JSC HALYK BANK

Interim Condensed Consolidated Financial Information

For the nine months ended
30 September 2015 (unaudited)

JSC HALYK BANK

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JSC HALYK BANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the consolidated financial position of JSC Halyk Bank ("the Bank") and its subsidiaries (collectively – "the Group") as at 30 September 2015, 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 2015 was authorized for issue by the Management Board on 13 November 2015.

On behalf of the Management Board:

Umut B. Shayakhmetova	**Pavel A. Cheussov**
Chairperson of the Board	**Chief Accountant**
13 November 2015	13 November 2015
Almaty, Kazakhstan	Almaty, Kazakhstan

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INDEPENDENT AUDITOR'S 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 2015 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 "Interim Financial Reporting" ("IAS 34"). 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 "Interim Financial Reporting".

Deloitte, LLP

13 November 2015
Almaty, Kazakhstan

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015 (UNAUDITED)
(Millions of Kazakhstan Tenge)

	Notes	30 September 2015 (unaudited)	31 December 2014
ASSETS			
Cash and cash equivalents	5	1,020,355	540,537
Obligatory reserves	6	56,425	48,225
Financial assets at fair value through profit or loss	7	123,677	15,727
Amounts due from credit institutions	8	44,035	27,095
Available-for-sale investment securities	9	379,026	386,423
Precious metals		2,050	1,385
Loans to customers	10, 33	1,967,181	1,648,013
Investment property	11	23,162	5,684
Commercial property	12	8,840	-
Property and equipment		80,302	79,564
Assets held-for-sale		11,442	8,798
Goodwill		4,954	4,954
Intangible assets		8,628	8,664
Insurance assets	13	27,090	20,320
Other assets	14	35,551	14,393
TOTAL ASSETS		3,792,718	2,809,782
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	15, 33	2,489,658	1,848,213
Amounts due to credit institutions	16	156,067	107,192
Financial liabilities at fair value through profit or loss	7	7,944	3,131
Debt securities issued	17	528,022	311,009
Provisions	18	767	407
Deferred tax liability	19	30,214	10,673
Insurance liabilities	13	53,450	38,807
Other liabilities	20	20,448	15,129
Total liabilities		3,286,570	2,334,561
EQUITY			
Share capital	21	143,695	143,695
Share premium reserve		2,055	1,439
Treasury shares		(103,174)	(78,994)
Retained earnings and other reserves		463,572	409,081
Total equity		506,148	475,221
TOTAL LIABILITIES AND EQUITY		3,792,718	2,809,782

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

13 November 2015
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

13 November 2015
Almaty, Kazakhstan

The notes on pages 10 to 53 form an integral part of this interim condensed consolidated financial information.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

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

	Notes	Three months ended 30 September 2015 (unaudited)	Three months ended 30 September 2014 (unaudited)	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Interest income	23, 33	63,302	52,884	181,588	156,472
Interest expense	23, 33	(24,455)	(20,003)	(67,252)	(58,785)
NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE	23	38,847	32,881	114,336	97,687
(Impairment charge)/recoveries of provision	18	(6,916)	947	(8,541)	(413)
NET INTEREST INCOME		31,931	33,828	105,795	97,274
Fee and commission income	24	13,356	12,042	38,872	45,907
Fee and commission expense		(2,931)	(2,032)	(7,696)	(6,168)
Fees and commissions, net		10,425	10,010	31,176	39,739
Net gain from financial assets and liabilities at fair value through profit or loss	25	107,186	2,466	107,453	2,400
Net realized gain/(loss) from available-for-sale investment securities		375	260	(926)	319
Insurance underwriting income	27	6,780	6,327	17,945	14,158
Other income		3,691	994	5,661	3,126
OTHER NON-INTEREST INCOME		118,032	10,047	130,133	20,003
Net (loss)/gain on foreign exchange operations	26	(91,242)	259	(87,466)	6,160
Operating expenses	28	(17,179)	(14,934)	(48,764)	(43,257)
(Additional provisions recognized)/recoveries of provision	18	(236)	(24)	(234)	4,048
Insurance claims incurred, net of reinsurance	27	(6,205)	(4,845)	(16,541)	(10,977)
NON-INTEREST EXPENSES		(114,862)	(19,544)	(153,005)	(44,026)
INCOME BEFORE INCOME TAX EXPENSE		45,526	34,341	114,099	112,990
Income tax expense	19	(8,828)	(6,380)	(22,124)	(20,993)
NET INCOME		36,698	27,961	91,975	91,997
Attributable to:					
Non-controlling interest		-	(384)	-	-
Preferred shareholders		70	483	1,070	1,591
Common shareholders		36,628	27,862	90,905	90,406
		36,698	27,961	91,975	91,997
Basic earnings per share (in Kazakhstani Tenge)	29	3.36	2.55	8.20	8.27
Diluted earnings per share (in Kazakhstani Tenge)	29	3.35	1.63	7.70	7.36

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

13 November 2015
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

13 November 2015
Almaty, Kazakhstan

The notes on pages 10 to 53 form an integral part of this interim condensed consolidated financial information.

