JSC HALYK BANK

Condensed Interim Consolidated Financial Information (unaudited)

For the nine months ended 30 September 2011

JSC HALYK BANK

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)

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

Management is responsible for the preparation of the condensed interim consolidated financial information that present fairly the financial position of the Group as at 30 September 2011, the results of its operations, cash flows and changes in equity for the nine months then ended, in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

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

- 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 condensed interim consolidated financial information on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

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

The condensed interim consolidated financial information of the Group for the nine months ended 30 September 2011 was authorized for issue by the Management Board of the Bank on 15 November 2011.

On behalf of the Management Board:

Umut B. Shayakhmetova	**Pavel A. Cheussov**
Chairperson of the Board	**Chief Accountant**
15 November 2011	15 November 2011
Almaty, Kazakhstan	Almaty, Kazakhstan

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REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed interim consolidated financial information of JSC Halyk Bank and its subsidiaries (collectively, "the Group") which comprises the condensed interim consolidated statement of financial position as at 30 September 2011 and the related condensed interim consolidated income statement and condensed interim consolidated statement of comprehensive income for the three 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 2011, and a summary of significant accounting policies and the selected explanatory notes. Management of the Group is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Deloitte, LLP

15 November 2011
Almaty, Kazakhstan

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	30 September 2011 (unaudited)	31 December 2010
ASSETS			
Cash and cash equivalents	5	518,435	392,898
Obligatory reserves	6	51,351	27,284
Financial assets at fair value through profit or loss	7, 31	4,703	6,051
Amounts due from credit institutions	8	25,090	20,123
Available-for-sale investment securities	9, 31	355,181	281,294
Investments held to maturity	10, 31	77,013	174,419
Precious metals		2,000	1,665
Loans to customers	11, 31	1,098,501	1,089,273
Property and equipment		64,264	63,988
Assets held-for-sale		9,609	9,770
Goodwill		3,085	3,085
Intangible assets		5,707	5,834
Insurance assets	12	12,111	9,274
Other assets	13	12,604	12,977
TOTAL ASSETS		2,239,654	2,097,935
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	14, 31	1,490,847	1,415,755
Amounts due to credit institutions	15, 31	61,434	71,403
Financial liabilities at fair value through profit or loss	7	2,950	2,910
Debt securities issued	16	331,717	252,167
Provisions	17	5,162	3,861
Deferred tax liability	18	8,729	8,242
Insurance liabilities	12	22,248	15,664
Other liabilities	19	15,811	10,049
Total liabilities		1,938,898	1,780,051
EQUITY			
Share capital	20	143,695	143,695
Share premium reserve		1,191	1,352
Treasury shares		(39,959)	(93)
Retained earnings and other reserves		194,700	171,744
		299,627	316,698
Non-controlling interest		1,129	1,186
Total equity		300,756	317,884
TOTAL LIABILITIES AND EQUITY		2,239,654	2,097,935

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 November 2011
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

15 November 2011
Almaty, Kazakhstan

The notes on pages 10 to 49 form an integral part of this condensed interim consolidated financial information.

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)

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

	Notes	Three months ended 30 September 2011 (unaudited)	Three months ended 30 September 2010 (unaudited)	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
Interest income	22, 31	41,803	43,377	125,167	134,238
Interest expense	22, 31	(19,585)	(20,834)	(59,531)	(66,778)
NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE	22	22,218	22,543	65,636	67,460
Impairment charge on interest earning and other assets	17	(8,522)	(12,260)	(28,772)	(38,083)
NET INTEREST INCOME		13,696	10,283	36,864	29,377
Fee and commission income	23	10,026	8,773	31,225	24,380
Fee and commission expense		(1,173)	(1,393)	(3,884)	(4,049)
Fees and commissions, net		8,853	7,380	27,341	20,331
Net gain/(loss) from financial assets and liabilities at fair value through profit or loss	24, 31	523	205	(214)	979
Net realized gain from available-for-sale investment securities		61	237	71	208
Net gain on foreign exchange operations	25	1,395	1,463	6,474	5,418
Insurance underwriting income	26	3,971	3,373	10,237	8,975
Share of loss of associates		(1)	(2)	(5)	(13)
Other income		355	446	1,668	1,259
OTHER NON-INTEREST INCOME		6,304	5,722	18,231	16,826
Operating expenses	27	(11,742)	(11,495)	(33,771)	(31,708)
Recoveries of provisions/(provisions)	17	6	1,392	(1,292)	1,422
Losses incurred from management of pensions assets	19	(6,246)	-	(6,246)	-
Insurance claims incurred, net of reinsurance		(2,400)	(2,159)	(7,234)	(5,394)
NON-INTEREST EXPENSES		(20,382)	(12,262)	(48,543)	(35,680)
INCOME BEFORE INCOME TAX EXPENSE		8,471	11,123	33,893	30,854
Income tax expense	18	(1,440)	(1,751)	(5,762)	(4,853)
NET INCOME		7,031	9,372	28,131	26,001
Attributable to:					
Non-controlling interest		(154)	114	57	145
Preferred shareholders		1,807	2,032	6,741	5,675
Common shareholders		5,378	7,226	21,333	20,181
		7,031	9,372	28,131	26,001
Basic earnings per share (in Kazakhstani Tenge)	28	4.94	5.55	18.43	15.51
Diluted earnings per share (in Kazakhstani Tenge)	28	4.94	5.55	18.43	15.51

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 November 2011
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

15 November 2011
Almaty, Kazakhstan

The notes on pages 10 to 49 form an integral part of this condensed interim consolidated financial information.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Three months ended 30 September 2011 (unaudited)	Three months ended 30 September 2010 (unaudited)	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
Net income	7,031	9,372	28,131	26,001
Other comprehensive (loss)/income				
(Loss)/gain on revaluation of available-for-sale investment securities	(3,443)	6,229	466	5,864
Gain transferred to income statement on sale of available-for-sale investment securities	(61)	(237)	(71)	(208)
(Gain)/loss transferred to income statement on impairment of available-for-sale investment securities	(13)	-	(99)	735
(Loss)/gain on revaluation of property, net of tax	-	(22)	14	52
Exchange differences on translation of foreign operations into the reporting currency	(632)	137	41	(285)
Other comprehensive (loss)/income for the period	(4,149)	6,107	351	6,158
Total comprehensive income for the period	2,882	15,479	28,482	32,159
Attributable to:				
Non-controlling interest	(154)	108	57	135
Preferred shareholders	763	3,373	6,825	7,029
Common shareholders	2,273	11,998	21,600	24,995
	2,882	15,479	28,482	32,159

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 November 2011
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

15 November 2011
Almaty, Kazakhstan

The notes on pages 10 to 49 form an integral part of this condensed interim consolidated financial information.

JSC HALYK BANK

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)
(Millions of Kazakhstani Tenge)

	Notes	Common Shares	Share capital Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Treasury shares	Cumulative translation reserve	Revaluation reserve of available-for -sale investment securities	Property revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
31 December 2010		83,571	46,891	13,233	1,352	(93)	1,360	3,882	16,975	149,527	316,698	1,186	317,884
Net income		-	-	-	-	-	-	-	-	28,074	28,074	57	28,131
Other comprehensive income/(loss)		-	-	-	-	-	41	320	14	-	375	(24)	351
Total comprehensive income/(loss)		-	-	-	-	-	41	320	14	28,074	28,449	33	28,482
Treasury shares purchased	20	-	-	-	(180)	(39,897)	-	-	-	-	(40,077)	-	(40,077)
Treasury shares sold	20	-	-	-	19	31	-	-	-	-	50	-	50
Dividends paid – preferred shares		-	-	-	-	-	-	-	-	(5,493)	(5,493)	-	(5,493)
Dividends paid by subsidiaries		-	-	-	-	-	-	-	-	-	-	(90)	(90)
Release of property revaluation reserve on depreciation and disposal of previously revalued assets		-	-	-	-	-	-	-	(122)	122	-	-	-
30 September 2011(unaudited)		83,571	46,891	13,233	1,191	(39,959)	1,401	4,202	16,867	172,230	299,627	1,129	300,756

