JSC HALYK BANK

Condensed Interim Consolidated Financial Information (unaudited)

For the nine months ended 30 September 2013

JSC HALYK BANK

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the financial position of JSC Halyk Bank ("the Bank") and its subsidiaries (collectively – "the Group") as at 30 September 2013, the results of its operations for the three and nine months then ended, and cash flows and changes in equity for the nine months then ended, in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

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

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

Management is also responsible for:

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

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2013 was authorized for issue by the Management Board on 14 November 2013.

On behalf of the Management Board:

Umut B. Shayakhmetova	**Pavel A. Cheussov**
Chairperson of the Board	**Chief Accountant**
14 November 2013	14 November 2013
Almaty, Kazakhstan	Almaty, Kazakhstan

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of JSC Halyk Bank ("the Bank") and its subsidiaries (collectively – "the Group") as at 30 September 2013 and the related interim consolidated statements of profit or loss, and other comprehensive income for the three and nine months then ended, and interim consolidated statements of changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management of the Group is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 ("IAS"), *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed 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 interim condensed 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte, LLP

14 November 2013
Almaty, Kazakhstan

JSC HALYK BANK

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013 (UNAUDITED)
(Millions of Kazakhstani Tenge)

	Notes	30 September 2013 (unaudited)	31 December 2012
ASSETS			
Cash and cash equivalents	5	502,610	533,499
Obligatory reserves	6	45,419	49,037
Financial assets at fair value through profit or loss	7, 32	1,439	1,271
Amounts due from credit institutions	8	28,472	32,799
Available-for-sale investment securities	9, 32	345,929	334,362
Investments held to maturity	10, 32	24,476	25,766
Precious metals		1,734	1,646
Loans to customers	11, 32	1,442,320	1,319,208
Property and equipment		63,727	65,005
Assets held-for-sale		3,598	7,434
Goodwill		3,085	3,085
Intangible assets		5,380	5,594
Insurance assets	12	18,873	14,923
Other assets	13	14,249	14,369
TOTAL ASSETS		2,501,311	2,407,998
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	14, 32	1,752,908	1,699,182
Amounts due to credit institutions	15, 32	36,316	15,202
Financial liabilities at fair value through profit or loss	7	1,457	439
Debt securities issued	16	268,461	301,919
Provisions	17	3,958	4,385
Deferred tax liability	18	8,944	7,907
Insurance liabilities	12	35,351	25,201
Other liabilities	19	16,575	14,124
Total liabilities		2,123,970	2,068,359
EQUITY			
Share capital	20	147,189	143,695
Share premium reserve		1,394	1,496
Treasury shares		(81,031)	(81,028)
Retained earnings and other reserves		307,966	273,835
		375,518	337,998
Non-controlling interest		1,823	1,641
Total equity		377,341	339,639
TOTAL LIABILITIES AND EQUITY		2,501,311	2,407,998

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

14 November 2013
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

14 November 2013
Almaty, Kazakhstan

The notes on pages 10 to 52 form an integral part of this interim consolidated financial information.

INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)

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

	Notes	Three months ended 30 September 2013 (unaudited)	Three months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Interest income	22, 32	46,832	40,087	134,262	119,658
Interest expense	22, 32	(18,861)	(17,121)	(57,188)	(51,122)
NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE	22	27,971	22,966	77,074	68,536
Impairment charge on interest earning and other assets	17	(6,638)	(1,904)	(13,175)	(10,144)
NET INTEREST INCOME		21,333	21,062	63,899	58,392
Fee and commission income	23	15,003	14,368	36,946	36,808
Fee and commission expense		(2,166)	(1,677)	(5,394)	(4,373)
Fees and commissions, net		12,837	12,691	31,552	32,435
Net (loss)/gain from financial assets and liabilities at fair value through profit or loss	24, 32	(188)	(211)	930	(748)
Net realized gain from available-for-sale investment securities		242	6	310	756
Net gain on foreign exchange operations	25	3,380	2,560	6,025	6,857
Insurance underwriting income	26	3,363	4,459	16,171	13,220
Share of loss of associates		-	-	-	(1)
Other income		355	583	1,144	2,658
OTHER NON-INTEREST INCOME		7,152	7,397	24,580	22,742
Operating expenses	27	(13,032)	(12,300)	(40,080)	(36,870)
Impairment loss on assets-held-for sale		-	-	-	(2,100)
Recovery of provision/(additional provisions recognized)	17	598	1,616	413	165
Insurance claims incurred, net of reinsurance	26	(2,245)	(3,294)	(12,333)	(9,174)
NON-INTEREST EXPENSES		(14,679)	(13,978)	(52,000)	(47,979)
INCOME BEFORE INCOME TAX EXPENSE		26,643	27,172	68,031	65,590
Income tax expense	18	(4,644)	(4,814)	(11,858)	(11,622)
NET INCOME		21,999	22,358	56,173	53,968
Attributable to:					
Non-controlling interest		131	152	171	324
Preferred shareholders		386	716	916	1,736
Common shareholders		21,482	21,490	55,086	51,908
		21,999	22,358	56,173	53,968
Basic earnings per share (in Kazakhstani Tenge)	28	1.80	1.59*	4.93	4.47*
Diluted earnings per share (in Kazakhstani Tenge)	28	0.92	0.68*	4.03	3.54*

* As restated for share split – see Note 20

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

14 November 2013
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

14 November 2013
Almaty, Kazakhstan

The notes on pages 10 to 52 form an integral part of this interim consolidated financial information.

JSC HALYK BANK

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Three months ended 30 September 2013 (unaudited)	Three months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Net income	21,999	22,358	56,173	53,968
Other comprehensive income/(loss), net of tax:				
Items not to be subsequently reclassified to profit or loss:				
Gain/(loss) on revaluation of property, (net of tax – Nil tenge)	1	(77)	(53)	(124)
Items to be subsequently reclassified to profit or loss:				
Gain/(loss) on revaluation of available-for-sale investment securities (net of tax – Nil tenge)	1,031	1,602	(6,821)	6,068
Gain on sale of available-for-sale investment securities (net of tax – Nil tenge)	(242)	(6)	(310)	(756)
Loss on impairment of available-for-sale investment securities (net of tax – Nil tenge)	-	24	-	72
Exchange differences on translation of foreign operations (net of tax – Nil tenge)	185	366	(264)	267
Other comprehensive income/(loss) for the period, net of tax	975	1,909	(7,448)	5,527
Total comprehensive income for the period	22,974	24,267	48,725	59,495
Attributable to:				
Non-controlling interest	133	151	182	326
Preferred shareholders	404	777	794	1,915
Common shareholders	22,437	23,339	47,749	57,254
	22,974	24,267	48,725	59,495

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

14 November 2013
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

14 November 2013
Almaty, Kazakhstan

The notes on pages 10 to 52 form an integral part of this interim consolidated financial information.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Share capital				Treasury shares								
	Common Shares	**Non-convertible preferred shares**	**Convertible preferred shares**	**Share premium reserve**	**Common shares**	**Preferred shares**	**Cumulative translation reserve***	**Revaluation reserve of available-for -sale investment securities***	**Property revaluation reserve***	**Retained earnings***	**Total**	**Non-controlling interest**	**Total equity**
31 December 2012	83,571	46,891	13,233	1,496	(39,974)	(41,054)	1,122	8,926	14,754	249,033	337,998	1,641	339,639
Net income										56,002	56,002	171	56,173
Other comprehensive (loss)/income	-	-	-	-	-	-	(264)	(7,142)	(53)	-	(7,459)	11	(7,448)
Total comprehensive (loss)/income	-	-	-	-	-	-	(264)	(7,142)	(53)	56,002	48,543	182	48,725
Treasury shares purchased	-	-	-	(239)	(8)	-	-	-	-	-	(247)	-	(247)
Treasury shares sold **	-	3,436	58	137	5	-	-	-	-	-	3,636	-	3,636
Dividends paid – preferred shares	-	-	-	-	-	-	-	-	-	(2,197)	(2,197)	-	(2,197)
Dividends paid – common shares	-	-	-	-	-	-	-	-	-	(12,215)	(12,215)	-	(12,215)
Release of property revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	-	-	-	(307)	307	-	-	-
30 September 2013 (unaudited)	83,571	50,327	13,291	1,394	(39,977)	(41,054)	858	1,784	14,394	290,930	375,518	1,823	377,341

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

** Sale of treasury shares is disclosed in note 20

JSC HALYK BANK

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Share capital				Treasury shares								
	Common Shares	Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Common shares	Preferred shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property revaluation reserve*	Retained earnings*	Total	Non-controlling interest	Total equity
31 December 2011	83,571	46,891	13,233	1,156	(39,960)	-	1,223	3,593	15,487	183,937	309,131	1,196	310,327
Net income	-	-	-	-	-	-	-	-	-	53,644	53,644	324	53,968
Other comprehensive income/(loss)	-	-	-	-	-	-	267	5,382	(124)	-	5,525	2	5,527
Total comprehensive income/(loss)	-	-	-	-	-	-	267	5,382	(124)	53,644	59,169	326	59,495
Treasury shares purchased (Note 20)	-	-	-	(217)	(9)	(41,054)	-	-	-	-	(41,280)	-	(41,280)
Treasury shares sold (Note 20)	-	-	-	406	18	-	-	-	-	-	424	-	424
Dividends paid – preferred shares	-	-	-	-	-	-	-	-	-	(4,914)	(4,914)	-	(4,914)
Release of property revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	-	-	-	(378)	378	-	-	-
30 September 2012(unaudited)	83,571	46,891	13,233	1,345	(39,951)	(41,054)	1,490	8,975	14,985	233,045	322,530	1,522	324,052