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

(Millions of Kazakhstan Tenge)

	Three months ended 30 September 2015 (unaudited)	Three months ended 30 September 2014 (unaudited)	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Net income	36,698	27,961	91,975	91,997
Other comprehensive income, net of tax				
Items not to be subsequently reclassified to profit or loss:				
Gain/(loss) on revaluation of property and equipment (net of tax – KZT Nil)	10	-	(8)	97
Items to be subsequently reclassified to profit or loss:				
(Loss)/gain on revaluation of available-for-sale investment securities (net of tax – KZT Nil)	(8,786)	(1,704)	(7,456)	218
Reclassification adjustment relating to available-for-sale investment securities impaired during the period (net of tax – KZT Nil)	847	-	2,640	-
Reclassification adjustment relating to available-for-sale investment securities disposed of in the period (net of tax – KZT Nil)	(375)	(260)	926	(319)
Exchange differences on translating foreign operations (net of tax – KZT Nil)	3,683	(1,032)	3,216	703
Other comprehensive (loss)/income for the period, net of tax	(4,621)	(2,996)	(682)	699
Total comprehensive income for the period	32,077	24,965	91,293	92,696
Attributable to:				
Non-controlling interest	-	(382)	-	-
Preferred shareholders	61	432	1,062	1,603
Common shareholders	32,016	24,915	90,231	91,093
	32,077	24,965	91,293	92,696

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

13 November 2015
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

13 November 2015
Almaty, Kazakhstan

The notes on pages 10 to 53 form an integral part of this interim condensed consolidated financial information.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

(Millions of Kazakhstan 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 and equipment revaluation reserve***	**Retained earnings***	**Total equity**
31 December 2014	83,571	46,891	13,233	1,439	(39,973)	(39,021)	(845)	(9,292)	17,341	401,877	475,221
Net income	-	-	-	-	-	-	-	-	-	91,975	91,975
Other comprehensive income/(loss)	-	-	-	-	-	-	3,216	(3,890)	(19)	11	(682)
Total comprehensive income/(loss)	-	-	-	-	-	-	3,216	(3,890)	(19)	91,986	91,293
Treasury shares purchased	-	-	-	(275)	(8)	(24,179)	-	-	-	-	(24,462)
Treasury shares sold	-	-	-	891	7	-	-	-	-	-	898
Dividends – preferred shares	-	-	-	-	-	-	-	-	-	(2,544)	(2,544)
Dividends –common shares	-	-	-	-	-	-	-	-	-	(34,258)	(34,258)
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	-	-	-	(816)	816	-
30 September 2015 (unaudited)	83,571	46,891	13,233	2,055	(39,974)	(63,200)	2,371	(13,182)	16,506	457,877	506,148

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014 (UNAUDITED)

(Millions of Kazakhstan 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 2013	83,571	46,891	13,233	1,415	(39,974)	(37,560)	602	1,790	13,808	307,470	391,246	933	392,179
Net income	-	-	-	-	-	-	-	-	-	91,997	91,997	-	91,997
Other comprehensive income/(loss)	-	-	-	-	-	-	703	(101)	97	-	699	-	699
Total comprehensive income/(loss)	-	-	-	-	-	-	703	(101)	97	91,997	92,696	-	92,696
Treasury shares purchased	-	-	-	(124)	(3)	(1,461)	-	-	-	-	(1,588)	-	(1,588)
Treasury shares sold	-	-	-	199	5	-	-	-	-	-	204	-	204
Dividends paid – preferred shares	-	-	-	-	-	-	-	-	-	(1,757)	(1,757)	-	(1,757)
Dividends paid – common shares	-	-	-	-	-	-	-	-	-	(18,547)	(18,547)	-	(18,547)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(401)	(401)
Decrease in non-controlling interest due to buy-back of JSC Accumulation Pension Fund of Halyk Bank of Kazakhstan shares	-	-	-	-	-	-	-	-	-	-	-	(532)	(532)
Loss from buy-back of JSC Accumulation Pension Fund of Halyk Bank of Kazakhstan shares	-	-	-	-	-	-	-	-	-	(22)	(22)	-	(22)
Release of property revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	-	-	-	(320)	320	-	-	-
30 September 2014 (unaudited)	83,571	46,891	13,233	1,490	(39,972)	(39,021)	1,305	1,689	13,585	379,461	462,232	-	462,232

* 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

13 November 2015
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

13 November 2015
Almaty, Kazakhstan

The notes on pages 10 to 53 form an integral part of this interim condensed consolidated financial information.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)
(Millions of Kazakhstan Tenge)