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Common shares	Share capital Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Treasury shares	Cumulative translation reserve	Revaluation reserve of available-for -sale investment securities	Property revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
31 December 2009		83,571	46,891	13,233	1,317	(103)	1,667	(976)	18,121	116,881	280,602	350	280,952
Net income		-	-	-	-	-	-	-	-	25,856	25,856	145	26,001
Other comprehensive (loss)/income		-	-	-	-	-	(285)	6,401	52	-	6,168	(10)	6,158
Total comprehensive (loss)/income		-	-	-	-	-	(285)	6,401	52	25,856	32,024	135	32,159
Treasury shares purchased	20	-	-	-	-	(6)	-	-	-	-	(6)	-	(6)
Treasury shares sold	20	-	-	-	34	13	-	-	-	-	47	-	47
Dividends paid – preferred shares		-	-	-	-	-	-	-	-	(4,494)	(4,494)	-	(4,494)
Dividends paid by subsidiaries		-	-	-	-	-	-	-	-	-	-	(69)	(69)
Release of property revaluation reserve on depreciation and disposal of previously revalued assets		-	-	-	-	-	-	-	(969)	969	-	-	-
Change in non-controlling interest share of net assets		-	-	-	-	-	-	-	-	-	-	640	640
30 September 2010 (unaudited)		83,571	46,891	13,233	1,351	(96)	1,382	5,425	17,204	139,212	308,173	1,056	309,229

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

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

15 November 2011
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

15 November 2011
Almaty, Kazakhstan

The notes on pages 10 to 49 form an integral part of this condensed interim consolidated financial information.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received from financial assets at fair value through profit or loss		12	36
Interest received from cash equivalents and amounts due from credit institutions		1,418	1,900
Interest received on available-for-sale investment securities		9,072	5,630
Interest received on investments held-to-maturity		1,012	654
Interest received from loans to customers		104,426	99,665
Interest paid on due to customers		(36,532)	(48,290)
Interest paid on due to credit institutions		(647)	(3,438)
Interest paid on debt securities issued		(13,633)	(11,780)
Fee and commission received		25,746	24,061
Fee and commission paid		(3,884)	(4,049)
Insurance underwriting income received		22,786	13,821
Other income received		5,217	13,467
Operating expenses paid		(29,093)	(24,770)
Insurance reimbursements paid		(5,080)	(3,730)
Cash flows from operating activities before changes in net operating assets		80,820	63,177
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets:			
Obligatory reserves		(24,067)	(860)
Financial assets at fair value through profit or loss		1,129	1,887
Amounts due from credit institutions		(4,341)	35,016
Precious metals		(36)	167
Loans to customers		(32,626)	12,473
Insurance assets		(15,348)	(7,815)
Other assets		7,891	(323)
Increase/(decrease) in operating liabilities:			
Financial liabilities at fair value through profit or loss		40	266
Amounts due to customers		71,056	104,804
Amounts due to credit institutions		(10,108)	(88,186)
Insurance liabilities		4,369	2,813
Other liabilities		7,022	(1,501)
Net cash inflow from operating activities before income tax		85,801	121,918
Income tax paid		(5,742)	(2,332)
Net cash inflow from operating activities		80,059	119,586
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase and prepayment for property and equipment and intangible assets		(4,373)	(7,029)
Proceeds on sale of property and equipment		36	87
Purchase of available-for-sale investment securities		(334,585)	(642,303)
Proceeds on sale of available-for-sale investment securities		256,606	327,562
Purchase of investments held to maturity		(444,901)	(30,784)
Proceeds from redemption of investments held to maturity		542,811	9,616
Net cash inflow/(outflow) from investing activities		15,594	(342,851)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from sale of treasury shares		50	47
Purchase of treasury shares		(40,077)	(6)
Dividends paid		(5,583)	(4,563)
Proceeds on debt securities issued		71,585	-
Redemption and repayment of debt securities issued		-	(5,000)
Net cash inflow/(outflow) from financing activities		25,975	(9,522)
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		3,909	(3,185)
Net change in cash and cash equivalents		125,537	(235,972)
CASH AND CASH EQUIVALENTS, beginning of the period		392,898	480,622
CASH AND CASH EQUIVALENTS, end of the period	5	518,435	244,650

On behalf of the Management Board:

Umut B. Shayakhmetova	**Pavel A. Cheussov**
Chairperson of the Board	**Chief Accountant**
15 November 2011	15 November 2011
Almaty, Kazakhstan	Almaty, Kazakhstan

The notes on pages 10 to 49 form an integral part of this condensed interim consolidated financial information.

(Millions of Kazakhstani Tenge)

1. PRINCIPAL ACTIVITIES

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

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

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

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

In March 2011, the Bank paid KZT 12,867 million to acquire from JSC Almex Holding Group (hereafter – “the parent”) a call option to purchase 213,000,000 of the Bank’s common shares from Samruk-Kazyna at a fixed strike price of KZT 126.8 per share. The Bank has immediately exercised the option and repurchased 213,000,000 of its own common shares from Samruk-Kazyna for KZT 27,008 million. As at the date of the transactions, the Bank’s common shares were traded at KZT 360.0 per share. As a result, the Group has recorded KZT 39,875 million as cost of acquired treasury shares (see Note 20). According to IAS 32 “Financial Instruments: Presentation”, the excess of the market price of the treasury shares over cost was not recorded.

As at 30 September 2011 and 31 December 2010, the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

	30 September 2011 (unaudited)		31 December 2010	
	Stake in total shares issued *	Stake in total voting shares **	Stake in total shares issued *	Stake in total voting shares **
Timur Kulibayev and Dinara Kulibayeva	44.51%	90.33%	41.80%	67.71%
Samruk-Kazyna	11.55%	-	26.81%	24.71%
Others	43.94%	9.67%	31.39%	7.58%
	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 2011, the Bank operated through its head office in Almaty and its 22 regional branches, 122 sub-regional offices and 465 cash settlement units (as at 31 December 2010 - 22, 122 and 488, respectively) located throughout Kazakhstan. The address of the Bank's registered office is: 109 V Abai Avenue, Almaty, 050008, Kazakhstan.

The condensed interim consolidated financial information of the Group for the nine months ended 30 September 2011 was authorized for issue by the Management Board of the Bank on 15 November 2011.

2. BASIS OF PRESENTATION

Accounting basis

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

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

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

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

Consolidated subsidiaries

This condensed interim consolidated financial information includes the following subsidiaries:

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

Associates

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

Holding, %	Share in net loss	Total Assets	Total liabilities	Equity	Total revenue
As at 30 September 2011 and for the nine months then ended (unaudited)					
25.14	(5)	12	-	12	1
As at 31 December 2010 and for the year then ended					
25.14	(15)	78	-	78	1

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this condensed interim consolidated financial information, the Group has applied the same accounting policies and methods of computation as those applied in the consolidated financial statements of the Group for the year ended 31 December 2010. There were no changes in accounting policies during the nine months ended 30 September 2011.

Standards and Interpretations affecting amounts reported in the current period

Amendments to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (as part of Improvements to IFRSs issued in 2009)

The amendments to IFRS 5 clarify that the disclosure requirements in IFRSs other than IFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those IFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5 and the disclosures are not already provided in the condensed interim consolidated financial information.

Disclosures in this condensed interim consolidated financial information have been modified to reflect the above clarification, where applicable.

Amendments to IAS 1 "Presentation of Financial Statements" (as part of Improvements to IFRSs issued in 2009)

The amendments to IAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or noncurrent.

This amendment has no effect on the amounts reported in prior years because the Group has not previously issued instruments of this nature.

Amendments to IAS 7 "Statement of Cash Flows" (as part of Improvements to IFRSs issued in 2009)

The amendments to IAS 7 specify that only expenditures that result in a recognized asset in the statement of financial position can be classified as investing activities in the statement of cash flows. The application of the amendments to IAS 7 has resulted in a change in the presentation of cash outflows in respect of development costs that do not meet the criteria in IAS 38 "Intangible Assets" for capitalization as part of an internally generated intangible asset. No changes were necessary as a result of the adoption of this amendment.

Amendments to IFRS 7 "Financial Instruments: Disclosures" (as part of Improvements to IFRSs issued in 2010)

The amendments to IFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.

New and revised standards and interpretations issued and not yet adopted

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9 "Financial Instruments" - On 12 November 2009, the IASB issued IFRS 9 "Financial Instruments" which introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

  The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

- IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

  The Group anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

- IFRS 10 Consolidated Financial Statements - The Standard is applicable to annual reporting periods beginning on or after 1 January 2013. The Standard requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities. The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee.
- IFRS 11 Joint Arrangements – The Standard is applicable to annual reporting periods beginning on or after 1 January 2013. The Standard replaces IAS 31 Interests in Joint Ventures. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.
- IFRS 12 Disclosure of Interests in Other Entities - The Standard is applicable to annual reporting periods beginning on or after 1 January 2013. The Standard requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

- IFRS 13 Fair Value Measurement - The Standard is applicable to annual reporting periods beginning on or after 1 January 2013. The Standard replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs.
- The amendments to IFRS 7 titled "Disclosures – Transfers of Financial Assets" increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

  It is not expected that these amendments to IFRS 7 will have a significant effect on the Group's consolidated financial statements.