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

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

14 November 2013
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

14 November 2013
Almaty, Kazakhstan

The notes on pages 10 to 52 form an integral part of this interim consolidated financial information.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received from financial assets at fair value through profit or loss		22	17
Interest received from cash equivalents and amounts due from credit institutions		2,463	2,355
Interest received on available-for-sale investment securities		11,867	10,792
Interest received on investments held-to-maturity		1,539	1,079
Interest received from loans to customers		98,280	104,969
Interest paid on due to customers		(42,029)	(34,483)
Interest paid on due to credit institutions		(724)	(468)
Interest paid on debt securities issued		(14,573)	(15,583)
Fee and commission received		38,306	38,546
Fee and commission paid		(5,394)	(4,373)
Insurance underwriting income received		26,904	18,913
Ceded insurance share paid		(10,470)	(6,006)
Other income received		7,849	9,388
Operating expenses paid		(33,457)	(28,094)
Insurance reimbursements paid		(6,062)	(7,617)
Reimbursements of losses due to reinsurance risks received		833	315
Cash flows from operating activities before changes in net operating assets		75,354	89,750
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets:			
Obligatory reserves		3,618	1,422
Financial assets at fair value through profit or loss		(1,245)	2,043
Amounts due from credit institutions		4,507	1,680
Precious metals		(1,938)	(593)
Loans to customers		(104,332)	34,017
Insurance assets		(466)	(1,525)
Other assets		2,363	9,686
Increase/(decrease) in operating liabilities:			
Financial liabilities at fair value through profit or loss		1,014	(1,992)
Amounts due to customers		42,922	(36,191)
Amounts due to credit institutions		20,761	29,537
Insurance liabilities		(704)	1,164
Other liabilities		271	(10,675)
Net cash inflow from operating activities before income tax		42,125	118,323
Income tax paid		(11,771)	(4,512)
Net cash inflow from operating activities		30,354	113,811
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase and prepayment for property and equipment and intangible assets		(4,135)	(7,685)
Proceeds on sale of property and equipment		537	50
Purchase of available-for-sale investment securities		(102,506)	(38,834)
Proceeds on sale of available-for-sale investment securities		87,471	48,627
Purchase of investments held to maturity		(1,572)	(59,698)
Proceeds from redemption of investments held to maturity		3,267	76,996
Net cash (outflow)/inflow from investing activities		(16,938)	19,456

(Millions of Kazakhstani Tenge)

	Notes	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from sale of treasury shares		3,636	424
Purchase of treasury shares		(247)	(41,280)
Dividends paid – preferred shares		(2,197)	(4,914)
Dividends paid – common shares		(12,215)	-
Redemption and repayment of debt securities issued		(40,765)	(13,112)
Net cash outflow from financing activities		(51,788)	(58,882)
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		7,483	5,193
Net change in cash and cash equivalents		(30,889)	79,578
CASH AND CASH EQUIVALENTS, beginning of the period	5	533,499	519,991
CASH AND CASH EQUIVALENTS, end of the period	5	502,610	599,569

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

14 November 2013
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

14 November 2013
Almaty, Kazakhstan

The notes on pages 10 to 52 form an integral part of this interim consolidated financial information.

1. PRINCIPAL ACTIVITIES

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

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 agent of the Government of the Republic of Kazakhstan in channelling various budgetary payments and pensions through its nationwide branch network.

Trust activities

In the normal course of its business, the Group enters into agreements with its customers to manage the customers' assets with limited decision making rights and in accordance with specific criteria established by the customers. The Group may only be liable for losses or actions aimed at appropriation of the customers' funds if such funds or securities are not returned to the customer. The maximum potential financial risk of the Group on any date is equal to the volume of the customers' funds, net of any unrealized income/loss on the customer's position. The balance of the customers' funds under the management of the Group, as at 30 September 2013 is KZT 1,181 billion (31 December 2012 - KZT 1,060 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.

Operating environment

Emerging markets such as the Republic of Kazakhstan are subject to different risks more than developed markets, including economic, political, social, legal and legislative risks. Laws and regulations affecting businesses in the Republic of Kazakhstan continue to change rapidly; tax and regulatory frameworks are subject to varying interpretations. The future economic direction of the Republic of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because the Republic of Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

The Bank has a primary listing with the Kazakhstan Stock Exchange (“KASE”). In addition, the Bank’s Eurobonds are primarily listed on the London Stock Exchange. The Bank has also allocated Global Depository Receipts (“GDRs”) on the London Stock Exchange.

In 2009, JSC “Sovereign Wealth Fund “Samruk-Kazyna” (“Samruk-Kazyna”), an entity controlled by the Government of the Republic of Kazakhstan, acquired 259,064,909 common shares of the Bank for KZT 26,951 million and 196,232,499 non-convertible preferred shares of the Bank for KZT 33,049 million.

In 2011, the Bank acquired 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 for KZT 12,867 million and has immediately exercised the option and repurchased 213,000,000 of its own common shares from Samruk-Kazyna for KZT 27,008 million.

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

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

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

As at 30 September 2013 and 31 December 2012, the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

	30 September 2013 (unaudited)					
	Total shares	**Stake in total shares in circulation**	**Common shares**	**Stake in common shares in circulation**	**Convertible and non-convertible preferred shares**	**Stake in convertible and non-convertible preferred shares in circulation**
JSC HG Almex	8,024,149,068	72.3%	8,003,381,500	73.4%	20,767,568	10.6%
JSC Accumulation Pension Fund of Halyk Bank of Kazakhstan *	758,082,743	6.8%	661,367,710	6.1%	96,715,033	49.3%
GDR	2,074,008,920	18.7%	2,074,008,920	19.0%	-	-
Other	245,840,512	2.2%	167,213,264	1.5%	78,627,248	40.1%
Total shares in circulation (on consolidated basis)	**11,102,081,243**	**100%**	**10,905,971,394**	**100%**	**196,109,849**	**100%**

	31 December 2012					
	Total shares	**Stake in total shares in circulation**	**Common shares**	**Stake in common shares in circulation**	**Convertible and non-convertible preferred shares**	**Stake in convertible and non-convertible preferred shares in circulation**
JSC HG Almex	7,559,973,820	68.2%	7,559,973,820	69.3%	-	-
JSC Accumulation Pension Fund of Halyk Bank of Kazakhstan *	758,082,743	6.8%	661,367,710	6.1%	96,715,033	55.1%
GDR	2,510,925,720	22.7%	2,510,925,720	23.0%	-	-
Other	254,416,525	2.3%	175,694,405	1.6%	78,722,120	44.9%
Total shares in circulation (on consolidated basis)	**11,083,398,808**	**100%**	**10,907,961,655**	**100%**	**175,437,153**	**100%**

* Common and preferred shares owned by JSC Accumulation Pension Fund of Halyk Bank of Kazakhstan are not eliminated as those shares were purchased on clients' funds and are owned by the clients.

On 14 December 2012, the Bank performed a share split of its common shares in proportion of one common share to ten common shares as described in Note 20.

As at 30 September 2013, the Bank operated through its head office in Almaty and its 22 regional branches, 122 sub-regional offices and 405 cash settlement units (as at 31 December 2012 – 22, 122, 410, respectively) located throughout Kazakhstan. The address of the Bank's registered office is: 109 V Abai Avenue, Almaty, 050008, Republic of Kazakhstan.

As at 30 September 2013, the number of the Group's full-time equivalent employees was 11,202 (31 December 2012 – 12,149).

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2013 was authorized for issue by the Management Board on 14 November 2013.

2. BASIS OF PRESENTATION

Accounting basis

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34").

The interim condensed consolidated financial information is unaudited and does not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for the year ended 31 December 2012 prepared in accordance with International Financial Reporting Standards ("IFRS"), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group's annual consolidated financial statements for the year ended 31 December 2012 prepared in accordance with IFRS. Management believes that the disclosures in this interim condensed consolidated financial information are adequate to make the information presented not misleading if this interim condensed consolidated financial information is read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2012 prepared in accordance with IFRS. In the opinion of management, this interim condensed consolidated financial information reflects all adjustments necessary to present fairly the Group's financial position, results of operations, statements of changes in shareholders' equity and cash flows for the interim reporting periods.

This interim condensed consolidated financial information is presented in millions of Kazakhstani Tenge ("KZT" or "Tenge"), except for earnings per share amounts and unless otherwise indicated.