	Notes	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received from cash equivalents and amounts due from credit institutions		2,104	4,099
Interest received from financial assets at fair value through profit or loss		66	44
Interest received on available-for-sale investment securities		14,368	10,227
Interest received from loans to customers		143,743	118,632
Interest paid on due to customers		(40,431)	(48,362)
Interest paid on due to credit institutions		(3,757)	(1,348)
Interest paid on debt securities issued		(22,429)	(10,588)
Fee and commission received		38,606	47,187
Fee and commission paid		(7,696)	(6,168)
Insurance underwriting income received		11,235	7,564
Ceded insurance share paid		(3,311)	(5,100)
Other income received		8,144	2,611
Operating expenses paid		(42,343)	(36,707)
Insurance reimbursements paid		(11,824)	(9,083)
Cash flows from operating activities before changes in net operating assets		86,475	73,008
Changes in operating assets and liabilities:			
Decrease/(increase) in operating assets:			
Obligatory reserves		(8,200)	(7,704)
Financial assets at fair value through profit or loss		(107,928)	(302)
Amounts due from credit institutions		(9,818)	(9,126)
Precious metals		(98)	16,151
Loans to customers		(81,811)	98,951
Assets held-for-sale		(2,643)	(5,805)
Investment property		(17,478)	(1,758)
Insurance assets		(4,539)	(2,074)
Other assets		(23,294)	(5,572)
Increase in operating liabilities:			
Amounts due to customers		147,243	55,495
Amounts due to credit institutions		45,294	17,929
Financial liabilities at fair value through profit or loss		4,815	209
Insurance liabilities		17,716	15,258
Other liabilities		3,668	1,363
Net cash inflow from operating activities before income tax		49,402	246,023
Income tax paid		(20,855)	(17,776)
Net cash inflow from operating activities		28,547	228,247
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds on sale of available-for-sale investment securities		121,793	75,263
Purchase of available-for-sale investment securities		(62,457)	(63,215)
Purchase and prepayment for property and equipment and intangible assets		(11,559)	(2,548)
Proceeds on sale of property and equipment		1,740	346
Net cash inflow from investing activities		49,517	9,846

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds on sale of treasury shares		898	204
Purchase of treasury shares		(24,462)	(1,588)
Dividends paid – preferred shares		(2,544)	(1,757)
Dividends paid – common shares		(34,258)	(18,547)
Dividends paid – non-controlling interest		-	(401)
Proceeds from debt securities issued		127,113	-
Redemption and repayment of debt securities issued		(6,727)	-
Buy-back of non-controlling interest's shares		-	(554)
Net cash inflow/(outflow) from financing activities		60,020	(22,643)
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		341,734	43,163
Net change in cash and cash equivalents		479,818	258,613
CASH AND CASH EQUIVALENTS, beginning of the period	5	540,537	486,313
CASH AND CASH EQUIVALENTS, end of the period	5	1,020,355	744,926

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

13 November 2015
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

13 November 2015
Almaty, Kazakhstan

The notes on pages 10 to 53 form an integral part of this interim condensed consolidated financial information.

1. PRINCIPAL ACTIVITIES

JSC Halyk Bank ("the Bank") and its subsidiaries (collectively – "the Group") provide corporate and retail banking services principally in Kazakhstan, Russia, Kyrgyzstan and Georgia, leasing services in Kazakhstan and Russia, as well as asset management, insurance and brokerage services in Kazakhstan. The primary state registration of the Bank with the authorities of justice of the Republic 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 National Bank of the Republic of Kazakhstan ("the NBRK") 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, collecting deposits, trading in securities and foreign currencies, executing transfers, cash and payment card operations as well as rendering other banking services to its customers. In addition, the Bank acts as a non-exclusive agent of the Government of the Republic of Kazakhstan in channelling various budgetary payments and pensions through its nationwide branch network.

The Bank has a primary listing with the Kazakhstan Stock Exchange ("KASE"), as well as Global Depository Receipts ("GDRs") and Eurobonds listed on the London Stock Exchange.

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

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in this interim condensed 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, which decreased significantly during 2015. Management is unable to reliably estimate the effects of any further price fluctuations on the Group's financial position.

As at 30 September 2015 and 31 December 2014, the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

	30 September 2015 (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	73.4%	8,003,381,500	73.4%	20,767,568	99.8%
JSC Single Accumulated Pension Fund	716,281,746	6.6%	716,281,746	6.5%	-	0.0%
GDR	1,839,724,120	16.8%	1,839,724,120	16.9%	-	0.0%
Other	350,545,036	3.2%	350,499,117	3.2%	45,919	0.2%
Total shares in circulation (on consolidated basis)	**10,930,699,970**	**100%**	**10,909,886,483**	**100%**	**20,813,487**	**100%**

	31 December 2014					
	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	11.0%
JSC Single Accumulated Pension Fund	869,738,261	7.8%	710,233,299	6.5%	159,504,962	84.3%
GDR	1,848,929,480	16.7%	1,848,929,480	16.9%	-	0.0%
Other	356,244,249	3.2%	347,354,434	3.2%	8,889,815	4.7%
Total shares in circulation (on consolidated basis)	**11,099,061,058**	**100%**	**10,909,898,713**	**100%**	**189,162,345**	**100%**

As at 30 September 2015, the Bank operated through its head office in Almaty and its 22 regional branches, 122 sub-regional offices and 382 cash settlement units (as at 31 December 2014 – 22, 122 and 393, respectively) located throughout Kazakhstan. The address of the Bank's registered office is: 109 V Abay Avenue, 050008 Almaty, Republic of Kazakhstan.