- IAS 24 "Related Party Disclosures" (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in IAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the Standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.
- The amendments to IAS 32 titled "Classification of Rights Issues" address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to IAS 32 will have an impact on the classification of those rights issues.
- IFRIC 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, IFRIC 19 will affect the required accounting. In particular, under IFRIC 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING ESTIMATES

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

Allowance for impairment of loans and receivables

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

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

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

The carrying amount of the allowance for impairment of loans to customers as at 30 September 2011 is KZT 281,174 million (as at 31 December 2010: KZT 253,237 million).

Taxation

Kazakhstan tax, currency and customs legislations are subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and state authorities. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar periods preceeding the period of review.
As at 30 September 2011, management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained. Significant additional actual taxes, penalties and interest may be assessed following any challenges by the relevant authorities, which could have a material impact on the Group's reported net income.

Claims liability and reserves arising from insurance contracts

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

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

Goodwill

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

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

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

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	30 September 2011 (unaudited)	**31 December 2010**
Cash on hand	55,410	35,468
Recorded as loans and receivables in accordance with IAS 39:		
Correspondent accounts with National Bank of Kazakhstan ("NBK")	72,728	-
Correspondent accounts with Organization for Economic Co-operation and Development countries (the "OECD") based banks	37,398	8,281
Correspondent accounts with non-OECD based banks	2,680	5,978
Overnight deposits with OECD based banks	69,047	122,539
Short-term deposits with OECD based banks	277,270	144,820
Short-term deposits with non-OECD based banks	3,722	2,853
Short-term deposits with Kazakhstan banks	180	910
Short-term deposits with NBK	-	72,003
Overnight deposits with non-OECD based banks	-	46
	518,435	392,898

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

	30 September 2011 (unaudited)		31 December 2010	
	KZT	**Foreign currencies**	**KZT**	**Foreign currencies**
Overnight deposits with OECD based banks	-	0.33%-0.92%	-	0.10%-0.70%
Short-term deposits with OECD based banks	3.00%	0.28%	0.60%	0.20%-3.30%
Short-term deposits with non-OECD based banks	-	0.21%-8.00%	-	3.50%
Short-term deposits with Kazakhstan banks	3.50%	-	0.70%	-
Short-term deposits with NBK	-	-	0.50%	-
Overnight deposits with non-OECD based banks	-	-	-	6.00%

The fair value of assets pledged and carrying value of short-term deposits, included in short-term deposits with Kazakhstan banks under reverse repurchase agreements classified as cash and cash equivalents as at 30 September 2011 and 31 December 2010 are presented as follows:

	30 September 2011 (unaudited)		31 December 2010	
	Carrying value of deposits	**Fair value of collateral**	**Carrying value of deposits**	**Fair value of collateral**
Treasury bills of the Ministry of Finance of Kazakhstan	180	193	910	1,003
	180	193	910	1,003

6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	30 September 2011 (unaudited)	31 December 2010
Recorded as loans and receivables in accordance with IAS 39:		
Due from NBK allocated to obligatory reserves	51,351	14,752
Cash on hand allocated to obligatory reserves	-	12,532
	51,351	27,284

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

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

Financial assets at fair value through profit or loss comprise:

	30 September 2011 (unaudited)	31 December 2010
Financial assets held for trading:		
Derivative financial instruments	4,180	4,640
Equity securities of Kazakhstan banks	286	921
Securities of foreign countries and organizations	134	168
Corporate bonds	103	102
Mutual investment funds shares	-	220
	4,703	6,051

Financial liabilities at fair value through profit or loss comprise:

	30 September 2011 (unaudited)	31 December 2010
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	2,950	2,910

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

	30 September 2011 (unaudited) Interest rate, %	31 December 2010 Interest rate, %
Securities of foreign countries and organizations	9.0%-15.0%	5.0%-15.0%
Corporate bonds	7.0%-18.0%	7.0%-18.0%

Derivative financial instruments comprise:

	30 September 2011 (unaudited)			31 December 2010		
	Nominal amount	Net fair value Asset	Net fair value Liability	Nominal amount	Net fair value Asset	Net fair value Liability
Foreign currency contracts:						
Forwards	81,328	3,388	2,621	87,403	4,051	2,834
Options	5,791	506	-	7,620	506	-
Swaps	52,192	286	329	21,757	83	76
		4,180	2,950		4,640	2,910

As at 30 September 2011 and 31 December 2010, the Group used quoted market prices from independent information sources for all of its financial assets recorded at fair value through profit or loss, with the exception of derivative financial instruments, which are valued using valuation models based on market data.

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	30 September 2011 (unaudited)	31 December 2010
Recorded as loans and receivables in accordance with IAS 39:		
Term deposits	15,559	10,062
Deposit pledged as collateral for derivative financial instruments	7,292	7,822
Loans to Kazakhstan credit institutions	2,240	2,241
	25,091	20,125
Less - Allowance for loan impairment (Note 17)	(1)	(2)
	25,090	20,123

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

	30 September 2011 (unaudited)		31 December 2010	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Term deposits	1.00%-12.50%	2011-2013	4.50%-12.50%	2013
Deposit pledged as collateral for derivative financial instruments	0.15%-1.80%	2012	0.20%-1.80%	2012
Loans to Kazakhstan credit institutions	12.00%-17.00%	2015	12.00%-17.00%	2015

9. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	30 September 2011 (unaudited)	31 December 2010
Treasury bills of the Ministry of Finance of Kazakhstan	155,851	173,314
Corporate bonds	75,826	56,811
NBK notes	56,862	27,838
Securities of foreign countries and organizations	44,472	6,148
Bonds of Development Bank of Kazakhstan	9,565	6,522
Bonds of Kazakhstan banks	4,200	3,347
Local municipal bonds	3,985	4,274
Mutual investment funds shares	3,214	944
Treasury bills of the Russian Federation	710	-
Equity securities of Kazakhstan banks	348	230
Equity securities of Kazakhstan corporations	148	1,569
Treasury bills of the Kyrgyz Republic	-	186
Equity securities of foreign corporations	-	111
	355,181	281,294
Subject to repurchase agreements	-	4,211

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

	30 September 2011 (unaudited)		31 December 2010	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	1.50%-10.10%	2011-2026	1.50%-9.00%	2011-2025
Corporate bonds	5.90%-10.50%	2011-2021	6.40%-28.00%	2011-2021
NBK notes	1.10%-1.70%	2011-2012	1.00%-1.50%	2011
Securities of foreign countries and organizations	1.30%-9.60%	2012-2020	7.40%-15.00%	2012-2016
Bonds of Development Bank of Kazakhstan	5.40%-7.00%	2015-2026	5.70%-7.00%	2015-2026
Bonds of Kazakhstan banks	6.40%-21.00%	2011-2030	7.20%-21.00%	2011-2022
Local municipal bonds	4.90%	2015	4.90%	2015
Treasury bills of the Russian Federation	7.60%	2021	-	-
Treasury bills of the Kyrgyz Republic	-	-	9.00%	2011

As at 30 September 2011 and 31 December 2010, the Group used quoted market prices from independent informational sources to determine the fair value for all of its available-for-sale investment securities.

