689	8,689
Loans to customers	541,480	610,292	1,151,772	643,078	545,202	1,188,280
Other financial assets	2,706	4,341	7,047	2,579	318	2,897
	748,210	1,280,156	2,028,366	816,850	736,074	1,552,924
FINANCIAL LIABILITIES:						
Amounts due to customers	489,795	842,932	1,332,727	465,863	401,529	867,392
Amounts due to credit institutions	33,804	145,018	178,822	91,522	198,086	289,608
Financial liabilities at fair value through profit or loss	-	5,225	5,225	-	6,048	6,048
Debt securities issued	56,290	254,702	310,992	62,873	200,118	262,991
Other financial liabilities	1,778	1,533	3,311	8,862	96	8,958
	581,667	1,249,410	1,831,077	629,120	805,877	1,434,997
Net balance sheet position	166,543	30,746	197,289	187,730	(69,803)	117,927

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

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

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

	30 September 2009 (unaudited)								
	On demand	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
FINANCIAL ASSETS:									
Cash and cash equivalents	342,354	364,281	457	-	-	-	-	-	707,092
Obligatory reserves	8,287	4,502	2,469	7,361	4,018	2,105	115	812	29,669
Financial assets at fair value through profit or loss	8,695	-	-	-	-	-	-	-	8,695
Amounts due from credit institutions	-	738	1,913	968	179	21	2,069	6,648	12,536
Available-for-sale investment securities	4,075	149	5,656	46,985	5,636	2,844	16,683	5,922	87,950
Investments held to maturity	-	761	5,301	7,117	2,117	202	1,617	6,490	23,605
Loans to customers	26,965	42,603	130,498	598,333	96,910	50,809	66,398	139,256	1,151,772
Other financial assets	443	5,468	248	667	65	87	5	64	7,047
	390,819	418,502	146,542	661,431	108,925	56,068	86,887	159,192	2,028,366
FINANCIAL LIABILITIES:									
Amounts due to customers	468,075	83,671	224,767	328,323	103,461	91,433	3,413	29,584	1,332,727
Amounts due to credit institutions	4,061	23,914	878	63,453	51,389	5,110	10,836	19,181	178,822
Financial liabilities at fair value through profit or loss	5,225	-	-	-	-	-	-	-	5,225
Debt securities issued	-	34,859	5,129	5,828	-	10,435	113,807	140,934	310,992
Other financial liabilities	1,754	1,222	11	136	-	125	54	9	3,311
	479,115	143,666	230,785	397,740	154,850	107,103	128,110	189,708	1,831,077
Net position	(88,296)	274,836	(84,243)	263,691	(45,925)	(51,035)	(41,223)	(30,516)	
Accumulated gap	(88,296)	186,540	102,297	365,988	320,063	269,028	227,805	197,289	

	31 December 2008								
	On demand	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
FINANCIAL ASSETS:									
Cash and cash equivalents	32,338	128,750	-	-	-	-	-	-	161,088
Obligatory reserves	7,900	7,464	1,861	9,166	1,361	1,676	806	591	30,825
Financial assets at fair value through profit or loss	14,987	-	-	-	-	-	-	-	14,987
Amounts due from credit institutions	-	1,428	778	3,676	221	14	4,235	5	10,357
Available-for-sale investment securities	725	8,825	33,355	47,027	20,352	3,941	6,852	14,724	135,801
Investments held to maturity	-	868	421	4,645	-	-	-	2,755	8,689
Loans to customers	8,620	46,261	112,823	518,568	234,252	4,103	108,710	154,943	1,188,280
Other financial assets	67	1,520	156	558	76	8	508	4	2,897
	64,637	195,116	149,394	583,640	256,262	9,742	121,111	173,022	1,552,924
FINANCIAL LIABILITIES:									
Amounts due to customers	225,889	208,134	52,001	255,837	37,727	47,157	24,000	16,647	867,392
Amounts due to credit institutions	2,824	93,609	28,286	56,481	89,838	6,473	9,595	2,502	289,608
Financial liabilities at fair value through profit or loss	6,048	-	-	-	-	-	-	-	6,048
Debt securities issued	3	107	16,141	32,586	5,016	-	93,824	115,314	262,991
Other financial liabilities	8,401	237	235	24	-	-	61	-	8,958
	243,165	302,087	96,663	344,928	132,581	53,630	127,480	134,463	1,434,997
Net position	(178,528)	(106,971)	52,731	238,712	123,681	(43,888)	(6,369)	38,559	
Accumulated gap	(178,528)	(285,499)	(232,768)	5,944	129,625	85,737	79,368	117,927	

30. SEGMENT ANALYSIS

The Group's primary format for reporting segment information is business segments and the secondary format is geographical segments.