As at 30 September 2015, the number of the Group's full-time employees was 11,691 (31 December 2014 – 10,984).

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2015 was authorized for issue by the Management Board on 13 November 2015.

2. BASIS OF PRESENTATION

Accounting basis

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

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 2014 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 2014 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 2014 prepared in accordance with IFRS. In management's opinion, 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 Kazakhstan 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 2015 (unaudited)	**31 December 2014**		
JSC Halyk Leasing	100	100	Kazakhstan	Leasing
JSC Kazteleport	100	100	Kazakhstan	Telecommunications
OJSC Halyk Bank Kyrgyzstan	100	100	Kyrgyzstan	Banking
JSC Halyk Finance	100	100	Kazakhstan	Broker and dealer activities
LLP Halyk Inkassatsiya	100	100	Kazakhstan	Cash collection services
JSC Halyk Life	100	100	Kazakhstan	Life insurance
JSC Kazakhinstrakh	100	100	Kazakhstan	Insurance
JSC Accumulation Pension fund of Halyk Bank of Kazakhstan ("APF")	100	100	Kazakhstan	Pension assets accumulation and management
JSC NBK Bank	100	100	Russia	Banking
JSC Halyk Bank Georgia	100	100	Georgia	Banking
LLC Halyk Project	100	100	Kazakhstan	Management of doubtful and loss assets
JSC Altyn-Bank (Subsidiary Bank of JSC Halyk Bank) (JSC Altyn Bank)	100	100	Kazakhstan	Banking

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this interim condensed consolidated financial information the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2014. There were no changes in accounting policies during the nine months ended 30 September 2015.

The same accounting policies, presentation and methods of computation have been followed in this interim condensed consolidated financial information as were applied in the preparation of the Group's financial statements for the year ended 31 December 2014, except for the impact of the adoption of the following amended standards:

- Annual Improvements to IFRSs 2010-2012 Cycle;
- Annual Improvements to IFRSs 2011-2013 Cycle;

Annual Improvements to IFRSs 2010-2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 2 change the definition of 'vesting condition' and 'market condition' and add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IAS 39 or IFRS 9 or a non-financial asset or liability.

The amendments to IFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments and clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/ amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/ amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

There is no significant effect of these amendments on the interim condensed consolidated financial information of the Group.

Annual Improvements to IFRSs 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include the following amendments to various IFRSs.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of a financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether the property meets the definition of investment property in terms of IAS 40, and whether the transaction meets the definition of a business combination under IFRS 3.

There is no significant effect of these amendments on the interim condensed consolidated financial information of the Group.

The Group did not early adopt any other standard, amendment or interpretation that has been issued and is not yet effective.

4. SIGNIFICANT ACCOUNTING ESTIMATES

In preparing this interim condensed consolidated financial information, the significant judgments made by the 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 2014 prepared in accordance with IFRS.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	30 September 2015 (unaudited)	**31 December 2014**
Cash on hand	112,168	130,413
Recorded as loans and receivables in accordance with IAS 39:		
Correspondent accounts with Organization for Economic Co-operation and Development countries (“OECD”) based banks	89,732	90,574
Overnight deposits with OECD based banks	154,409	31,000
Short-term deposits with OECD based banks	-	14,595
Correspondent accounts with the NBRK	643,282	260,070
Short-term deposit with the NBRK	165	-
Short-term loans with Kazakhstan banks	5,560	3,803
Correspondent accounts with non-OECD based banks	13,346	8,553
Overnight deposits with non-OECD based banks	1,032	-
Short-term deposits with non-OECD based banks	661	1,529
	1,020,355	540,537

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

	30 September 2015 (unaudited)		31 December 2014	
	KZT	**Foreign currencies**	**KZT**	**Foreign currencies**
Overnight deposits with OECD based banks	-	0.08%-0.2%	-	0.08%
Short-term deposits with OECD based banks	-	-	-	0.3%
Short-term deposits with NBRK	4.0%	-	-	-
Short-term loans with Kazakhstan banks	9.5%-18.0%	0.3%-4.0%	30.0%	-
Overnight deposits with non-OECD based banks	-	11.0%	-	-
Short-term deposits with non-OECD based banks	-	3.0%-4.5%	-	2.0%-3.3%

Fair value of assets pledged and carrying amounts of loans under reverse repurchase agreements included into short-term loans with Kazakhstan banks as at 30 September 2015 and 31 December 2014 are presented as follows:

	30 September 2015 (unaudited)		31 December 2014	
	Carrying amount of loans	**Fair value of collateral**	**Carrying amount of loans**	**Fair value of collateral**
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan and NBRK notes	1,156	1,227	3,803	4,103
	1,156	1,227	3,803	4,103

As at 30 September 2015 and 31 December 2014, maturities of loans under reverse repurchase agreements are up to one month.