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

Debt securities:	**Effective interest rate, %**	**As at reporting date 30 September 2011 (unaudited) Fair value**	**As at reclassification date 31 December 2008 Fair value**
Bonds of Development Bank of Kazakhstan	7.0%	2,700	2,213
Securities of foreign countries and organizations	9.8%-14.5%	-	1,987
		2,700	4,200

Equity securities:	**As at reporting date 30 September 2011 (unaudited) Fair value**	**As at reclassification date 31 December 2008 Fair value**
Equity securities of Kazakhstan corporations	59	74
Mutual investment funds shares	-	651
	59	725

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

Debt securities:	**As at reclassification date 31 December 2008**
Bonds of Development Bank of Kazakhstan	4,711
Securities of foreign countries and organizations	-
	4,711

The net gain/(loss) that would be recognized in the condensed interim consolidated income statement for the nine months ended 30 September 2011 and 2010 from the debt and equity securities which were reclassified is presented in the tables below:

Debt securities:	**Nine months ended 30 September 2011 (unaudited)**	**Nine months ended 30 September 2010 (unaudited)**
Bonds of Development Bank of Kazakhstan	238	181
Securities of foreign countries and organizations	-	12
	238	193

Equity securities:	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
Mutual investment funds shares	(133)	(30)
Equity securities of Kazakhstan corporations	3	(6)
	(130)	(36)

10. INVESTMENTS HELD TO MATURITY

Investment held to maturity comprise:

	30 September 2011 (unaudited)	31 December 2010
NBK notes	59,817	159,385
Treasury bills of the Ministry of Finance of Kazakhstan	8,237	7,716
Corporate bonds	6,927	5,545
Treasury bills of Georgia	874	1,172
Treasury bills of Kyrgyz Republic	658	601
Bonds of Kazakhstan banks	500	-
	77,013	174,419

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

	30 September 2011 (unaudited)		31 December 2010	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
NBK notes	0.90%-1.50%	2011	1.00%-1.50%	2011
Treasury bills of the Ministry of Finance of Kazakhstan	0.10%-0.50%	2011-2015	7.10%-7.80%	2013-2015
Corporate bonds	5.90%-20.26%	2011-2017	4.80%-20.00%	2011-2017
Treasury bills of Georgia	13.80%-15.60%	2012-2016	8.50%-15.60%	2011-2012
Treasury bills of Kyrgyz Republic	9.00%-20.00%	2011-2012	8.20%-16.00%	2011
Bonds of Kazakhstan banks	11.00%	2015	-	-

11. LOANS TO CUSTOMERS

Loans to customers comprise:

	30 September 2011 (unaudited)	31 December 2010
Recorded as loans and receivables in accordance with IAS 39:		
Originated loans to customers	1,374,591	1,341,140
Overdrafts	4,903	1,370
Promissory notes	181	-
	1,379,675	1,342,510
Less – Allowance for loan impairment (Note 17)	(281,174)	(253,237)
	1,098,501	1,089,273

As at 30 September 2011, the annual interest rates charged by the Group ranged from 9% to 24% per annum for KZT-denominated loans (as at 31 December 2010 – from 9% to 24%) and from 7% to 17% per annum for US Dollar-denominated loans (as at 31 December 2010 – from 7% to 17%).

As at 30 September 2011, the Group had a concentration of loans of KZT 258,993 million from the ten largest borrowers that comprised 19% of the Group's total gross loan portfolio (as at 31 December 2010 – KZT 267,072 million; 20%) and 86% of the Group's equity (as at 31 December 2010 – 84%). As at 30 September 2011 an allowance for loan impairment amounting to KZT 45,759 million was made against these loans (as at 31 December 2010 – KZT 49,403 million).

Loans are made to the following sectors:

	30 September 2011 (unaudited)	**%**	**31 December 2010**	**%**
Retail loans:				
- consumer loans	159,482	12%	136,271	10%
- mortgage loans	122,271	9%	133,958	10%
	281,753		270,229	
Wholesale trade	266,533	19%	277,222	21%
Construction	170,764	12%	180,353	13%
Services	113,510	8%	104,270	8%
Real estate	111,592	8%	96,724	7%
Retail trade	103,058	7%	92,185	7%
Agriculture	87,150	6%	86,460	6%
Energy	47,638	3%	22,143	2%
Hotel industry	39,401	3%	54,416	4%
Metallurgy	39,371	3%	44,689	3%
Food industry	36,246	3%	37,086	3%
Transportation	35,357	3%	29,688	2%
Oil and gas	11,941	1%	10,218	1%
Chemical industry	9,066	1%	9,805	1%
Machinery	7,193	1%	7,689	1%
Light industry	5,961	0%	7,472	1%
Mining	5,955	0%	5,507	0%
Communication	267	0%	232	0%
Other	6,919	1%	6,122	0%
	1,379,675	100%	1,342,510	100%

As at 30 September 2011, the amount of accrued interest on impaired loans comprised KZT 110,917 million (as at 31 December 2010 – KZT 121,752 million).

12. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	30 September 2011 (unaudited)	**31 December 2010**
Reinsurance amounts recoverable	750	5,154
Reinsurance premium unearned	8,525	2,561
	9,275	7,715
Premiums receivable	2,836	1,559
Insurance assets	12,111	9,274

Insurance liabilities comprised the following:

	30 September 2011 (unaudited)	31 December 2010
Gross unearned insurance premium reserve	12,974	5,550
Reserves for insurance claims	6,732	8,982
	19,706	14,532
Payables to reinsurers and agents	2,542	1,132
Insurance liabilities	22,248	15,664

Insurance risk

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

Underwriting and pricing risk

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

Claims management risk

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

Reinsurance risk

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

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

Reserving risk

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

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

13. OTHER ASSETS

Other assets comprise:

	30 September 2011 (unaudited)	31 December 2010
Other financial assets recorded as loans and receivables in accordance with IAS 39:		
Debtors on banking activities	2,849	2,197
Debtors on non-banking activities	2,125	1,226
Accrued other commission income	1,153	569
Accrued commission for managing pension assets	392	1,744
Other	406	167
	6,925	5,903
Less – Allowance for impairment (Note 17)	(1,087)	(772)
	5,838	5,131
Other non financial assets:		
Income tax prepaid	3,575	3,175
Prepayments for property and equipment	1,444	2,345
Inventory	1,289	1,486
Advances for taxes other than income tax	635	773
Deferred tax assets (Note 18)	314	350
Investments in associates	65	224
Other	434	710
	7,756	9,063
Less – Allowance for impairment (Note 17)	(990)	(1,217)
	12,604	12,977

14. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	30 September 2011 (unaudited)	31 December 2010
Recorded at amortized cost:		
Term deposits:		
Legal entities	376,515	531,182
Individuals	423,411	387,510
	799,926	918,692
Current accounts:		
Legal entities	568,495	393,696
Individuals	122,426	103,367
	690,921	497,063
	1,490,847	1,415,755

As at 30 September 2011, the Group's ten largest customers accounted for approximately 56% of the total amounts due to customers (31 December 2010 – 50%).

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

An analysis of customer accounts by sector follows:

	30 September 2011 (unaudited)	%	31 December 2010	%
Individuals and entrepreneurs	545,838	37%	490,877	35%
Oil and gas	280,450	19%	329,416	23%
Wholesale trade	125,537	8%	88,061	6%
Transportation	113,619	8%	179,584	13%
Construction	109,234	7%	34,209	2%
Metallurgy	46,392	3%	43,853	3%
Government	34,225	2%	26,854	2%
Energy	33,952	2%	22,803	2%
Financial sector	33,091	2%	24,568	2%
Other consumer services	32,816	2%	55,775	4%
Insurance and pension funds activity	17,350	1%	49,243	3%
Education	16,653	1%	10,934	1%
Healthcare and social services	13,268	1%	6,143	0%
Communication	10,690	1%	15,180	1%
Other	77,732	6%	38,255	3%
	1,490,847	100%	1,415,755	100%

15. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	30 September 2011 (unaudited)	31 December 2010
Recorded at amortized cost:		
Loans and deposits from Kazakhstan banks	47,742	52,159
Loans and deposits from OECD based banks	10,430	16,422
Correspondent accounts	1,604	1,185
Loans from other financial institutions	1,218	1,412
Loans and deposits from non-OECD based banks	440	225
	61,434	71,403

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

	30 September 2011 (unaudited)		31 December 2010	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Loans and deposits from Kazakhstan banks	0.1%-0.5%	2011	4.5%	2011
Loans and deposits from OECD based banks	1.1%-7.7%	2011-2023	1.1%-7.7%	2011-2023
Loans from other financial institutions	2.6%-3.9%	2012-2014	2.3%-3.1%	2012-2014
Loans and deposits from non-OECD based banks	2.7%-3.4%	2012-2013	2.7%-3.9%	2013

Fair value of assets pledged and carrying amount of loans under repurchase agreements as at 30 September 2011 and 31 December 2010 are presented as follows:

	30 September 2011 (unaudited)		31 December 2010	
	Fair value of collateral	Carrying amount of loans	Fair value of collateral	Carrying amount of loans
NBK notes	43,967	44,216	4,211	4,000
	43,967	44,216	4,211	4,000

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

As at 30 September 2011 and 31 December 2010, 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 comprise:

	30 September 2011 (unaudited)	31 December 2010
Recorded at amortized cost:		
Subordinated debt securities issued:		
Inflation indexed KZT denominated bonds	14,537	14,132
Fixed rate KZT denominated bonds	11,939	11,725
Reverse inflation indexed KZT denominated bonds	8,539	8,120
Total subordinated debt securities outstanding	35,015	33,977
Unsubordinated debt securities issued:		
USD denominated bonds	286,202	207,701
KZT denominated bonds	10,500	10,489
Total unsubordinated debt securities outstanding	296,702	218,190
Total debt securities outstanding	331,717	252,167

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

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

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

In accordance with the terms of the USD denominated bonds, the Group is required to maintain certain financial covenants particularly with regard to its capital adequacy, limitations on transactions at less than fair market value and payment of dividends. Furthermore, the terms of the USD denominated bonds include covenants restricting the Group's ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group's other financing arrangements. The Group's management believes that as at 30 September 2011 and 31 December 2010, the Group was in compliance with the covenants of the agreements the Group has with the notes' trustees and holders.