Business Segments

The Group is organized on a basis of two main business segments:

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

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

There were no transactions between business segments during the nine-month periods ended 30 September 2009 and 2008.

Segment information for the main reportable business segments of the Group as at 30 September 2009 and 30 September 2008 and for the nine months periods then ended is set out below:

	Retail banking	Corporate banking	Other	Total
As at 30 September 2009 and for the nine months then ended (unaudited)				
External revenues	77,750	110,098	7,968	195,816
Total revenues	77,750	110,098	7,968	195,816
Total revenues comprise:				
- Interest income	51,005	98,216	-	149,221
- Fee and commission income	23,839	6,236	-	30,075
- Net gain from financial assets and liabilities at fair value through profit or loss	-	-	991	991
- Net loss from available-for-sale investment securities	-	-	(297)	(297)
- Net gain from repurchase of debt securities issued	-	-	439	439
- Net gains on foreign exchange operations	2,906	5,667	-	8,573
- Insurance underwriting income and other income	-	-	6,835	6,835
- Share of losses of associates	-	(21)	-	(21)
Total revenues	77,750	110,098	7,968	195,816
- Interest expense on amounts due to customers	(18,700)	(30,651)	-	(49,351)
- Impairment charge	(16,457)	(56,951)	-	(73,408)
- Fee and commission expense	(420)	(1,133)	-	(1,553)
- Salaries and other employee benefits	(3,816)	(8,903)	-	(12,719)
- Deposit insurance and advertisement expenses	(2,072)	-	-	(2,072)
- Provisions	670	(1,431)	-	(761)
Segment result	36,955	11,029	7,968	55,952
Total unallocated costs				(45,872)
Income before income tax expense				10,080
Income tax expense				(806)
Net income				9,274
Total segment assets	302,739	1,568,894	120,250	1,991,883
Unallocated assets				143,928
Total assets				2,135,811
Total segment liabilities	(381,198)	(951,529)	(4,016)	(1,336,743)
Unallocated liabilities				(522,851)
Total liabilities				(1,859,594)
Other segment items:				
Capital expenditure (unallocated)				(7,364)
Depreciation and amortization expense (unallocated)				(4,462)

	Retail banking	Corporate banking	Other	Total
As at 30 September 2008 and for the nine months then ended (unaudited)				
External revenues	72,058	98,525	1,812	172,395
Total revenues	72,058	98,525	1,812	172,395
Total revenues comprise:				
- Interest income	55,478	86,921	-	142,399
- Fee and commission income	12,124	8,306	-	20,430
- Net losses from financial assets and liabilities at fair value through profit or loss	-	-	(6,819)	(6,819)
- Net gain from available-for-sale investment securities	-	-	264	264
- Net gains on foreign exchange operations	4,456	3,322	-	7,778
- Insurance underwriting income and other income	-	-	8,367	8,367
- Share of loss of associates	-	(24)	-	(24)
Total revenues	72,058	98,525	1,812	172,395
- Interest expense on amounts due to customers	(20,631)	(30,256)	-	(50,887)
- Impairment charge	(2,052)	(28,116)	-	(30,168)
- Fee and commission expense	(422)	(720)	-	(1,142)
- Salaries and other employee benefits	(2,850)	(12,316)	-	(15,166)
- Deposit insurance and advertisement expenses	(2,047)	-	-	(2,047)
- Provisions	(4,834)	(1,238)	-	(6,072)
Segment result	39,222	25,879	1,812	66,913
Total unallocated costs				(42,901)
Income before income tax expense				24,012
Income tax expense				(6,272)
Net income				17,740
Total segment assets	360,997	1,123,810	184,154	1,668,961
Unallocated assets				189,763
Total assets				1,858,724
Total segment liabilities	(352,780)	(755,253)	(7,946)	(1,115,979)
Unallocated liabilities				(550,017)
Total liabilities				(1,665,996)
Other segment items:				
Capital expenditure (unallocated)				(13,977)
Depreciation and amortization expense (unallocated)				(3,599)

Some of the assets and liabilities that cannot be allocated to a particular segment are included in unallocated assets and liabilities. Unallocated assets include obligatory reserves, property and equipment and other unallocated assets. Unallocated liabilities include debt securities issued, amounts due to credit institutions and other unallocated liabilities.

Geographical segments – Segment information for the main geographical segments of the Group is set out below as at 30 September 2009 and 31 December 2008 and for the nine months ended 30 September 2009 and 2008.

	Kazakhstan	**OECD countries**	**Non-OECD countries**	**Total**
30 September 2009 (unaudited)				
Total segment assets	1,772,170	353,218	10,423	2,135,811
31 December 2008				
Total segment assets	1,509,039	134,850	7,460	1,651,349
Nine months ended 30 September 2009 (unaudited)				
External revenues	77,578	110,098	8,140	195,816
Capital expenditure	(7,364)	-	-	(7,364)
Nine months ended 30 September 2008 (unaudited)				
External revenues	164,872	7,315	208	172,395
Capital expenditure	(13,977)	-	-	(13,977)

External revenues and assets 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.