Consolidated subsidiaries

This interim condensed consolidated financial information includes the following subsidiaries:

Subsidiary	Holding, %		Country	Industry
	30 September 2013 (unaudited)	31 December 2012		
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
LLC "Halyk Collection"	100	100	Kazakhstan	Cash collection services
JSC Halyk-Life	100	100	Kazakhstan	Life insurance
LLP NBK-Finance	100	100	Russia	Broker and dealer activities
JSC Kazakhinstrakh	100	100	Kazakhstan	Insurance
OJSC NBK-Bank	100	100	Russia	Banking
JSC Halyk Bank Georgia	100	100	Georgia	Banking
JSC Accumulated Pension fund of Halyk Bank of Kazakhstan	96	96	Kazakhstan	Pension assets accumulation and management
LLC Halyk Project	100	100	Kazakhstan	Management of doubtful and bad assets

Associates

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

Holding, %	Share of JSC Halyk Bank in net loss	Total assets	Total liabilities	Equity	Total revenue
As at 30 September 2013 and for the nine months then ended (unaudited)*					
-	-	-	-	-	-
As at 31 December 2012 and for the year then ended					
25.14	(1)	9	-	9	1

*In accordance with the Decision No.1/2013 dated 9 July 2013 of extraordinary General meeting of shareholders of JSC Processing Center and and Certificate of FMSC NBK on annulment of share issues No. A4528 dated 13 September 2013 activity of JSC Processing Center is ceased due to its voluntary liquidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim condensed 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, insurance liabilities which are accounted for based on actuarial calculations and certain property and equipment which are carried at revalued cost less depreciation.

In preparing this interim condensed consolidated financial information, the Group 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 2012, except for the impact of the new Standards and Interpretations described below.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

The Group has applied retrospectively a package of Standards on consolidation, joint arrangements, associates and disclosures, including IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interest in Other Entities, IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures.

Key requirements of these Standards are described below.

IFRS 10 Consolidated Financial Statements replaced the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities is withdrawn. Under IFRS 10 Consolidated Financial Statements, there is only one basis for consolidation, that is, control. In addition, IFRS 10 Consolidated Financial Statements includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s return. Extensive guidance has been added in IFRS 10 Consolidated Financial Statements to deal with complex scenarios.

The Group assessed that adoption of IFRS 10 Consolidated Financial Statements did not result in any change in the consolidation status of its subsidiaries.

IFRS 11 Joint Arrangements replaced IAS 31 Interests in Joint Ventures. IFRS 11 Joint Arrangements deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers is withdrawn. Under IFRS 11 Joint Arrangements, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In addition, joint ventures under IFRS 11 Joint Arrangements are required to be accounted for using the equity method of accounting.

Application of the Amendments to IFRS 11 Joint Arrangements did not result in changes to the Group's interim condensed consolidated financial information.

IFRS 12 Disclosure of Interests in Other Entities is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

Application of IFRS 12 Disclosure of Interests in Other Entities did not result in significant changes to the Group's interim condensed consolidated financial information.

IFRS 13 Fair Value Measurement

IFRS 13 Fair Value Measurement establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 Fair Value Measurement is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures amount fair value measurements, except in specified circumstances. Application of IFRS 13 Fair Value Measurement resulted in more extensive disclosures in the interim condensed consolidated financial information (see Note 30).

Amendments to IAS 1 Presentation of Financial Statements "Presentation of Items of Other Comprehensive Income"

The Group has applied the amendments to IAS 1 Presentation of Financial Statements "Presentation of Items of Other Comprehensive Income". The amendments require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Several other amendments including amended IFRS 7 Financial Instruments: Disclosures "Disclosures – Offsetting Financial Assets and Financial Liabilities" and amendments resulting from "Annual Improvements to IFRSs" (2009-2011 cycle) were applied for the first time in these interim condensed consolidated financial statements. Application of these amendments did not result in significant changes to the Group's financial position or results of operations.

4. SIGNIFICANT ACCOUNTING ESTIMATES

In preparing this interim condensed consolidated financial information, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2012 prepared in accordance with IFRS.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	30 September 2013 (unaudited)	31 December 2012
Cash on hand	103,785	64,256
Recorded as loans and receivables in accordance with IAS 39:		
Short-term deposits with Organization for Economic Co-operation and Development countries (the "OECD") based banks	207,658	257,783
Overnight deposits with OECD based banks	92,996	-
Correspondent accounts with National Bank of Kazakhstan ("NBK")	48,936	114,175
Correspondent accounts with OECD based banks	38,288	70,088
Short-term deposits with Kazakhstan banks	6,159	3,510
Correspondent accounts with non-OECD based banks	2,008	5,194
Short-term deposits with non-OECD based banks	1,780	3,437
Overnight deposits with Kazakhstan banks	1,000	-
Short-term deposits with NBK	-	15,001
Overnight deposits with non-OECD based banks	-	55
	502,610	533,499

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

	30 September 2013 (unaudited)		31 December 2012	
	KZT	Foreign currencies	KZT	Foreign currencies
Short-term deposits with OECD based banks	-	0.1%-0.2%	-	0.1%-1.0%
Overnight deposits with OECD based banks	-	0.01%-6.3%	-	-
Short-term deposits with non-OECD based banks	-	1.0%-4.5%	-	4.0%-6.0%
Overnight deposits with Kazakhstan banks	2.0%	-	-	-
Short-term deposits with NBK	-	-	0.5%-1.0%	-
Overnight deposits with non-OECD based banks	-	-	-	0.1%

Fair value of assets pledged and carrying amounts of loans under reverse repurchase agreements within short-term deposits with Kazakhstan banks as at 30 September 2013 and 31 December 2012 are presented as follows:

	30 September 2013 (unaudited)		31 December 2012	
	Carrying value of deposits	Fair value of collateral	Carrying value of deposits	Fair value of collateral
Treasury bills of the Ministry of Finance of Kazakhstan	5,655	6,136	3,459	3,721
Equity securities of Kazakhstan banks	504	500	51	51
	6,159	6,636	3,510	3,772

As at 30 September 2013 and 31 December 2012, maturities of loans under reverse repurchase agreements are less than 1 month.

6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	30 September 2013 (unaudited)	31 December 2012
Recorded as loans and receivables in accordance with IAS 39:		
Due from Banks allocated to obligatory reserves	45,419	49,037
	45,419	49,037

The obligatory reserves represent the minimum reserve deposits and cash on hand balances required by National Banks of Kazakhstan, Kyrgyzstan and Georgia and Central Bank of Russia and used for calculation of the minimum reserve requirement. As at 30 September 2013 obligatory reserves of OJSC Halyk Bank Kyrgyzstan, OJSC NBK Bank and JSC Halyk Bank Georgia comprised KZT 515 million (31 December 2012 – KZT 570 million).

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

Financial assets at fair value through profit or loss comprise:

	30 September 2013 (unaudited)	31 December 2012
Financial assets held for trading:		
Derivative financial instruments	578	733
Corporate bonds	369	277
Securities of foreign organizations	184	144
Bonds of JSC Development Bank of Kazakhstan	149	32
Bonds of Kazakhstan banks	75	-
Equity securities of Kazakhstan banks	67	-
Equity securities of Kazakhstan corporations	17	85
	1,439	1,271

Financial liabilities at fair value through profit or loss comprise:

	30 September 2013 (unaudited)	31 December 2012
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	1,457	439

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

	30 September 2013 (unaudited) Interest rate, %	31 December 2012 Interest rate, %
Corporate bonds	5.2%	7.6%
Securities of foreign organizations	10.9%	13.8%
Bonds of JSC Development Bank of Kazakhstan	5.4%	5.5%
Bonds of Kazakhstan banks	3.1%	-

Derivative financial instruments comprise:

	30 September 2013 (unaudited)			31 December 2012		
	Nominal amount	Net fair value Asset	Net fair value Liability	Nominal amount	Net fair value Asset	Net fair value Liability
Foreign currency contracts:						
Swaps	74,597	242	1,252	40,321	395	388
Forwards	30,551	87	205	32,159	83	51
Options	5,035	249	-	7,231	255	-
		578	1,457		733	439

As at 30 September 2013 and 31 December 2012, the Group used quoted market prices from independent information sources for all of its financial assets recorded at fair value through profit or loss, except for derivative financial instruments, which are valued using valuation models based on observable market data.

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	30 September 2013 (unaudited)	31 December 2012
Recorded as loans and receivables in accordance with IAS 39:		
Loans to Kazakhstan credit institutions	14,313	15,931
Term deposits	11,305	15,765
Deposit pledged as collateral for derivative financial instruments	2,857	1,105
	28,475	32,801
Less - Allowance for loan impairment (Note 17)	(3)	(2)
	28,472	32,799

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

	30 September 2013 (unaudited)		31 December 2012	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Loans to Kazakhstan credit institutions	8.2%-17.0%	2017	8.2%-17.0%	2017
Term deposits	0.5%-9.0%	2013-2015	0.5%-9.0%	2013-2015
Deposit pledged as collateral for derivative financial instruments	0.2%-1.8%	2014	0.2%-1.8%	2013

9. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	30 September 2013 (unaudited)	31 December 2012
Treasury bills of the Ministry of Finance of Kazakhstan	109,383	110,878
Corporate bonds	85,529	88,657
Securities of foreign organizations	79,516	84,719
Treasury bills of the Ministry of Finance of the Russian Federation	28,170	11,254
Bonds of JSC Development Bank of Kazakhstan	19,667	20,839
Bonds of Kazakhstan banks	10,483	8,349
NBK notes	4,484	889
Local municipal bonds	3,980	3,997
Equity securities of Kazakhstan corporations	2,904	2,529
Equity securities of foreign corporations	1,659	136
Mutual investment funds shares	106	1,927
Equity securities of Kazakhstan banks	48	188
	345,929	334,362
Subject to repurchase agreements		
NBK notes and Treasury bills of the Ministry of Finance of Kazakhstan	4,693	3,369

Interest rates and maturities of available-for-sale investment securities are presented in the table below. Interest rates in the table below are calculated as weighted average of the effective interest rates for the respective securities.