17. ALLOWANCES FOR IMPAIRMENT LOSSES AND PROVISIONS

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

	Loans to customers	Amounts due from credit institutions	Available-for-sale investment securities	Other assets	Total
30 June 2010 (unaudited)	(230,734)	(8)	(1,137)	(1,548)	(233,427)
(Additional provisions recognized)/recovery of provision	(11,740)	2	-	(522)	(12,260)
Foreign exchange differences	(830)	-	-	29	(801)
Write-offs	15	-	-	7	22
30 September 2010 (unaudited)	(243,289)	(6)	(1,137)	(2,034)	(246,466)
30 June 2011 (unaudited)	(271,159)	(2)	(1,121)	(2,150)	(274,432)
(Additional provisions recognized)/recovery of provision	(8,472)	4	7	(61)	(8,522)
Foreign exchange differences	(1,551)	(3)	-	(3)	(1,557)
Write-offs	8	-	-	137	145
30 September 2011 (unaudited)	(281,174)	(1)	(1,114)	(2,077)	(284,366)
31 December 2009	(207,101)	(9)	(730)	(1,472)	(209,312)
(Additional provisions recognized)/recovery of provision	(36,938)	4	(406)	(743)	(38,083)
Foreign exchange differences	687	(1)	(1)	44	729
Write-offs	63	-	-	137	200
30 September 2010 (unaudited)	(243,289)	(6)	(1,137)	(2,034)	(246,466)
31 December 2010	(253,237)	(2)	(1,212)	(1,989)	(256,440)
(Additional provisions recognized)/recovery of provision	(28,365)	1	98	(506)	(28,772)
Foreign exchange differences	(1,134)	-	-	(10)	(1,144)
Write-offs	1,562	-	-	428	1,990
30 September 2011 (unaudited)	(281,174)	(1)	(1,114)	(2,077)	(284,366)

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

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

	Three months ended 30 September 2011 (unaudited)	Three months ended 30 September 2010 (unaudited)	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
At the beginning of the period	(5,185)	(4,302)	(3,861)	(4,433)
Recovery of provisions	4,100	3,165	7,218	6,652
Additional provisions recognized	(4,094)	(1,773)	(8,510)	(5,230)
Foreign exchange differences	17	(140)	(9)	(39)
At the end of the period	(5,162)	(3,050)	(5,162)	(3,050)

18. TAXATION

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

The income tax expense comprises:

	Three months ended 30 September 2011 (unaudited)	Three months ended 30 September 2010 (unaudited)	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
Current tax charge	1,389	1,931	5,239	5,127
Deferred tax expense/(benefit)	51	(180)	523	(274)
Income tax expense	1,440	1,751	5,762	4,853

The tax rate for Kazakhstan companies was 20% during nine months ended 30 September 2011 and 2010, except for insurance companies which were taxed at 4%. Income on state and other qualifying securities is tax exempt.

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

Deferred tax assets and liabilities comprise:

	30 September 2011 (unaudited)	31 December 2010
Tax effect of deductible temporary differences:		
Bonuses accrued	606	674
Fair value of derivatives	566	585
Provisions, different rates	444	11
Insurance premium reserves	242	152
Vacation pay accrual	177	231
Deferred tax asset	2,035	1,653
Tax effect of taxable temporary differences:		
Loans to customers, allowance for impairment losses	(5,385)	(4,514)
Property and equipment, accrued depreciation	(4,253)	(4,103)
Fair value of derivatives	(812)	(928)
Deferred tax liability	(10,450)	(9,545)

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

	30 September 2011 (unaudited)	**31 December 2010**
Deferred tax asset (Note 13)	314	350
Deferred tax liability	(8,729)	(8,242)
Net deferred tax liability	(8,415)	(7,892)

Kazakhstan and other countries where the Group operates currently have a number of laws related to various taxes imposed by both state and regional governmental authorities. Applicable taxes include value added tax, income tax, social taxes and others. Implementing regulations are often unclear or 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 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

Other liabilities comprise:

	30 September 2011 (unaudited)	**31 December 2010**
Other financial liabilities:		
Amounts due to customers of pension fund	6,246	-
Payable for general and administrative expenses	438	301
Creditors on non-banking activities	328	359
Creditors on bank activities	227	201
Other	251	148
	7,490	1,009
Other non financial liabilities:		
Salary payable	4,503	4,628
Taxes payable other than income tax	2,654	2,681
Other prepayments received	1,093	1,558
Current income tax payable	71	173
	15,811	10,049

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

During three months ended 30 September 2011 due to a significant fall in the market quotations of securities the pension assets portfolio incurred significant unrealized losses, which resulted in recognition of losses incurred from management of pension assets. The Group would have to repay those amounts in instances where the customers leave the fund or otherwise they could be offset against future income.

20. EQUITY

Authorized, issued and fully paid number of shares as at 30 September 2011 and 2010 were as follows:

30 September 2011 (unaudited)	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
Common shares	2,400,000,000	(1,091,584,040)	1,308,415,960	(219,043,865)	1,089,372,095
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(23,972,213)	285,887,217
Convertible preferred shares	80,225,222	-	80,225,222	(296,191)	79,929,031

30 September 2010 (unaudited)	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
Common shares	2,400,000,000	(1,091,584,040)	1,308,415,960	(7,249,050)	1,301,166,910
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(23,972,034)	285,887,396
Convertible preferred shares	80,225,222	-	80,225,222	(295,021)	79,930,201

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

	Number of shares			Nominal (placement) amount		
	Common	Non-convertible preferred	Convertible preferred	Common	Non-convertible preferred	Convertible preferred
31 December 2009	1,300,516,169	285,889,251	79,930,401	83,468	46,891	13,233
Purchase of treasury shares	(629,745)	(32,964)	(200)	(6)	-	-
Sale of treasury shares	1,280,486	31,109	-	13	-	-
30 September 2010 (unaudited)	1,301,166,910	285,887,396	79,930,2011	83,475	46,891	13,233
31 December 2010	1,301,511,007	285,887,396	79,930,201	83,478	46,891	13,233
Purchase of treasury shares from Samruk-Kazyna (including the cost of the call option – see Note 1)	(213,000,000)	-	-	(39,875)	-	-
Other purchases of treasury shares	(2,226,211)	(575)	(1,170)	(22)	-	-
Sale of treasury shares	3,087,299	396	-	31	-	-
30 September 2011 (unaudited)	1,089,372,095	285,887,217	79,929,031	43,612	46,891	13,233

At 30 September 2011, the Group held 219,043,865 of the Group's common shares as treasury shares at KZT 39,959 million (30 September 2010 – 7,249,050 at KZT 96 million).

Common Shares

Each common share is entitled to one vote and dividends.

Preferred shares

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

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

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

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

Share premium reserve

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

Convertible preferred shares

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

21. COMMITMENTS AND CONTINGENCIES

Financial commitments and contingencies

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

	30 September 2011 (unaudited)	**31 December 2010**
Guarantees issued	114,692	108,346
Commercial letters of credit	13,475	27,876
Commitments to extend credit	12,603	14,925
Financial commitments and contingencies	140,770	151,147
Less: cash collateral against letters of credit	(944)	(313)
Less: provisions (Note 17)	(5,162)	(3,861)
Total financial commitments and contingencies, net	134,664	146,973

Guarantees issued included above represent financial guarantees where payment is not probable as at the reporting date, and therefore have not been recorded in the condensed interim consolidated statement of financial position. As at 30 September 2011, the ten largest guarantees accounted for 76% of the Group's total financial guarantees (as at 31 December 2010 – 82%) and represented 29% of the Group's total equity (as at 31 December 2010 – 28%).