31. SUBSEQUENT EVENTS

On 7 October 2009, the Group has repaid its 5-year Eurobonds for the nominal value of USD 200 million upon the maturity of this debt securities issued.

On 1 October 2009 and 27 October 2009, the Group has repaid two syndicated loans, with the residual maturity period of less than one year, for the amounts of USD 300 million and USD 400 million on each date respectively with no penalties incurred for early repayment. The Group's management made the decision for repayment to effectively utilize the excessive liquidity of the Group.

On 20 October 2009, the Group has issued 65,259,845 common shares with the placement price equal to KZT 104.03 per share for the total amount of KZT 6,789 million. This issue was held within the scope of the rights issue program that the Group has partially exercised in the beginning 2009.

On 17 November 2009, the President of the Republic of Kazakhstan has approved the amendments to the national tax legislation. According to these amendments the corporate tax rates for annual periods of 2010, 2011, and 2012 will be equal to 20%. The corporate tax rate for the annual period of 2013 was approved to be 17.5%. For the annual periods starting from 2014 and afterwards the corporate tax rate was approved to be equal to 15%.

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.

Samruk-Kazyna is a shareholder of the Group since 27 March 2009 (please see Note 1). The ultimate shareholder of the Group Timur Kulibayev holds the position of deputy chairman in Samruk-Kazyna since October 2008. The functional responsibilities of Timur Kulibayev do not allow him to exercise significant control over the operations and policies of Samruk-Kazyna or otherwise influence its governance.

The transactions and balances with Samruk-Kazyna are disclosed as a separate line in related party transactions disclosure below for the periods in which Samruk-Kazyna was a shareholder of the Group.

The Group had the following transactions outstanding as at 30 September 2009 and 31 December 2008 with related parties:

	30 September 2009 (unaudited)		**31 December 2008**	
	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	1,511	8,695	-	14,987
- Subsidiaries of Samruk-Kazyna	1,511		-	
Available-for-sale investment securities before allowance for impairment	6,938	88,545	-	135,801
- Subsidiaries of Samruk-Kazyna	6,938		-	
Allowance for available-for-sale investment securities impairment	(380)	(595)	-	-
- Subsidiaries of Samruk-Kazyna	(380)		-	
Investments held to maturity	6,252	23,605	-	8,689
- Subsidiaries of Samruk-Kazyna	6,252		-	
Loans to customers before allowance for loan impairment	17,615	1,351,987	13,992	1,303,332
- entities with joint control or significant influence over the entity	10,077		9,379	
- key management personnel of the entity or its parent	196		49	
- other related parties	7,342		4,564	
Allowance for loan impairment	(1,786)	(200,215)	(677)	(115,052)
- entities with joint control or significant influence over the entity	(706)		(469)	
- key management personnel of the entity or its parent	(9)		(1)	
- other related parties	(1,071)		(207)	
Amounts due to customers	501,453	1,332,727	207,574	867,392
- the parent	9,079		85,956	
- entities with joint control or significant influence over the entity	10,821		116,550	
- associates	72		39	
- key management personnel of the entity or its parent	1,509		2,514	
- Samruk-Kazyna and its subsidiaries	475,814		-	
- other related parties	4,158		2,515	
Amounts due to credit institutions	14,344	178,822	-	289,608
- Subsidiaries of Samruk-Kazyna	14,344		-	

Included in the condensed interim consolidated income statement for the nine-month periods ended 30 September 2009 and 2008 are the following amounts which arose due to transactions with related parties:

	Nine months ended 30 September 2009 (unaudited)		Nine months ended 30 September 2008 (unaudited)	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Interest income	2,428	149,221	282	142,399
- entities with joint control or significant influence over the entity	918		-	
- key management personnel of the entity or its parent	4		-	
- Subsidiaries of Samruk-Kazyna	853		-	
- other related parties	653		282	
Interest expense	(20,013)	(78,775)	(332)	(75,475)
- the parent	(701)		(201)	
- entities with joint control or significant influence over the entity	(274)		-	
- key management personnel of the entity or its parent	(132)		(81)	
- Samruk-Kazyna and its subsidiaries	(18,592)		-	
- other related parties	(314)		(50)	
Net gain/(loss) from financial assets and liabilities at fair value through profit or loss	(56)	991	-	(6,819)
- Subsidiaries of Samruk-Kazyna	(56)		-	

	Nine months ended 30 September 2009 (unaudited)		Nine months ended 30 September 2008 (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:	184	12,719	1,268	15,166
- short-term employee benefits	184		1,268	