	30 September 2013 (unaudited)		31 December 2012	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	4.9%	2013-2027	4.5%	2013-2027
Corporate bonds	6.8%	2013-2021	7.2%	2013-2021
Securities of foreign organizations	3.8%	2013-2020	3.8%	2013-2020
Treasury bills of the Russian Federation	2.7%	2015-2018	3.4%	2015-2021
Bonds of JSC Development Bank of Kazakhstan	4.9%	2015-2026	5.6%	2015-2026
Bonds of Kazakhstan banks	9.0%	2013-2030	8.3%	2013-2022
NBK notes	1.0%	2013	1.0%	2013
Local municipal bonds	4.9%	2015	4.9%	2015

As at 30 September 2013 and 31 December 2012, the Group used quoted market prices from independent information sources to determine the fair value for all of its available-for-sale investment securities.

10. INVESTMENTS HELD TO MATURITY

Investments held to maturity comprise:

	30 September 2013 (unaudited)	**31 December 2012**
Treasury bills of the Ministry of Finance of Kazakhstan	10,462	12,437
Corporate bonds	8,868	8,237
Bonds of Kazakhstan banks	3,168	3,065
Securities of foreign organizations	1,065	996
Notes of National Bank of Georgia	578	579
Treasury bills of Kyrgyz Republic	335	225
Notes of National Bank of Kyrgyz Republic	-	222
NBK notes	-	5
	24,476	25,766

Interest rates and maturities of investments held to maturity are presented in the table below. Interest rates in the table below are calculated as the weighted average of the effective interest rates for the respective securities.

	30 September 2013 (unaudited)		**31 December 2012**	
	Interest rate, %	**Maturity, year**	**Interest rate, %**	**Maturity, year**
Treasury bills of the Ministry of Finance of Kazakhstan	1.5%	2015-2030	5.1%	2013-2030
Corporate bonds	12.2%	2015-2020	14.6%	2014-2016
Bonds of Kazakhstan banks	9.6%	2013-2016	12.6%	2015-2020
Securities of foreign organizations	14.6%	2014-2016	9.7%	2013-2016
Notes of National Bank of Georgia	12.5%	2016-2017	13.2%	2016-2017
Treasury bills of Kyrgyz Republic	8.8%	2013-2014	14.1%	2013
Notes of National Bank of Kyrgyz Republic	-	-	2.3%	2013
NBK notes	-	-	1.5%	2013

11. LOANS TO CUSTOMERS

Loans to customers comprise:

	30 September 2013 (unaudited)	**31 December 2012**
Recorded as loans and receivables in accordance with IAS 39:		
Originated loans to customers	1,756,570	1,619,850
Overdrafts	430	2,284
	1,757,000	1,622,134
Less – Allowance for loan impairment (Note 17)	(314,680)	(302,926)
	1,442,320	1,319,208

Average interest rate on loans to customers is calculated as interest income divided by average balances of loans to customers. As at 30 September 2013, average interest rate on loans was 11.9% (as at 31 December 2012 – 12.1%)

As at 30 September 2013, the Group's loan concentration to the ten largest borrowers was KZT 365,384 million, which comprised 21% of the Group's total gross loan portfolio (as at 31 December 2012 – KZT 331,012 million; 20%) and 97% of the Group's total equity (as at 31 December 2012 – 97%).

As at 30 September 2013, an allowance for loan impairment amounting to KZT 47,292 million was made against these loans (as at 31 December 2012 – KZT 45,948 million).

Loans are made to the following sectors:

	30 September 2013 (unaudited)	**%**	**31 December 2012**	**%**
Retail loans:				
- consumer loans	288,317	16%	219,809	14%
- mortgage loans	105,069	6%	110,141	7%
	393,386		329,950	
Wholesale trade	304,233	17%	287,126	18%
Services	238,983	14%	157,560	9%
Construction	159,706	9%	168,244	10%
Real estate	133,005	8%	120,038	7%
Retail trade	110,172	6%	104,408	6%
Financial activity	100,222	6%	66,250	4%
Agriculture	83,722	5%	116,467	7%
Transportation	39,440	2%	39,885	3%
Metallurgy	37,799	2%	36,851	2%
Mining	37,284	2%	36,143	2%
Hotel industry	32,243	2%	32,668	2%
Food industry	31,390	2%	37,414	2%
Communication	10,341	1%	1,642	0%
Chemical industry	9,620	1%	41,127	3%
Machinery	6,075	0%	9,416	1%
Oil and gas	5,123	0%	10,836	1%
Light industry	4,135	0%	4,553	0%
Energy	2,655	0%	7,906	1%
Other	17,466	1%	13,650	1%
	1,757,000	100%	1,622,134	100%

As at 30 September 2013, the amount of accrued interest on loans comprised KZT 115,839 million (as at 31 December 2012 – KZT 103,278 million).

12. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	30 September 2013 (unaudited)	**31 December 2012**
Reinsurance premium unearned	8,974	7,065
Reinsurance amounts recoverable	4,513	5,003
	13,487	12,068
Premiums receivable	5,386	2,855
Insurance assets	18,873	14,923

Insurance liabilities comprised the following:

	30 September 2013 (unaudited)	31 December 2012
Reserves for insurance claims	17,625	13,108
Gross unearned insurance premium reserve	13,386	9,908
	31,011	23,016
Payables to reinsurers and agents	4,340	2,185
Insurance liabilities	35,351	25,201

13. OTHER ASSETS

Other assets comprise:

	30 September 2013 (unaudited)	31 December 2012
Other financial assets recorded as loans and receivables in accordance with IAS 39:		
Debtors on banking activities	7,337	5,429
Debtors on non – banking activity	954	1,076
Accrued other commission income	943	647
Accrued commission for managing pension assets	584	2,239
Other	23	3
	9,841	9,394
Less – Allowance for impairment (Note 17)	(3,118)	(1,576)
	6,723	7,818
Other non financial assets:		
Corporate income tax prepaid	3,290	1,835
Prepayments for property and equipment	1,607	1,153
Inventory	1,321	1,442
Advances for taxes other than income tax	948	1,222
Deferred tax asset (Note 18)	457	1,091
Investments in associates	24	53
Other	606	568
	8,253	7,364
Less – Allowance for impairment (Note 17)	(727)	(813)
	7,526	6,551
	14,249	14,369

14. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	30 September 2013 (unaudited)	31 December 2012
Recorded at amortized cost:		
Term deposits:		
Individuals	640,451	543,591
Legal entities	461,661	401,705
	1,102,112	945,296
Current accounts:		
Legal entities	494,459	603,249
Individuals	156,337	150,637
	650,796	753,886
	1,752,908	1,699,182

As at 30 September 2013, the Group's ten largest groups of related customers accounted for approximately 33% of the total amounts due to customers (31 December 2012 – 42%), where each group of related customers represents customers related to each other within that group.

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 2013 (unaudited)	%	31 December 2012	%
Individuals and entrepreneurs	796,788	45%	694,228	41%
Oil and gas	369,473	21%	312,023	18%
Other consumer services	82,940	5%	77,579	5%
Transportation	69,051	4%	58,308	3%
Wholesale trade	64,737	4%	107,014	6%
Government	64,062	4%	78,316	5%
Construction	60,639	3%	68,627	4%
Financial sector	60,090	3%	123,951	7%
Insurance and pension funds activity	43,655	2%	11,187	1%
Education	22,044	1%	13,862	1%
Metallurgy	17,157	1%	29,862	2%
Healthcare and social services	14,331	1%	8,858	0%
Energy	10,556	1%	12,577	1%
Communication	8,804	1%	28,675	2%
Other	68,581	4%	74,115	4%
	1,752,908	100%	1,699,182	100%

15. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	30 September 2013 (unaudited)	31 December 2012
Recorded at amortized cost:		
Correspondent accounts	14,258	2,529
Loans and deposits from Kazakhstan banks	12,264	4,784
Loans and deposits from OECD based banks	4,518	5,403
Loans from other financial institutions	3,353	1,542
Loans and deposits from non – OECD banks	1,923	944
	36,316	15,202

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

	30 September 2013 (unaudited)		31 December 2012	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Loans and deposits from Kazakhstan banks	0.1%-5.0%	2013-2014	3.0%	2013
Loans and deposits from OECD based banks	0.9%-6.5%	2013-2023	0.8%-6.5%	2013-2023
Loans from other financial institutions	2.7%-5.9%	2014-2018	2.8%-5.2%	2014-2016
Loans and deposits from non-OECD based banks	0.5%-3.5%	2013	5.5%	2013

Fair value of assets pledged and carrying value of loans included in loans and deposits from Kazakhstan banks under repurchase agreements as at 30 September 2013 and 31 December 2012 are presented as follows:

	30 September 2013 (unaudited)		31 December 2012	
	Fair value of collateral	Carrying amount of loans	Fair value of collateral	Carrying amount of loans
Treasury bills of the Ministry of Finance of Kazakhstan	4,951	4,693	2,943	2,791
Equity securities of Kazakhstan banks	-	-	426	300
	4,951	4,693	3,369	3,091

As at 30 September 2013 and 31 December 2012, the maturities of loans and deposits under repurchase agreements are less than 1 month.