As at 30 September 2011, the ten largest letters of credit accounted for 90% of the Group's total commercial letters of credit (as at 31 December 2010 – 97%) and represented 5% of the Group's total equity (as at 31 December 2010 – 9%).

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

Trust Activities

In the normal course of its business, the Group enters into agreements with clients to manage the clients' assets with limited decision making rights and in accordance with specific criteria established by the clients. The Group may only be liable for losses or actions aimed at appropriation of the clients' funds if such funds or securities are not returned to the client. The maximum potential financial risk of the Group on any date is equal to the volume of the clients' funds, net of any unrealized income/loss on the client's position. The balance of the clients' funds under the management of the Group, as at 30 September 2011 is KZT 839 billion (31 December 2010 – KZT 712 billion).

Legal proceedings

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

Taxation

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

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

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

Operating environment

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

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

22. NET INTEREST INCOME

	Three months ended 30 September 2011 (unaudited)	Three months ended 30 September 2010 (unaudited)	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
Interest income comprises:				
Interest income on financial assets recorded at amortized cost:				
- interest income on impaired assets	36,530	38,379	109,184	120,146
- interest income on unimpaired assets	1,580	909	5,076	3,422
Interest income on available-for-sale investment securities	3,689	4,076	10,893	10,639
Interest income on financial assets at fair value through profit or loss	4	13	14	31
Total interest income	41,803	43,377	125,167	134,238
Interest income on financial assets recorded at amortized cost comprises:				
Interest income on loans to customers	36,532	38,349	109,184	120,128
Interest income on investments held to maturity	892	254	3,130	1,117
Interest income on amounts due from credit institutions and cash and cash equivalents	686	685	1,946	2,323
Total interest income on financial assets recorded at amortized cost	38,110	39,288	114,260	123,568
Interest income on financial assets at fair value through profit or loss:				
Interest income on financial assets held-for-trading	4	13	14	31
Total interest income on financial assets at fair value through profit or loss	4	13	14	31
Interest income on available-for-sale investment securities	3,689	4,076	10,893	10,639
Total interest income	41,803	43,377	125,167	134,238
Interest expense comprises:				
Interest expense on financial liabilities recorded at amortized cost	(19,585)	(20,834)	(59,531)	(66,778)
Total interest expense	(19,585)	(20,834)	(59,531)	(66,778)
Interest expense on financial liabilities recorded at amortized cost comprise:				
Interest expense on amounts due to customers	(12,662)	(14,258)	(39,266)	(46,861)
Interest expense on debt securities issued	(6,703)	(5,470)	(19,625)	(16,662)
Interest expense on amounts due to credit institutions	(220)	(1,106)	(640)	(3,255)
Total interest expense on financial liabilities recorded at amortized cost	(19,585)	(20,834)	(59,531)	(66,778)
Net interest income before impairment charge	22,218	22,543	65,636	67,460

23. FEES AND COMMISSION INCOME

Fee and commission income was derived from the following sources:

	Three months ended 30 September 2011 (unaudited)	Three months ended 30 September 2010 (unaudited)	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
Bank transfers and payments	3,319	2,716	9,257	7,630
Pension fund and asset management	2,431	2,357	9,654	5,808
Payment cards maintenance	1,138	862	3,181	2,434
Cash operations	974	820	2,660	2,292
Customers' pension payments	836	638	2,430	1,891
Letters of credit and guarantees issued	717	616	2,155	1,612
Maintenance of customer accounts	246	482	559	1,715
Foreign currency operations	1	1	1	3
Other	364	281	1,328	995
	10,026	8,773	31,225	24,380

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

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

	Three months ended 30 September 2011 (unaudited)	Three months ended 30 September 2010 (unaudited)	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
Net gain/(loss) on operations with financial assets and liabilities classified as held for trading:				
Gain on trading operations	485	561	11	1,169
Net fair value adjustment	38	(356)	(225)	(190)
	523	205	(214)	979

25. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

Net gain on foreign exchange operations comprises:

	Three months ended 30 September 2011 (unaudited)	Three months ended 30 September 2010 (unaudited)	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
Dealing, net	1,308	1,983	3,476	5,279
Translation differences, net	87	(520)	2,998	139
	1,395	1,463	6,474	5,418

26. INSURANCE UNDERWRITING INCOME

Insurance underwriting income comprised:

	Three months ended 30 September 2011 (unaudited)	Three months ended 30 September 2010 (unaudited)	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
Insurance premiums written, gross	5,519	3,568	24,064	15,614
Change in unearned insurance premiums, net	756	960	(1,584)	(792)
Ceded reinsurance share	(2,304)	(1,155)	(12,243)	(5,847)
	3,971	3,373	10,237	8,975

27. OPERATING EXPENSES

Operating expenses comprised:

	Three months ended 30 September 2011 (unaudited)	Three months ended 30 September 2010 (unaudited)	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
Salaries and other employee benefits	6,470	6,289	17,985	15,064
Depreciation and amortization expenses	1,730	1,679	5,155	4,987
Taxes other than income tax	519	456	1,482	1,403
Security expenses	350	354	1,055	1,055
Repairs and maintenance	325	375	866	974
Communication expenses	307	288	910	870
Rent expenses	280	240	834	766
Information services	175	160	497	438
Insurance agents' fees	172	171	473	615
Advertisement	171	123	477	368
Business trip expenses	153	131	426	374
Stationery and office supplies	117	192	480	516
Transportation	113	100	309	286
Professional services	50	91	196	368
Hospitality expenses	16	19	40	49
Charity	15	4	92	53
Social events	4	3	17	12
Write-off of intangible assets	-	-	-	1,093
Other	775	820	2,477	2,417
	11,742	11,495	33,771	31,708

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 2011 (unaudited)	Three months ended 30 September 2010 (unaudited)	Nine months ended 30 September 2011 (unaudited)	Nine months ended 30 September 2010 (unaudited)
Basic earnings per share				
Net income for the period attributable to shareholders	7,185	9,258	28,074	25,856
Less: Additional dividends that would be paid on full distribution of profit to the preferred shareholders	(1,807)	(2,032)	(1,248)	(1,181)
Less: Dividends paid on preference shares	-	-	(5,493)	(4,494)
Earnings attributable to common shareholders	5,378	7,226	21,333	20,181
Weighted average number of common shares for the purposes of basic earnings per share	1,088,972,999	1,301,176,616	1,157,599,395	1,300,947,038
Basic earnings per share (in Kazakhstani Tenge)	4.94	5.55	18.43	15.51
Diluted earnings per share				
Net income for the period attributable to common shareholders	5,378	7,226	21,333	20,181
Add: Additional dividends that would be paid on full distribution of profit to the convertible preferred shareholders	N/A	N/A	N/A	N/A
Add: Dividends paid on convertible preferred shares	N/A	N/A	N/A	N/A
Less: Amounts payable to convertible preferred shareholders upon conversion	N/A	N/A	N/A	N/A
Earnings used in the calculation of total diluted earnings per share	5,378	7,226	21,333	20,181
Weighted average number of common shares for the purposes of basic earnings per share	1,088,972,999	1,301,176,616	1,157,599,395	1,300,947,038
Shares deemed to be issued:				
Weighted average number of common shares that would be issued for the convertible preferred shares	N/A	N/A	N/A	N/A
Weighted average number of common shares for the purposes of diluted earnings per share	1,088,972,999	1,301,176,616	1,157,599,395	1,300,947,038
Diluted earnings per share (in Kazakhstani Tenge)*	4.94	5.55	18.43	15.51

*For the three and the nine months ended 30 September 2011 and 2010 the convertible preferred shares were not included in the computation of diluted earnings per share as their effect was anti-dilutive.

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

The book value of one share per each class of shares as at 30 September 2011 and 31 December 2010 is as follows.

	30 September 2011 (unaudited)			31 December 2010		
Class of shares	Outstanding shares	Equity	Book value of one share, KZT	Outstanding shares	Equity	Book value of one share, KZT
Common	1,089,372,095	233,688	214.52	1,301,511,007	250,689	192.61
Non-convertible preferred	285,887,217	48,128	168.35	285,887,396	48,128	168.35
Convertible preferred	79,929,031	13,233	165.56	79,930,201	13,233	165.56
		295,049			312,050	

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

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

29. FINANCIAL RISK MANAGEMENT

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

- 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. There have been no significant changes in the risk management framework from the information presented in consolidated financial statements for the year ended 31 December 2010.