6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	30 September 2015 (unaudited)	31 December 2014
Recorded as loans and receivables in accordance with IAS 39:		
Due from the NBRK allocated to obligatory reserves	56,425	48,225
	56,425	48,225

The obligatory reserves represent the minimum reserve deposits and cash on hand balances required by the National Banks of the Republic of Kazakhstan, Kyrgyzstan, Georgia and Central Bank of Russian Federation and used for calculation of the minimum reserve requirements. As at 30 September 2015, obligatory reserves of JSC Altyn Bank, OJSC Halyk Bank Kyrgyzstan, JSC NBK Bank and JSC Halyk Bank Georgia comprised KZT 7,740 million (31 December 2014 – KZT 4,464 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 2015 (unaudited)	31 December 2014
Financial assets held for trading:		
Derivative financial instruments	121,821	12,094
Corporate bonds	882	751
Equity securities of Kazakhstan corporations	326	261
Bonds of Kazakhstan banks	218	164
Bonds of JSC Development Bank of Kazakhstan	208	152
Bonds of foreign organizations	122	174
Equity securities of Kazakhstan banks	52	49
Equity securities of foreign corporations	48	56
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	-	2,026
	123,677	15,727

Financial liabilities at fair value through profit or loss comprise:

	30 September 2015 (unaudited)	31 December 2014
Financial liabilities held for trading:		
Derivative financial instruments	7,944	3,131

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

	30 September 2015 (unaudited) Interest rate	31 December 2014 Interest rate
Corporate bonds	6.6%	6.3%
Bonds of Kazakhstan banks	11.1%	11.4%
Bonds of JSC Development Bank of Kazakhstan	5.2%	5.2%
Bonds of foreign organizations	6.0%	6.3%
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	-	4.4%

Derivative financial instruments comprise:

	30 September 2015 (unaudited)			31 December 2014		
	Notional amount	Fair value Asset	Fair value Liability	Notional amount	Fair value Asset	Fair value Liability
Foreign currency contracts:						
Swaps	420,089	121,728	2,679	305,163	9,380	2,232
Spots	44,223	88	74	-	-	-
Forwards	13,804	5	5,191	63,716	2,714	899
		121,821	7,944		12,094	3,131

As at 30 September 2015 and 31 December 2014, 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 2015 (unaudited)	31 December 2014
Recorded as loans and receivables in accordance with IAS 39:		
Term deposits	24,079	10,058
Loans to credit institutions	15,339	14,303
Deposit pledged as collateral for derivative financial instruments	4,623	2,734
	44,041	27,095
Less – Allowance for loan impairment (Note 18)	(6)	-
	44,035	27,095

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

	30 September 2015 (unaudited)		31 December 2014	
	Interest rate	Maturity, year	Interest Rate	Maturity, year
Term deposits	1.0%-27.0%	2016-2017	1.0%-9.0%	2015-2017
Loans to credit institutions	8.2%	2017	8.2%	2017
Deposit pledged as collateral for derivative financial instruments	0.2%-1.8%	2015	0.2%-1.8%	2015

9. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	30 September 2015 (unaudited)	31 December 2014
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	162,038	149,640
Corporate bonds	127,595	121,714
Bonds of foreign organizations	34,056	48,968
Bonds of JSC Development Bank of Kazakhstan	27,875	18,209
Bonds of other Kazakhstan banks	18,245	12,422
Equity securities of Kazakhstan corporations	3,159	4,066
Treasury bills of Georgia	2,191	1,562
Equity securities of foreign corporations	1,750	1,713
Treasury bills of the United States of America	1,357	-
Treasury bills of the Russian Federation	563	6,618
Treasury bills of Kyrgyz Republic	197	-
Local municipal bonds	-	3,913
Equity securities of Kazakhstan banks	-	62
Treasury bills of the Republic of Poland	-	17,536
	379,026	386,423

As at 30 September 2015 and 31 December 2014, available-for-sale investment securities included Treasury bills of the Ministry of Finance of the Republic of Kazakhstan at fair value of KZT 29,682 million and KZT 12,575 million, respectively, which were pledged under repurchase agreements with other banks (see Note 16).

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 2015 (unaudited)		31 December 2014	
	Interest rate	**Maturity, year**	**Interest Rate**	**Maturity, year**
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	5.6%	2016-2045	5.5%	2015-2031
Corporate bonds	7.0%	2015-2029	7.0%	2015-2023
Bonds of foreign organizations	5.2%	2015-2020	4.0%	2015-2022
Bonds of JSC Development Bank of Kazakhstan	4.4%	2022-2026	4.7%	2022-2026
Bonds of other Kazakhstan banks	12.3%	2015-2049	10.5%	2015-2023
Treasury bills of Georgia	10.2%	2016-2024	11.9%	2016-2024
Treasury bills of the United States of America	0.1%	2015-2016	-	-
Treasury bills of the Russian Federation	8.1%	2021	2.7%	2018-2021
Treasury bills of Kyrgyz Republic	11.7%	2015	-	-
Local municipal bonds	-	-	4.9%	2015
Treasury bills of the Republic of Poland	-	-	2.2%	2019

10. LOANS TO CUSTOMERS

Loans to customers comprise:

	30 September 2015 (unaudited)	31 December 2014
Recorded as loans and receivables in accordance with IAS 39:		
Originated loans to customers	2,263,724	1,931,218
Overdrafts	1,027	2,813
	2,264,751	1,934,031
Less – Allowance for loan impairment (Note 18)	(297,570)	(286,018)
Loans to customers	1,967,181	1,648,013

As at 30 September 2015, average interest rate on loans was 12.4% (as at 31 December 2014 – 12.1%). Weighted average interest rate on loans to customers is calculated as interest income on loans to customers divided by monthly average balances of loans to customers.