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. Some 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.

The Group’s management believes that as at 30 September 2013 and 31 December 2012, the Group was in compliance with the covenants of the agreements the Group has with other banks and credit institutions.

16. DEBT SECURITIES ISSUED

Debt securities issued comprise:

	30 September 2013 (unaudited)	31 December 2012
Recorded at amortized cost:		
Subordinated debt securities issued:		
Fixed rate KZT denominated bonds	11,928	11,725
Reverse inflation indexed KZT denominated bonds	8,647	8,455
Inflation indexed KZT denominated bonds	3,984	3,926
Total subordinated debt securities outstanding	24,559	24,106
Unsubordinated debt securities issued:		
USD denominated bonds	243,902	277,813
Total unsubordinated debt securities outstanding	243,902	277,813
Total debt securities outstanding	268,461	301,919

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

	30 September 2013 (unaudited)		31 December 2012	
	Coupon rate, %	Maturity, year	Coupon rate, %	Maturity, year
Subordinated debt securities issued:				
Fixed rate KZT denominated bonds	7.5%-13.0%	2014-2018	7.5%-13.0%	2014-2018
Reverse inflation indexed KZT denominated bonds	15% less inflation rate	2015-2016	15% less inflation rate	2015-2016
Inflation indexed KZT denominated bonds	inflation rate plus 1%	2015	inflation rate plus 1%	2015
Unsubordinated debt securities issued:				
USD denominated bonds	7.3%-9.3%	2013-2021	7.3%-9.3%	2013-2021

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 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 2013 and 31 December 2012 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 accumulated impairment of available-for-sale investment securities, 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 2013 (unaudited)	(307,093)	(3)	(999)	(3,300)	(311,395)
Additional provisions recognized	(6,063)	(1)	-	(574)	(6,638)
Write-offs	160	-	-	-	160
Foreign exchange differences	(1,684)	1	-	29	(1,654)
30 September 2013 (unaudited)	(314,680)	(3)	(999)	(3,845)	(319,527)
30 June 2012 (unaudited)	(295,007)	(1)	(1,050)	(2,089)	(298,147)
(Additional provisions recognized)/recovery of provision	(1,591)	(1)	24	(336)	(1,904)
Write-offs	510	-	-	-	510
Foreign exchange differences	(1,029)	-	-	(2)	(1,031)
30 September 2012 (unaudited)	(297,117)	(2)	(1,026)	(2,427)	(300,572)
31 December 2012	(302,926)	(2)	(999)	(2,389)	(306,316)
Additional provisions recognized	(11,610)	(2)	-	(1,563)	(13,175)
Write - offs	2,108	-	-	83	2,191
Foreign exchange differences	(2,252)	1	-	24	(2,227)
30 September 2013 (unaudited)	(314,680)	(3)	(999)	(3,845)	(319,527)
31 December 2011	(291,303)	(2)	(1,098)	(2,225)	(294,628)
(Additional provisions recognized)/recovery of provision	(9,816)	-	72	(400)	(10,144)
Write-offs	5,935	-	-	200	6,135
Foreign exchange differences	(1,933)	-	-	(2)	(1,935)
30 September 2012 (unaudited)	(297,117)	(2)	(1,026)	(2,427)	(300,572)

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

	Three months ended 30 September 2013 (unaudited)	Three months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
At the beginning of the period	(4,539)	(4,854)	(4,385)	(3,388)
Additional provisions recognized	(648)	(1,552)	(4,427)	(6,186)
Recovery of provisions	1,246	3,168	4,840	6,351
Foreign exchange differences	(17)	(26)	14	(41)
At the end of the period	(3,958)	(3,264)	(3,958)	(3,264)

18. TAXATION

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

The income tax expense comprises:

	Three months ended 30 September 2013 (unaudited)	Three months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Current tax charge	3,920	5,588	10,187	13,090
Deferred tax expense/(benefit)	724	(774)	1,671	(1,468)
Income tax expense	4,644	4,814	11,858	11,622

The tax rate for Kazakhstan companies was 20% during nine months ended 30 September 2013 and 2012. 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 2013 (unaudited)	31 December 2012
Tax effect of deductible temporary differences:		
Insurance premium reserves	238	917
Bonuses accrued	1,066	1,069
Vacation pay accrual	202	151
Fair value of derivatives	281	51
Other	107	557
Deferred tax asset	1,894	2,745
Tax effect of taxable temporary differences:		
Loans to customers, allowance for impairment losses	(5,518)	(5,056)
Property and equipment, accrued depreciation	(4,766)	(4,400)
Fair value of derivatives	(97)	(105)
Deferred tax liability	(10,374)	(9,561)
Net deferred tax liability	(8,487)	(6,816)

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 2013 (unaudited)	31 December 2012
Deferred tax asset (Note 13)	457	1,091
Deferred tax liability	(8,944)	(7,907)
Net deferred tax liability	(8,487)	(6,816)

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 other taxes. Implementing regulations are often unclear or nonexistent and few precedents have been established. Often, different 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 different positions with regard to interpretive issues.

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.

In Kazakhstan tax years remain open to review by the tax authorities within the subsequent five years. However, the 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 that there was prevention to conducting of the tax reviews by the tax authorities.

19. OTHER LIABILITIES

Other liabilities comprise:

	30 September 2013 (unaudited)	31 December 2012
Other financial liabilities:		
Creditors on bank activities	2,135	1,720
Payable for general and administrative expenses	1,671	243
Creditors on non - banking activities	680	644
Other	50	44
	4,536	2,651
Other non financial liabilities:		
Salary payable	6,452	6,033
Current income tax payable	3,202	3,329
Taxes payable other than income tax	1,928	1,351
Other prepayments received	457	760
	12,039	11,473
	16,575	14,124

20. EQUITY

Authorized, issued and fully paid number of shares as at 30 September 2013 and 2012 were as follows:

30 September 2013 (unaudited)

	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
Common shares	24,000,000,000	12,871,481,549	11,128,518,451	(222,547,057)	10,905,971,394
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(193,746,831)	116,112,599
Convertible preferred shares	80,225,222	-	80,225,222	(227,972)	79,997,250

30 September 2012 (unaudited)

	Share capital authorized	Share capital authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
Common shares	2,400,000,000	(1,091,584,040)	1,308,415,960	(218,204,421)	1,090,211,539
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(214,085,931)	95,773,499
Convertible preferred shares	80,225,222	-	80,225,222	(482,898)	79,742,324

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 2012	10,907,961,655	95,712,499	79,724,654	43,597	5,837	13,233
Purchases of treasury shares	(6,829,353)	-	(101,167)	(8)	-	-
Sale of treasury shares	4,839,092	20,400,100	373,763	5	3,436	58
30 September 2013 (unaudited)	10,905,971,394	116,112,599	79,997,250	43,594	9,273	13,291
31 December 2011	1,089,338,798	285,803,817	79,846,624	43,611	46,891	13,233
Purchase of treasury shares from Samruk-Kazyna (including the cost of the call option – see Note 1)	-	(190,000,000)	-	-	(41,054)	-
Other purchases of treasury shares	(902,296)	(1,349,054)	(129,300)	(9)	-	-
Sale of treasury shares	1,775,037	1,318,736	25,000	18	-	-
30 September 2012 (unaudited)	1,090,211,539	95,773,499	79,742,324	43,620	5,837	13,233

Common shares

In accordance with the Decision made on extraordinary shareholders meeting held on 6 December 2012, the Bank increased the total amount of shares by performing a split of the common shares in proportion of one common share to ten common shares. The split was performed on 14 December 2012.

As at 30 September 2013, the Group held 222,547,057 of the Group's common shares as treasury shares at KZT 39,977 million (30 September 2012 – 218,204,421 shares at KZT 39,951 million).

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. Upon the return of capital in the case of liquidation, the assets of the Group available for distribution are applied to any amount equal to paid up share capital or credited as paid up share capital due to the holders of the Preferred Shares in priority to the holders of the Common shares.