Through the risk management framework, the Group manages the following risks:

Currency risk

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

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

	30 September 2011 (unaudited)			31 December 2010		
	KZT	**Foreign currencies**	**Total**	**KZT**	**Foreign currencies**	**Total**
FINANCIAL ASSETS:						
Cash and cash equivalents	36,417	482,018	518,435	94,811	298,087	392,898
Obligatory reserves	26,467	24,884	51,351	12,320	14,964	27,284
Financial assets at fair value through profit or loss	465	4,238	4,703	1,291	4,760	6,051
Amounts due from credit institutions	15,581	9,509	25,090	9,448	10,675	20,123
Available-for-sale investment securities	274,668	80,513	355,181	240,694	40,600	281,294
Investments held to maturity	71,219	5,794	77,013	168,752	5,667	174,419
Loans to customers	702,245	396,256	1,098,501	591,360	497,913	1,089,273
Other financial assets	5,088	750	5,838	4,012	1,119	5,131
	1,132,150	1,003,962	2,136,112	1,122,688	873,785	1,996,473
FINANCIAL LIABILITIES:						
Amounts due to customers	798,756	692,091	1,490,847	796,880	618,875	1,415,755
Amounts due to credit institutions	45,555	15,879	61,434	4,737	66,666	71,403
Financial liabilities at fair value through profit or loss	-	2,950	2,950	-	2,910	2,910
Debt securities issued	45,510	286,207	331,717	44,466	207,701	252,167
Other financial liabilities	7,392	98	7,490	818	191	1,009
	897,213	997,225	1,894,438	846,901	896,343	1,743,244
Net financial position	234,937	6,737	241,674	275,787	(22,558)	253,229

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

Liquidity Risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due. Short-term liquidity needs are managed by the Bank's Treasury function collecting daily customers' cash inflow/outflow forecasts. Long-term liquidity management is performed by the Assets and Liabilities Management Committee 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 reporting date to the contractual maturity date, except for financial assets at fair value through profit or loss which are included in the column "On demand" as they are available to meet the Group's short-term liquidity needs.

The presentation below is based upon the information provided internally to key management personnel of the Group.

	30 September 2011 (unaudited)								
	On demand	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
FINANCIAL ASSETS:									
Cash and cash equivalents	168,215	342,818	7,402	-	-	-	-	-	518,435
Obligatory reserves	28,118	1,075	5,337	13,977	963	894	49	938	51,351
Financial assets at fair value through profit or loss	4,703	-	-	-	-	-	-	-	4,703
Amounts due from credit institutions	7,296	1,332	1,050	7,183	7,971	250	8	-	25,090
Available-for-sale investment securities	1,980	51,081	28,010	76,498	38,792	42,200	52,481	64,139	355,181
Investments held to maturity	3	214	60,295	1,750	341	1,620	10,882	1,908	77,013
Loans to customers	118,322	27,296	82,196	507,950	104,643	63,931	81,856	112,307	1,098,501
Other financial assets	1,129	4,098	215	215	13	39	44	85	5,838
	329,766	427,914	184,505	607,573	152,723	108,934	145,320	179,377	2,136,112
FINANCIAL LIABILITIES:									
Amounts due to customers	693,769	37,168	185,894	474,741	33,672	31,163	1,720	32,720	1,490,847
Amounts due to credit institutions	4,566	45,454	1,513	2,594	2,598	1,350	873	2,486	61,434
Financial liabilities at fair value through profit or loss	2,950	-	-	-	-	-	-	-	2,950
Debt securities issued	687	-	-	9,792	41,147	75,148	20,153	184,790	331,717
Other financial liabilities	127	689	6,398	184	60	32	-	-	7,490
	702,099	83,311	193,805	487,311	77,477	107,693	22,746	219,996	1,894,438
Net position	(372,333)	344,603	(9,300)	120,262	75,246	1,241	122,574	(40,619)	
Accumulated gap	(372,333)	(27,730)	(37,030)	83,232	158,478	159,719	282,293	241,674	

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

30. SEGMENT ANALYSIS

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

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

The products and services offered by each segment are:

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

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

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

There were no transactions between business segments during the nine months ended 30 September 2011 and 2010. Segment assets and liabilities exclude certain unallocated amounts. Unallocated assets include obligatory reserves, property and equipment and other unallocated assets. Unallocated liabilities include debt securities issued, amounts due to credit institutions and other unallocated liabilities.

Segment information for the main reportable business segments of the Group as at 30 September 2011 and for the three and nine months then ended and as at 31 December 2010 and for the three and nine months ended 30 September 2010 is set out below:

	Retail banking	Corporate banking	Other	Total
For the three months ended 30 September 2011(unaudited)				
External revenues	16,628	36,596	4,909	58,133
Total revenues	16,628	36,596	4,909	58,133
Total revenues comprise:				
- Interest income	10,749	31,054	-	41,803
- Fee and commission income	5,362	4,664	-	10,026
- Net gain from financial assets and liabilities at fair value through profit or loss	-	-	523	523
- Net realized gain from available-for-sale investment securities	-	-	61	61
- Net gain on foreign exchange operations	517	879	(1)	1,395
- Insurance underwriting income and other income	-	-	4,326	4,326
- Share of loss of associates	-	(1)	-	(1)
Total revenues	16,628	36,596	4,909	58,133
- Interest expense on amounts due to customers	(8,177)	(4,485)	-	(12,662)
- Impairment charge	(5,398)	(3,124)	-	(8,522)
- Fee and commission expense	(205)	(968)	-	(1,173)
- Salaries and other employee benefits	(1,154)	(5,316)	-	(6,470)
- Advertisement expenses	(171)	-	-	(171)
- Recoveries of provisions	-	6	-	6
- Losses incurred from management of pension assets	(6,246)	-	-	(6,246)
Segment result	(4,723)	22,709	4,909	22,895
Unallocated costs:				
- Interest expense from debt securities issued and amounts due to credit institutions				(6,923)
- Insurance claims incurred, net of reinsurance				(2,400)
- Unallocated operating expenses				(5,101)
				(14,424)
Income before income tax expense				8,471
Income tax expense				(1,440)
Net income				7,031
Other segment items:				
Capital expenditure (unallocated)				(2,068)
Depreciation and amortization expense (unallocated)				(1,730)

	Retail banking	Corporate banking	Other	Total
For the nine months ended 30 September 2011 (unaudited)				
External revenues	50,421	112,440	11,762	174,623
Total revenues	50,421	112,440	11,762	174,623
Total revenues comprise:				
- Interest income	30,848	94,319	-	125,167
- Fee and commission income	18,091	13,134	-	31,225
- Net loss from financial assets and liabilities at fair value through profit or loss	-	-	(214)	(214)
- Net realized gain from available-for-sale investment securities	-	-	71	71
- Net gain on foreign exchange operations	1,482	4,992	-	6,474
- Insurance underwriting income and other income	-	-	11,905	11,905
- Share of loss of associates	-	(5)	-	(5)
Total revenues	50,421	112,440	11,762	174,623
- Interest expense on amounts due to customers	(24,451)	(14,815)	-	(39,266)
- Impairment charge	(8,074)	(20,698)	-	(28,772)
- Fee and commission expense	(600)	(3,284)	-	(3,884)
- Salaries and other employee benefits	(3,252)	(14,733)	-	(17,985)
- Advertisement expenses	(477)	-	-	(477)
- Provisions	-	(1,292)	-	(1,292)
- Losses incurred from management of pension assets	(6,246)	-	-	(6,246)
Segment result	7,321	57,618	11,762	76,701
Unallocated costs:				
- Interest expense from debt securities issued and amounts due to credit institutions				(20,265)
- Insurance claims incurred, net of reinsurance				(7,234)
- Unallocated operating expenses				(15,309)
				(42,808)
Income before income tax expense				33,893
Income tax expense				(5,762)
Net income				28,131
Total segment assets	301,831	1,340,194	436,961	2,078,986
Unallocated assets				160,668
Total assets				2,239,654
Total segment liabilities	(545,838)	(945,009)	(5,162)	(1,496,009)
Unallocated liabilities				(442,889)
Total liabilities				(1,938,898)
Other segment items:				
Capital expenditure (unallocated)				(4,375)
Depreciation and amortization expense (unallocated)				(5,155)