As at 30 September 2015, the Group's loan concentration to the ten largest borrowers was KZT 450,788 million, which comprised 20% of the Group's total gross loan portfolio (as at 31 December 2014 – KZT 356,266 million; 18%) and 89% of the Group's total equity (as at 31 December 2014 – 75%).

As at 30 September 2015, the allowance for loan impairment created against these loans was KZT 51,754 million (as at 31 December 2014 – KZT 58,214 million).

As at 30 September 2015 and 31 December 2014, loans were extended to the customers operating in the following sectors:

	30 September 2015 (unaudited)	**Share**	**31 December 2014**	**Share**
Retail loans:				
- consumer loans	424,540	19%	352,028	18%
- mortgage loans	176,340	8%	138,615	7%
	600,880		490,643	
Wholesale trade	391,077	17%	386,201	20%
Services	282,451	12%	229,741	12%
Construction	170,074	8%	159,975	8%
Real estate	147,990	7%	130,622	7%
Retail trade	123,139	5%	112,497	6%
Agriculture	114,159	5%	103,836	5%
Transportation	69,318	3%	66,045	3%
Financial services	57,666	3%	37,960	2%
Communication	55,486	2%	27,959	2%
Mining	43,942	2%	39,782	2%
Food industry	33,158	2%	28,327	2%
Hotel industry	32,363	1%	29,969	2%
Oil and gas	29,163	1%	9,059	0%
Metallurgy	24,807	1%	22,026	1%
Energy	21,111	1%	9,264	1%
Machinery	13,062	1%	5,250	0%
Chemical industry	12,576	1%	8,793	0%
Light industry	7,318	0%	4,171	0%
Other	35,011	1%	31,911	2%
	2,264,751	100%	1,934,031	100%

As at 30 September 2015 the amount of accrued interest on loans comprised KZT 128,967 million (as at 31 December 2014 – KZT 103,757 million).

During the nine months ended 30 September 2015 and during the year ended 31 December 2014, the Group took possession of financial and non-financial assets by foreclosing the collateral. Such assets, amounting to KZT 10,547 million as at 30 September 2015 and KZT 8,029 million as at 31 December 2014 are classified as assets held-for-sale.

As at 30 September 2015, loans to customers included KZT 181,249 million of renegotiated loans (as at 31 December 2014 – KZT 150,382 million). Otherwise, these loans would be past due or impaired.

11. INVESTMENT PROPERTY

	30 September 2015 (unaudited)	31 December 2014
Beginning balance	5,684	906
Additions	17,378	1,912
Transferred from property and equipment	138	2,129
Property reclassified as non-current assets held-for-sale	(38)	-
Transferred from non-current assets held-for-sale	-	235
Capitalized expenses	-	141
Gain on revaluation of investment property	-	361
Ending balance	23,162	5,684

As at 30 September 2015 and 31 December 2014, the Group did not pledge any investment property as collateral for its liabilities.

Rental income from investment property is included in other income. For the nine months ended 30 September 2015 and 2014, it amounted to KZT 795 million and KZT 176 million, respectively.

Operating expenses arising from the investment property that generated rental income during the nine months ended 30 September 2015 and 2014 amounted to KZT 293 million and KZT 152 million, respectively.

As at 30 September 2015 and 31 December 2014, the fair value measurements of the Group's investment property are categorized into Level 2 and amounted to KZT 23,162 million and KZT 5,684 million, respectively (description of measurement hierarchy is disclosed in Note 32).

12. COMMERCIAL PROPERTY

Commercial property, initially measured at fair value including transaction costs, subsequent to initial recognition is measured at the lower of cost or net realizable value in accordance with IAS 2 "Inventories". Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the commercial property is expected to be realized for. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

As at 30 September 2015, the commercial property consisted of plots of land and construction in progress of housing estate and amounted to KZT 8,840 million.

13. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	30 September 2015 (unaudited)	31 December 2014
Reinsurance premium unearned	13,732	10,420
Reinsurance amounts recoverable	1,140	2,221
	14,872	12,641
Premiums receivable	12,218	7,679
Insurance assets	27,090	20,320

Insurance liabilities comprised the following:

	30 September 2015 (unaudited)	31 December 2014
Gross unearned insurance premium reserve	21,815	15,105
Reserves for insurance claims	21,998	18,360
	43,813	33,465
Payables to reinsurers and agents	9,637	5,342
Insurance liabilities	53,450	38,807

14. OTHER ASSETS

Other assets comprise:

	30 September 2015 (unaudited)	31 December 2014
Other financial assets recorded as loans and receivables in accordance with IAS 39:		
Debtors on banking activities	9,625	9,788
Accrued other commission income	1,045	778
Debtors on non-banking activities	1,016	2,204
Others	34	20
	11,720	12,790
Less – Allowance for impairment (Note 18)	(4,704)	(4,297)
	7,016	8,493
Other non financial assets:		
Corporate income tax prepaid	17,170	530
Prepayments for property and equipment	6,171	1,682
Deferred tax asset (Note 19)	1,715	447
Inventory	1,092	1,161
Advances for taxes other than income tax	1,078	615
Investments in associates	31	30
Others	1,278	1,435
	28,535	5,900
	35,551	14,393

15. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	30 September 2015 (unaudited)	31 December 2014
Recorded at amortized cost:		
Term deposits:		
Individuals	1,063,077	764,935
Legal entities	565,332	380,810
	1,628,409	1,145,745
Current accounts:		
Legal entities	690,511	529,204
Individuals	170,738	173,264
	861,249	702,468
	2,489,658	1,848,213

As at 30 September 2015, the Group's ten largest groups of related customers accounted for approximately 24% of the total amounts due to customers (31 December 2014 – 26%), 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 is as follows:

	30 September 2015 (unaudited)	Share	31 December 2014	Share
Individuals and entrepreneurs	1,233,816	50%	938,199	51%
Oil and gas	332,710	13%	296,546	16%
Transportation	128,484	5%	108,663	6%
Financial sector	123,874	5%	43,796	2%
Other consumer services	106,925	4%	72,918	4%
Wholesale trade	104,620	4%	77,060	4%
Construction	66,663	3%	66,379	4%
Metallurgy	60,948	2%	29,383	1%
Communication	59,989	2%	15,045	1%
Healthcare and social services	47,612	2%	31,213	2%
Government	47,552	2%	25,139	1%
Education	33,897	2%	18,291	1%
Energy	15,447	1%	14,195	1%
Insurance and pension funds activity	10,837	0%	22,284	1%
Other	116,284	5%	89,102	5%
	2,489,658	100%	1,848,213	100%

16. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	30 September 2015 (unaudited)	31 December 2014
Recorded at amortized cost:		
Loans from JSC National Managing Holding KazAgro	45,660	47,846
Loans and deposits from other Kazakhstan banks	39,480	17,678
Loans from JSC Entrepreneurship Development Fund DAMU	33,019	21,127
Loans from JSC Development Bank of Kazakhstan	20,066	8,009
Correspondent accounts	9,491	5,646
Loans and deposits from OECD based banks	5,346	3,963
Loans from other financial institutions	1,554	1,174
Overnight deposits	1,033	-
Loans and deposits from non-OECD based banks	418	1,749
	156,067	107,192

As at 30 September 2015 loans from JSC National Managing Holding KazAgro (“KazAgro”) included long-term loans of KZT 45,600 (31 December 2014 - KZT 47,783 million) at 3.0% interest rate maturing in 2022. These loans were received for restructuring/refinancing of loan/leasing debts of the Bank’s borrowers operating in agricultural sector, originated before 1 January 2014 in connection with working capital loans, loans for the purchase of property and equipment, loans for construction-and-assembling works and loans for leasing of agriculture and technology equipment. Restructuring/refinancing of loan/leasing obligations is provided at 6.0% - 7.0% interest rate for the period not later than 31 December 2022.

As at 30 September 2015 loans from JSC Entrepreneurship Development Fund DAMU (“DAMU”) included long-term loans of KZT 32,000 million (31 December 2014 – KZT 20,000 million) at 2.0% interest rate maturing in 2034 with an early recall option. These loans were received in accordance with the Government program (“the Program”) to finance small and medium enterprises (“SME”) operating in certain industries. According to the loan agreement between DAMU and the Group, the Group is responsible to extend loans to SME borrowers, eligible to participate in the Program, up to 10 years at 6.0% interest rate.

As at 30 September 2015, loans from JSC Development Bank of Kazakhstan (“DBK”) included long-term loans of KZT 16,000 million (31 December 2014 – KZT 8,000 million) at 2% interest rate maturing in 2034-2035, to finance corporate enterprises operating in manufacturing industries, as well as long-term loan of KZT 4,000 million at 1% interest rate maturing in 2035, to finance the purchase of cars by the Group’s retail customers. According to the loan agreement between DBK and the Group, the Group is responsible to extend loans to corporate borrowers, eligible to participate in the Program, up to 10 years at 6.0% interest rate, and to retail borrowers – up to 5 years at 4.0% interest rate.

The Management of the Group believes that there are no other similar financial instruments and due to its specific nature, the loans from KazAgro, DAMU and DBK represent separate segments in SME and corporate lending. As a result, these loans were received in an orderly transaction and as such have been recorded at fair value at the recognition date.