The terms of the Preferred Shares require that the Group 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 share prospectus and is based on the Group's profitability. Where the Group has net income no greater than KZT 160 times the quantity of issued Preferred Shares, multiplied by a factor of inflation as published by the NBK plus one per cent, the dividend per Preferred Share is determined as net income divided by the quantity of issued Preferred Shares. Where net income is greater than this, the dividend per Preferred Share is calculated as KZT 160 multiplied by a factor of inflation as published by the NBK plus one per cent. Inflation in either calculation will range between three and nine per cent. Dividends on the Preferred Shares are paid only after the Board of Directors approves payment terms of such dividends and the Annual General Shareholders Meeting approves distribution of net income received for the respective financial year. The Preferred Shares do not have any voting rights, unless the payment of preferred dividends has been delayed for three months or more from the date they became due.

Share premium reserve

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

Convertible preferred shares

Each convertible preferred share is convertible to one common share at the discretion of the Board of Directors. In addition, the Group will pay a compensation amount to each convertible preferred shareholder on conversion based on a formula specified in the share prospectus. This payment is calculated in a way that, if at the date of conversion, 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.

Retained earnings

As at 31 December 2012, a special provision reflecting the difference between an impairment provision accrued in accordance with IFRS and an impairment provision presented in accordance with requirements of the regulator amounted to KZT 34,594 million.

Due to amendments to Legal act of the National Bank of the Republic of Kazakhstan in 2013, the Bank stopped accruing provisions according to requirements of the Regulator and formed dynamic provisions. Dynamic provisions mean the Bank is able to record non-current expected losses on its loan portfolio and amortise credit shocks should they arise. As at 1 October 2013, dynamic provisions amounted to KZT 28,053 million.

21. COMMITMENTS AND CONTINGENCIES

Financial commitments and contingencies

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

	30 September 2013 (unaudited)	**31 December 2012**
Guarantees issued	144,046	117,730
Commercial letters of credit	11,181	20,970
Commitments to extend credit	14,170	16,146
Financial commitments and contingencies	169,397	154,846
Less: cash collateral against letters of credit	(3,922)	(12,177)
Less: provisions (Note 17)	(3,958)	(4,385)
Total financial commitments and contingencies, net	161,517	138,284

Guarantees issued represent bank guarantees issued by the Bank by order of its clients, and which are in effect as at the reporting date. As at 30 September 2013, the ten largest guarantees accounted for 80% of the Group's total financial guarantees (as at 31 December 2012 – 78%) and represented 31% of the Group's total equity (as at 31 December 2012 – 27%).

Commercial letters of credit represent letters of credit issued by the Bank by order of its clients, and under which as at the reporting date, the payment has not yet been made. As at 30 September 2013, the ten largest letters of credit accounted for 62% of the Group's total commercial letters of credit (as at 31 December 2012 – 41%) and represented 2% of the Group's total equity (as at 31 December 2012 – 3%).

These financial instruments, which incorporate certain credit risks, are not reflected in a interim consolidated statement of financial position. The group applies the same credit policy in relation to contingent financial liabilities as it does to financial instruments presented in its condensed interim consolidated statement of financial position.

22. NET INTEREST INCOME

	Three months ended 30 September 2013 (unaudited)	Three months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Interest income comprises:				
Interest income on financial assets recorded at amortized cost:				
- interest income on impaired assets	24,481	17,945	63,958	64,890
- interest income on unimpaired assets	18,302	18,609	58,258	43,909
Interest income on financial assets at fair value through profit or loss	11	7	26	21
Interest income on available-for-sale investment securities	4,038	3,526	12,020	10,838
Total interest income	46,832	40,087	134,262	119,658
Interest income on financial assets recorded at amortized cost comprises:				
Interest income on loans to customers	41,480	35,284	118,029	104,986
Interest income on amounts due from credit institutions and cash and cash equivalents	732	558	2,385	1,520
Interest income on investments held to maturity	571	712	1,802	2,293
Total interest income on financial assets recorded at amortized cost	42,783	36,554	122,216	108,799
Interest income on financial assets at fair value through profit or loss:				
Interest income on financial assets held-for-trading	11	7	26	21
Total interest income on financial assets at fair value through profit or loss	11	7	26	21
Interest income on available-for-sale investment securities	4,038	3,526	12,020	10,838
Total interest income	46,832	40,087	134,262	119,658
Interest expense comprises:				
Interest expense on financial liabilities recorded at amortized cost	(18,861)	(17,121)	(57,188)	(51,122)
Total interest expense	(18,861)	(17,121)	(57,188)	(51,122)
Interest expense on financial liabilities recorded at amortized cost comprise:				
Interest expense on amounts due to customers	(13,074)	(10,870)	(39,336)	(32,365)
Interest expense on debt securities issued	(5,350)	(6,070)	(17,112)	(18,265)
Interest expense on amounts due to credit institutions	(437)	(181)	(740)	(492)
Total interest expense on financial liabilities recorded at amortized cost	(18,861)	(17,121)	(57,188)	(51,122)
Net interest income before impairment charge	27,971	22,966	77,074	68,536

23. FEES AND COMMISSION INCOME

Fee and commission income was derived from the following sources:

	Three months ended 30 September 2013 (unaudited)	Three months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Pension fund and asset management	3,918	5,065	6,337	11,565
Bank transfers – settlements	2,700	2,446	7,625	7,023
Cash operations	1,946	1,320	5,194	3,321
Payment cards maintenance	1,752	1,482	4,984	4,047
Bank transfers – salary projects	1,407	1,480	4,288	3,972
Customers' pension payments	1,063	757	3,142	2,746
Letters of credit and guarantees issued	948	626	2,618	1,666
Maintenance of customer accounts	266	229	745	692
Other	1,003	963	2,013	1,776
	15,003	14,368	36,946	36,808

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

	Three months ended 30 September 2013 (unaudited)	Three months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Investment income on pension assets	2,374	3,696	1,890	7,664
Income from administration of pension assets	1,544	1,369	4,447	3,901
	3,918	5,065	6,337	11,565

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

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

	Three months ended 30 September 2013 (unaudited)	Three months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Net (loss)/gain on operations with financial assets and liabilities classified as held for trading:				
Net gain/(loss) on derivative operations	1,038	(153)	2,050	750
Unrealized net gain/(loss) on trading operations	12	(20)	(30)	(651)
Realized loss on trading operations	(1,238)	(38)	(1,090)	(847)
	(188)	(211)	930	(748)

25. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

Net gain on foreign exchange operations comprises:

	Three months ended 30 September 2013 (unaudited)	Three months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Dealing, net	2,300	2,108	4,653	5,392
Translation differences, net	1,080	452	1,372	1,465
	3,380	2,560	6,025	6,857

26. INSURANCE UNDERWRITING INCOME

Insurance underwriting income comprised:

	Three months ended 30 September 2013 (unaudited)	Three months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Insurance premiums written, gross	6,199	4,643	30,021	21,333
Change in unearned insurance premiums, net	1,303	916	(1,696)	(689)
Ceded reinsurance share	(4,139)	(1,100)	(12,154)	(7,424)
	3,363	4,459	16,171	13,220
Insurance payments	2,040	2,979	6,786	7,516
Insurance reserves	116	212	5,140	1,387
Commission to agents	89	103	407	271
	2,245	3,294	12,333	9,174
	1,118	1,165	3,838	4,046

27. OPERATING EXPENSES

Operating expenses comprise:

	Three months ended 30 September 2013 (unaudited)	Three months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Salaries and other employee benefits	6,945	7,026	23,341	20,983
Depreciation and amortization expenses	1,396	1,789	4,379	5,300
Professional services	757	42	1,248	188
Taxes other than income tax	559	486	1,634	1,442
Repairs and maintenance	552	363	1,136	1,086
Security	358	358	1,069	1,066
Communication	336	337	936	953
Rent	297	316	918	914
Insurance agents' fees	259	191	731	593
Information services	237	184	645	512
Advertisement	218	225	797	626
Business trip expenses	181	162	458	465
Stationery and office supplies	135	140	433	449
Charity	127	15	191	66
Transportation	126	123	371	381
Hospitality expenses	17	23	32	45
Social events	13	5	27	16
Other	519	515	1,734	1,785
	13,032	12,300	40,080	36,870

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

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

The following table presents basic and diluted earnings per share:

	Three months ended 30 September 2013 (unaudited)	Three months ended 30 September 2012 (unaudited)	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Basic earnings per share				
Net income for the period attributable to equity holders of the parent	21,868	22,206	56,002	53,644
Less: Dividends paid on preference shares	(2,197)	(4,914)	(2,197)	(4,914)
Earnings attributable to common shareholders	19,671	17,292	53,805	48,730
Weighted average number of common shares for the purposes of basic earnings per share	10,905,551,464	10,909,775,986	10,906,368,397	10,909,730,100
Basic earnings per share (in Kazakhstani Tenge)*	1.80	1.59	4.93	4.47
Diluted earnings per share				
Earnings used in the calculation of basic earnings per share	19,671	17,292	53,805	48,730
Add: Dividends paid on convertible preferred shares	899	1,147	899	1,147
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
Less: Amounts payable to convertible preferred shareholders upon conversion	(10,471)	(10,951)	(10,453)	(10,956)
Earnings used in the calculation of total diluted earnings per share	10,099	7,488	44,251	38,921
Weighted average number of common shares for the purposes of basic earnings per share	10,905,551,464	10,909,775,986	10,906,368,397	10,909,730,100
Weighted average number of common shares that would be issued for the convertible preferred shares	79,654,631	79,778,624	79,871,522	79,815,130
Weighted average number of common shares for the purposes of diluted earnings per share	10,985,206,095	10,989,554,610	10,986,239,919	10,989,545,230
Diluted earnings per share (in Kazakhstani Tenge)*	0.92	0.68	4.03	3.54

* The calculation of basic and diluted earnings per share includes only earnings attributable to holders of common shares because dividends already paid on preference shares are greater than that would be paid on full distribution of current period earnings.