	Retail banking	Corporate banking	Other	Total
For the three months ended 30 September 2010 (unaudited)				
External revenues	11,821	41,790	4,261	57,872
Total revenues	11,821	41,790	4,261	57,872
Total revenues comprise:				
- Interest income	10,014	33,363	-	43,377
- Fee and commission income	1,433	7,340	-	8,773
- Net gain from financial assets and liabilities at fair value through profit or loss	-	-	205	205
- Net realized gain from available-for-sale investment securities	-	-	237	237
- Net gain on foreign exchange operations	374	1,089	-	1,463
- Insurance underwriting income and other income	-	-	3,819	3,819
- Share of loss of associates	-	(2)	-	(2)
Total revenues	11,821	41,790	4,261	57,872
- Interest expense on amounts due to customers	(7,398)	(6,860)	-	(14,258)
- Impairment charge	(1,218)	(11,042)	-	(12,260)
- Fee and commission expense	(1,033)	(360)	-	(1,393)
- Salaries and other employee benefits	(868)	(5,421)	-	(6,289)
- Advertisement expenses	(123)	-	-	(123)
- Recoveries of provisions	-	1,392	-	1,392
Segment result	1,181	19,499	4,261	24,941
Unallocated costs:				
- Interest expense from debt securities issued and amounts due to credit institutions				(6,576)
- Insurance claims incurred, net of reinsurance				(2,159)
- Unallocated operating expenses				(5,083)
				(13,818)
Income before income tax expense				11,123
Income tax expense				(1,751)
Net income				9,372
Other segment items:				
Capital expenditure (unallocated)				(3,503)
Depreciation and amortization expense (unallocated)				(1,679)

For the nine months ended 30 September 2010 (unaudited)	Retail banking	Corporate banking	Other	Total
External revenues	36,406	127,617	11,421	175,444
Total revenues	36,406	127,617	11,421	175,444
Total revenues comprise:				
- Interest income	30,929	103,309	-	134,238
- Fee and commission income	4,396	19,984	-	24,380
- Net gain from financial assets and liabilities at fair value through profit or loss	-	-	979	979
- Net realized gain from available-for-sale investment securities	-	-	208	208
- Net gain on foreign exchange operations	1,081	4,337	-	5,418
- Insurance underwriting income and other income	-	-	10,234	10,234
- Share of loss of associates	-	(13)	-	(13)
Total revenues	36,406	127,617	11,421	175,444
- Interest expense on amounts due to customers	(21,353)	(25,508)	-	(46,861)
- Impairment charge	(5,207)	(32,876)	-	(38,083)
- Fee and commission expense	(2,973)	(1,076)	-	(4,049)
- Salaries and other employee benefits	(2,490)	(12,574)	-	(15,064)
- Advertisement expenses	(368)	-	-	(368)
- Recoveries of provisions	-	1,422	-	1,422
Segment result	4,015	57,005	11,421	72,441
Unallocated costs:				
- Interest expense from debt securities issued and amounts due to credit institutions				(19,917)
- Insurance claims incurred, net of reinsurance				(5,394)
- Unallocated operating expenses				(16,276)
				(41,587)
Income before income tax expense				30,854
Income tax expense				(4,853)
Net income				26,001
Total segment assets	260,727	1,098,643	570,201	1,929,571
Unallocated assets				134,319
Total assets				2,063,890
Total segment liabilities	(449,309)	(920,841)	(3,050)	(1,373,200)
Unallocated liabilities				(381,461)
Total liabilities				(1,754,661)
Other segment items:				
Capital expenditure (unallocated)				(7,029)
Depreciation and amortization expense (unallocated)				(4,987)

Geographical information

Segment information for the main geographical segments of the Group is set out below as at 30 September 2011 and for the three and nine months then ended and as at 31 December 2010 and for the three and nine months ended 30 September 2010:

	Kazakhstan	**OECD countries**	**Non-OECD countries**	**Total**
30 September 2011 (unaudited)				
Total assets	1,749,812	448,161	41,681	2,239,654
31 December 2010				
Total assets	1,752,669	306,993	38,273	2,097,935
Three months ended 30 September 2011 (unaudited)				
External revenues	55,928	1,548	657	58,133
Capital expenditure	(2,068)	-	-	(2,068)
Nine months ended 30 September 2011 (unaudited)				
External revenues	169,545	2,430	2,648	174,623
Capital expenditure	(4,375)	-	-	(4,375)
Three months ended 30 September 2010 (unaudited)				
External revenues	55,778	1,255	839	57,872
Capital expenditure	(3,503)	-	-	(3,503)
Nine months ended 30 September 2010 (unaudited)				
External revenues	172,058	1,961	1,425	175,444
Capital expenditure	(7,029)	-	-	(7,029)

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

31. RELATED PARTY TRANSACTIONS

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

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

The Group had the following transactions outstanding as at 30 September 2011 and 31 December 2010 with related parties:

	30 September 2011 (unaudited)		31 December 2010	
	Related party balances	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Financial assets at fair value through profit or loss	-	4,703	48	6,051
- subsidiaries of Samruk-Kazyna	-		48	
Available-for-sale investment securities before allowance for impairment	-	356,295	39,058	282,506
- subsidiaries of Samruk-Kazyna	-		39,058	
Allowance for impairment losses on available-for-sale investment securities	-	(1,114)	(549)	(1,212)
- subsidiaries of Samruk-Kazyna	-		(549)	
Investments held to maturity	-	77,013	4,714	174,419
- subsidiaries of Samruk-Kazyna	-		4,714	
Loans to customers before allowance for loan impairment	564	1,379,675	12,265	1,342,510
- key management personnel of the entity or its parent	1		109	
- other related parties	563		12,156	
Allowance for impairment losses on loans to customers	(362)	(281,174)	(1,979)	(253,237)
- key management personnel of the entity or its parent	-		(13)	
- other related parties	(362)		(1,966)	
Amounts due to customers	43,654	1,490,847	280,277	1,415,755
- the parent	23,445		12,457	
- entities with joint control or significant influence over the entity	340		3,017	
- associates	27		117	
- key management personnel of the entity or its parent	1,773		1,450	
- Samruk-Kazyna and its subsidiaries	-		257,750	
- other related parties	18,069		5,486	
Amounts due to credit institutions	-	61,434	44,482	71,403
- subsidiaries of Samruk-Kazyna	-		44,482	

Included in the condensed interim consolidated income statement and in the condensed interim consolidated statement of comprehensive income for the three and nine months ended 30 September 2011 and 2010 are the following amounts which arose due to transactions with related parties:

	Three months ended 30 September 2011 (unaudited)		**Three months ended 30 September 2010 (unaudited)**	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Interest income	4	41,803	1,474	43,377
- entities with joint control or significant influence over the entity	-		201	
- key management personnel of the entity or its parent	-		2	
- subsidiaries of Samruk-Kazyna	-		309	
- other related parties	4		962	
Interest expense	(592)	(19,585)	(1,682)	(20,834)
- the parent	(254)		(255)	
- entities with joint control or significant influence over the entity	(2)		(89)	
- key management personnel of the entity or its parent	(29)		(32)	
- Samruk-Kazyna and its subsidiaries	-		(1,135)	
- other related parties	(307)		(171)	
Net gain/(loss) from financial assets and liabilities at fair value through profit or loss	-	523	(1)	205
- subsidiaries of Samruk-Kazyna	-		(1)	

	Nine months ended 30 September 2011 (unaudited)		Nine months ended 30 September 2010 (unaudited)	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Interest income	945	125,167	3,657	134,238
- entities with joint control or significant influence over the entity	-		797	
- key management personnel of the entity or its parent	4		3	
- subsidiaries of Samruk-Kazyna	933		1,818	
- other related parties	8		1,039	
Interest expense	(3,221)	(59,531)	(6,322)	(66,778)
- the parent	(743)		(739)	
- entities with joint control or significant influence over the entity	(7)		(293)	
- key management personnel of the entity or its parent	(93)		(95)	
- Samruk-Kazyna and its subsidiaries	(1,454)		(4,894)	
- other related parties	(924)		(301)	
Net (loss)/gain from financial assets and liabilities at fair value through profit or loss	(1)	(214)	2	979
- subsidiaries of Samruk-Kazyna	(1)		2	

	Three months ended 30 September 2011 (unaudited)		Three months ended 30 September 2010 (unaudited)	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Key management personnel compensation:	86	6,470	68	6,289
-short-term employee benefits	86		68	

	Nine months ended 30 September 2011 (unaudited)		Nine months ended 30 September 2010 (unaudited)	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Key management personnel compensation:	759	17,985	177	15,064
- short-term employee benefits	759		177	

32. SUBSEQUENT EVENTS

On 11 October 2011 the Bank voluntarily prepaid subordinated debt securities issued with the initial maturity date in 2017 and nominal value of KZT 10 billion.