Basic and diluted earnings per share for the periods ended 30 September 2013 and 2012 were presented based on the new number of shares resulting from the share split on 14 December 2012 (see Note 20).

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 2013 and 31 December 2012 is as follows.

		30 September 2013 (unaudited)	
Class of shares	**Outstanding shares**	**Equity**	**Book value of one share, in KZT**
Common	10,905,971,394	348,160	31.92
Non-convertible preferred	116,112,599	10,510	90.52
Convertible preferred	79,997,250	13,291	166.14
		371,961	

		31 December 2012	
Class of shares	**Outstanding shares**	**Equity**	**Book value of one share, in KZT**
Common	10,907,961,655	313,738	28.76
Non-convertible preferred	95,712,499	7,074	73.91
Convertible preferred	79,724,654	13,233	165.98
		334,045	

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

Risk management is fundamental to the Group’s banking business and is an essential element of the Group’s operations. The main risks inherent to the Group’s operations are those related to:

- Credit risk
- Liquidity risk
- Market risk

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

Credit risk

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

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

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

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

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

Structure and authorities of credit committees

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

Head Office Credit Committee (CC)

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

Branch Credit Committee and Branch Network Credit Committee (BCC, BNCC)

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

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

Retail Branch Credit Committee of the Head Office and Decision Making Center (RCCHO and DMC)

RCCHO and DMC are credit decision authorities, the primary goal of which is implementation of the Bank's Credit Policy in terms of granting retail financial instruments via branches.

DMC comprises of credit underwriters with delegated credit authorities based on four eyes principle. DMC makes credit decisions within their authorities and limits established by the Management Board and RCCHO. RCCHO is authorized to consider loan applications that exceed relevant credit limits or the authorities of the DMC, as well as other matters within the authorities established by the Management Board.

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

Problem loans committee of the Head Office, branches

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

Authorized credit authorities of the Bank subsidiaries

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

ALMC

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

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

The Management Board

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

The Board of Directors

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

Currency Risk

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

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

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

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

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

	30 September 2013 (unaudited)			31 December 2012		
	KZT	**Foreign currencies**	**Total**	**KZT**	**Foreign currencies**	**Total**
FINANCIAL ASSETS:						
Cash and cash equivalents	79,314	423,296	502,610	71,763	461,736	533,499
Obligatory reserves	23,239	22,180	45,419	24,324	24,713	49,037
Financial assets at fair value through profit or loss	908	531	1,439	303	968	1,271
Amounts due from credit institutions	25,666	2,806	28,472	21,205	11,594	32,799
Available-for-sale investment securities	179,879	166,050	345,929	177,232	157,130	334,362
Investments held to maturity	14,506	9,970	24,476	17,233	8,533	25,766
Loans to customers	968,012	474,308	1,442,320	965,552	353,656	1,319,208
Other financial assets	6,201	522	6,723	6,571	1,247	7,818
	1,297,725	1,099,663	2,397,388	1,284,183	1,019,577	2,303,760
FINANCIAL LIABILITIES:						
Amounts due to customers	984,114	768,794	1,752,908	1,030,300	668,882	1,699,182
Amounts due to credit institutions	8,477	27,839	36,316	5,382	9,820	15,202
Financial liabilities at fair value through profit or loss	1,405	52	1,457	-	439	439
Debt securities issued	24,558	243,903	268,461	23,977	277,942	301,919
Other financial liabilities	4,358	178	4,536	2,430	221	2,651
	1,022,912	1,040,766	2,063,678	1,062,089	957,304	2,019,393
Net financial position	274,813	58,897	333,710	222,094	62,273	284,367

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

Liquidity Risk

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

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

In order to manage liquidity risk, the Group analyzes the financial assets and liabilities, and obligatory reserves taking into account payment schedules for loans issued to customers. The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the reporting date to the contractual maturity date, except for financial assets at fair value through profit or loss which are included in the column "Less than 1 month" as they are available to meet the Group's short-term liquidity needs.

	30 September 2013 (unaudited)					
	Less than 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
FINANCIAL ASSETS:						
Cash and cash equivalents	387,239	115,371	-	-	-	502,610
Obligatory reserves	26,002	3,023	12,029	2,305	2,060	45,419
Financial assets at fair value through profit or loss	1,439	-	-	-	-	1,439
Amounts due from credit institutions	2,859	2,896	6,086	16,631		28,472
Available-for-sale investment securities	10,100	4,355	54,530	197,283	79,661	345,929
Investments held to maturity	39	1,006	1,762	16,894	4,775	24,476
Loans to customers	133,010	124,277	607,965	441,786	135,282	1,442,320
Other financial assets	6,174	170	141	180	58	6,723
	566,862	251,098	682,513	675,079	221,836	2,397,388
FINANCIAL LIABILITIES:						
Amounts due to customers	928,776	156,407	550,484	85,200	32,041	1,752,908
Amounts due to credit institutions	23,579	6,641	1,553	882	3,661	36,316
Financial liabilities at fair value through profit or loss	1,457	-	-	-	-	1,457
Debt securities issued	78,859	3,171	981	108,476	76,974	268,461
Other financial liabilities	2,557	1,226	736	17		4,536
	1,035,228	167,445	553,754	194,575	112,676	2,063,678
Net position	(468,366)	83,653	128,759	480,504	109,160	
Accumulated gap	(468,366)	(384,713)	(255,954)	224,550	333,710	

	31 December 2012					
	Less than 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
FINANCIAL ASSETS:						
Cash and cash equivalents	291,363	242,706	-	-	-	533,499
Obligatory reserves	28,017	3,298	12,270	2,633	2,249	49,037
Financial assets at fair value through profit or loss	1,271	-	-	-	-	1,271
Amounts due from credit institutions	48	6,557	8,094	17,799	301	32,799
Available-for-sale investment securities	3,125	17,403	57,373	189,484	66,977	334,362
Investments held to maturity	260	157	2,203	18,231	4,915	25,766
Loans to customers	185,647	159,602	627,777	287,899	58,283	1,319,208
Other financial assets	7,011	228	51	177	351	7,818
	516,742	429,951	707,768	516,223	133,076	2,303,760
FINANCIAL LIABILITIES:						
Amounts due to customers	1,032,288	131,690	421,072	85,479	28,653	1,699,182
Amounts due to credit institutions	8,903	26	1,208	1,307	3,758	15,202
Financial liabilities at fair value through profit or loss	366	41	32	-	-	439
Debt securities issued	109	-	116,592	107,847	77,371	301,919
Other financial liabilities	2,425	38	166	22	-	2,651
	1,044,091	131,795	539,070	194,655	109,782	2,019,393
Net position	(527,349)	298,156	168,698	321,568	23,294	
Accumulated gap	(527,349)	(229,193)	(60,495)	261,073	284,367	

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

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

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

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

The following methods and assumptions are used by the Group to estimate the fair value of financial instruments not carried at fair value.

Amounts due from and to credit institutions

For assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For the assets and liabilities maturing in over one month, the fair value was estimated as the present value of estimated future cash flows discounted at the appropriate year-end market rates.

Loans to customers

The estimate was made by discounting the scheduled future cash flows of the individual loans through the estimated maturity using prevailing market rates as at the respective year-end.

Amounts due to customers

Interest rates charged to customers closely approximate market interest rates and accordingly, the carrying amounts approximate fair values.

Debt securities issued

Market values have been used to determine the fair value of debt securities traded on an active market. For other debt securities, the fair value was estimated as the present value of estimated future cash flows discounted at the year-end market rates.

Financial assets and liabilities at fair value through profit or loss and available-for-sale investment securities are carried at fair value in the consolidated statement of financial position. The fair value of such financial instruments is the estimated amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs used in the methodologies of measuring fair value for assets and liabilities, is as follows:

Level 1: If a quoted market price is available for an instrument, the fair value is calculated based on the observable market price;

Level 2: When valuation parameters are not observable in the market or cannot be derived from observable market prices, the fair value is derived through analysis of other observable market data appropriate for each product and pricing models which use a mathematical methodology based on accepted financial theories. Pricing models take into account the contract terms of the securities as well as market-based valuation parameters, such as interest rates, volatility, exchange rates and the credit rating of the counterparty;

Level 3: Where market-based valuation parameters are not directly observable, management will make a judgement as to its best estimate of that parameter in order to determine a reasonable reflection of how the market would be expected to price the instrument. The best evidence of fair value of a financial instrument at initial recognition is the transaction price unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. Any difference between the transaction price and the value based on a valuation technique is not recognized in the consolidated income statement on initial recognition. Subsequent gains or losses are only recognized to the extent that it arises from a change in a factor that market participants would consider in setting a price.

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. Management assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

The Group considers that the accounting estimate related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and (ii) the impact that recognising a change in the valuations would have on the assets reported on its consolidated statement of financial position as well as its profit/(loss) could be material.

The tables below summarises the Group's financial assets and liabilities held at fair value by valuation methodology at 30 September 2013 and 31 December 2012, before any allowances for impairment losses:

Consolidated statement of financial position category		**Quoted prices in active markets (Level 1)**	**Internal models based on observable market prices (Level 2)**	**Total 30 September 2013**
Assets:				
Financial assets at fair value through profit or loss	Debt financial instruments	777	-	777
	Equity financial instruments	84	-	84
	Derivative financial instruments	-	578	578
Available-for-sale investment securities	Debt financial instruments	342,312	-	342,312
	Equity financial instruments	4,611	-	4,611
Liabilities:				
Financial liabilities at fair value through profit or loss	Derivative financial instruments	-	1,457	1,457

Consolidated statement of financial position category		Quoted prices in active markets (Level 1)	Internal models based on observable market prices (Level 2)	Total 31 December 2012
Assets:				
Financial assets at fair value through profit or loss	Debt financial instruments	453	-	453
	Equity financial instruments	85	-	85
	Derivative financial instruments	-	733	733
Available-for-sale investment securities	Debt financial instruments	329,582	-	329,582
	Equity financial instruments	4,780	-	4,780
Liabilities:				
Financial liabilities at fair value through profit or loss	Derivative financial instruments	-	439	439

As at 30 September 2013, there have been no movements between levels in the IFRS fair value hierarchy.

31. SEGMENT ANALYSIS

The Group is managed and reported on the basis of two main operating segments – Corporate banking and Retail banking. 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.

Other – representing capital market services, insurance services, and documentary operations with guarantees issued and commercial letters of credit.

The segment information below is presented on the basis used by the Bank's Chairperson of the Management Board, who is the Group's chief operating decision maker, to evaluate performance, in accordance with IFRS 8. The Management of the Group 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 2013 and 2012. 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 2013 and 2012 and for the nine months then ended is set out below:

	Retail Banking	**Corporate banking**	**Other**	**Total**
As at 30 September 2013 and for the nine months ended (unaudited)				
External revenues	73,065	104,168	18,555	195,788
Total revenues	73,065	104,168	18,555	195,788
Total revenues comprise:				
- Interest income	43,489	90,773	-	134,262
- Fee and commission income	27,741	9,205	-	36,946
- Net gain from financial assets and liabilities at fair value through profit or loss	-	-	930	930
- Net realized gain from available-for-sale investment securities	-	-	310	310
- Net gain on foreign exchange operations	1,835	4,190	-	6,025
- Insurance underwriting income and other income	-	-	17,315	17,315
Total revenues	73,065	104,168	18,555	195,788
- Interest expense on amounts due to customers	(30,482)	(8,854)	-	(39,336)
- Impairment charge	(2,113)	(11,062)	-	(13,175)
- Fee and commission expense	(974)	(4,420)	-	(5,394)
- Salaries and other employee benefits	(4,911)	(18,430)	-	(23,341)
- Advertisement expenses	(797)	-	-	(797)
- Provisions	-	413	-	413
Segment result	33,788	61,815	18,555	114,158
Unallocated costs:				
- Interest expense from debt securities issued and amounts due to credit institutions				(17,852)
- Insurance claims incurred, net of reinsurance				(12,333)
- Unallocated operating expenses				(15,942)
Income before income tax expense				68,031
Income tax expense				(11,858)
Net income				56,173
Total segment assets	455,771	1,517,631	371,868	2,345,270
Unallocated assets				156,041
Total assets				2,501,311
Total segment liabilities	(796,788)	(956,120)	(3,958)	(1,756,866)
Unallocated liabilities				(367,104)
Total liabilities				(2,123,970)
Other segment items:				
Capital expenditure (unallocated)				(4,135)
Depreciation and amortization expense (unallocated)				(4,379)

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

Geographical information

Information for the main geographical areas of the Group is set out below as at 30 September 2013 and 31 December 2012 and for the nine-months ended 30 September 2013 and 2012.

	Kazakhstan	OECD countries	Non-OECD countries	Total
30 September 2013 (unaudited)				
Total assets	2,022,798	385,939	92,574	2,501,311
31 December 2012				
Total assets	1,947,751	404,924	55,323	2,407,998
Nine months ended 30 September 2013 (unaudited)				
External revenues	189,213	1,932	4,643	195,788
Capital expenditure	(4,135)	-	-	(4,135)
Nine months ended 30 September 2012 (unaudited)				
External revenues	172,807	2,871	3,530	179,208
Capital expenditure	(7,685)	-	-	(7,685)

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

32. RELATED PARTY TRANSACTIONS

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

Considering each possible related party not only their legal status is taken into account but also the substance of the relationship between these parties.

The ultimate shareholder of the Group Timur Kulibayev (please see Note 1) held the position of Chairman in Samruk-Kazyna during the period from 12 April 2011 till 26 December 2011. Timur Kulibayev held the position of Chairman of the Board of Directors in subsidiaries of Samruk-Kazyna, including JSC NC KazMunayGas from 21 May 2009 till 12 January 2012 and JSC NC Kazatomprom from October 2008 till 12 January 2012. According to the requirements of IAS 24, applicable for annual reports for periods starting 1 January 2011, the entity is considered as related to the reporting entity if a person, who has control or joint control over reporting entity is considered as a member of key management personnel of the entity or a parent of the entity. Accordingly, Samruk-Kazyna together with its subsidiaries were considered as related parties until 26 December 2011, except for JSC NC KazMunayGas and JSC NC Kazatomprom, which were considered as related parties up to and including 12 January 2012.

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

The Group had the following balances outstanding as at 30 September 2013 and 31 December 2012 with related parties:

	30 September 2013 (unaudited)		**31 December 2012**	
	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	30	1,439	33	1,271
- Samruk-Kazyna and its subsidiaries	30		33	
Available-for-sale investment securities before allowance for impairment	41,010	346,928	61,661	335,361
- Samruk-Kazyna and its subsidiaries	41,010		61,661	
Allowance for available-for-sale investment securities impairment	(490)	(999)	(490)	(999)
- Subsidiaries of Samruk-Kazyna	(490)		(490)	
Investments held to maturity	2,228	24,476	6,958	25,766
- Subsidiaries of Samruk-Kazyna	2,228		6,958	
Loans to customers before allowance for impairment losses	7,366	1,757,000	8,221	1,622,134
- entities with joint control or significant influence over the entity	6,252		6,738	
- other related parties	1,114		1,483	
Allowance for impairment losses	(247)	(314,680)	(298)	(302,926)
- entities with joint control or significant influence over the entity	(225)		(298)	
- other related parties	(22)		-	
Amounts due to customers	103,224	1,752,908	56,441	1,699,182
- the parent	58,766		36,457	
- entities with joint control or significant influence over the entity	35,280		558	
- associates	78		75	
- key management personnel of the entity or its parent	2,552		2,057	
- Samruk-Kazyna and its subsidiaries	514		11,765	
- other related parties	6,034		5,529	
Amounts due to credit institutions	88	36,316	54	15,202
- Subsidiaries of Samruk-Kazyna	88		54	

Included in the interim consolidated income statement and in the interim statement of other comprehensive income for the nine months ended 30 September 2013 and 2012 are the following amounts which arose due to transactions with related parties:

	Nine months ended 30 September 2013 (unaudited)		Nine months ended 30 September 2012 (unaudited)	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Interest income	1,680	134,262	1,590	119,658
- entities with joint control or significant influence over the entity	595		288	
- subsidiaries of Samruk-Kazyna	1,019		1,267	
- other related parties	66		35	
Interest expense	(2,983)	(57,188)	(1,251)	(51,122)
- the parent	(2,453)		(873)	
- entities with joint control or significant influence over the entity	-		(1)	
- key management personnel of the entity or its parent	(93)		(92)	
- Samruk-Kazyna and its subsidiaries	(378)		(224)	
- other related parties	(59)		(61)	
Net gain/(loss) from financial assets and liabilities at fair value through profit or loss	-	930	(5)	(748)
- subsidiaries of Samruk-Kazyna	-		(5)	

	Nine months ended 30 September 2013 (unaudited)		Nine months ended 30 September 2012 (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:	743	23,341	866	20,983
- short-term employee benefits	743		866	

On 19 April 2013, the subsidiary of the Bank JSC "Halyk Finance" sold 20,400,000 preferred non-convertible shares and 361,375 preferred convertible shares to JSC Almex Holding Group for the total amount of KZT 3,494 million. The transaction was performed on market conditions.

33. SUBSEQUENT EVENTS

On 16 October 2013, the Bank made scheduled repayment of its Eurobonds for amount of USD 490.5 million placed in April 2008 with the original placement amount of USD 500 million.