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

	30 September 2015 (unaudited)		31 December 2014	
	Interest rate	Maturity, year	Interest Rate	Maturity, year
Loans from JSC National Managing Holding KazAgro	3.0%	2019-2022	3.0%	2019-2022
Loans and deposits from other Kazakhstan banks	2.0%-12.0%	2015-2016	2.0%-3.5%	2015-2034
Loans from JSC Entrepreneurship Development Fund DAMU	2.0%	2015-2035	2.0%	2015-2034
Loans from JSC Development Bank of Kazakhstan	1.0%- 2.0%	2034-2035	2.0%	2034
Loans and deposits from OECD based banks	1.1%-6.5%	2016-2023	0.9%-6.5%	2016-2023
Loans from other financial institutions	4.8%-6.2%	2015-2018	4.8%-6.2%	2015-2016
Overnight deposits	5.0%	2015	-	-
Loans and deposits from non-OECD based banks	0.7%-7.0%	2015-2017	0.7%-7.0%	2015-2017

Fair value of assets pledged and carrying amount of loans included in loans and deposits from Kazakhstan banks under repurchase agreements as at 30 September 2015 and 31 December 2014 are presented as follows:

	30 September 2015 (unaudited)		31 December 2014	
	Fair value of collateral	Carrying amount of loans	Fair value of collateral	Carrying amount of loans
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	29,682	31,800	12,575	12,017
	29,682	31,800	12,575	12,017

Details of transferred financial assets that are not derecognized in their entirety as at 30 September 2015 and 31 December 2014 are disclosed below.

The Group uses loans under repurchase agreements to ensure current KZT cash flows for its operating activities. The Group uses regularly this type of instrument to attract short-term liquidity and plans to continue raising funds through loan repurchase agreements should it become necessary.

The Group has determined that it retains substantially all the risks and rewards from these securities, which include credit risk and market risk, and therefore it has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

	Investments available-for-sale (Note 9)
As at 30 September 2015:	
Carrying amount of transferred assets	29,682
Carrying amount of associated liabilities	31,800
As at 31 December 2014:	
Carrying amount of transferred assets	12,575
Carrying amount of associated liabilities	12,017

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 2015 and 31 December 2014, the Group was in compliance with the covenants of the agreements that the Group has with other banks and credit institutions.

17. DEBT SECURITIES ISSUED

Debt securities issued consisted of the following:

	30 September 2015 (unaudited)	31 December 2014
Recorded at amortized cost:		
Subordinated debt securities issued:		
Reverse inflation indexed KZT denominated bonds	8,778	8,470
Fixed rate KZT denominated bonds	5,121	7,815
Inflation indexed KZT denominated bonds	-	3,944
Total subordinated debt securities outstanding	13,899	20,229
Unsubordinated debt securities issued:		
USD denominated bonds	290,270	195,255
KZT denominated bonds	223,853	95,525
Total unsubordinated debt securities outstanding	514,123	290,780
Total debt securities outstanding	528,022	311,009

The coupon rates and maturities of these debt securities issued are as follows:

	30 September 2015 (unaudited)		31 December 2014	
	Coupon rate	**Maturity, year**	**Coupon Rate**	**Maturity, year**
Subordinated debt securities issued:				
Reverse inflation indexed KZT denominated bonds	15% less inflation rate	2015-2016	15% less inflation rate	2015-2016
Fixed rate KZT denominated bonds	13.0%	2018	7.5%-13.0%	2015-2018
Inflation indexed KZT denominated bonds	-	-	inflation rate plus 1%	2015
Unsubordinated debt securities issued:				
USD denominated bonds	7.3%	2017-2021	7.3%	2017-2021
KZT denominated bonds	7.5%	2024-2025	7.5%	2024

As at 30 September 2015, accrued interest on debt securities issued was KZT 10,440 million (as at 31 December 2014 – KZT 4,829 million).

Subordinated securities are unsecured obligations of the Group. They 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 2015 and 31 December 2014 the Group was in compliance with the covenants of the agreements the Group has with the notes' trustees and holders.

18. ALLOWANCES FOR IMPAIRMENT LOSSES AND PROVISIONS

The movements in accumulated impairment of available-for-sale investment securities, the allowances for impairment of interest bearing and other assets were as follows:

	Loans to customers (Note 10)	**Amounts due from credit institutions (Note 8)**	**Available-for-sale investment securities**	**Other assets (Note 14)**	**Total**
30 June 2015 (unaudited)	(281,038)	(5)	(3,086)	(4,629)	(288,758)
Additional provisions recognized	(51,026)	(1)	(847)	(1,932)	(53,806)
Recovery of provisions	44,834	-	-	2,056	46,890
Write-offs	21,278	-	-	9	21,287
Foreign exchange differences	(31,618)	-	20	(208)	(31,806)
30 September 2015 (unaudited)	(297,570)	(6)	(3,913)	(4,704)	(306,193)
30 June 2014 (unaudited)	(294,606)	-	(1,496)	(4,825)	(300,927)
Additional provisions recognized	(44,253)	-	-	(3,032)	(47,276)
Recovery of provisions	45,613	-	19	2,600	48,223
Write-offs	14,337	-	-	35	14,372
Foreign exchange differences	2,315	-	1	71	2,387
30 September 2014 (unaudited)	(276,594)	-	(1,476)	(5,151)	(283,221)
31 December 2014	(286,018)	-	(1,867)	(4,297)	(292,182)
Additional provisions recognized	(111,038)	(6)	(2,665)	(5,872)	(119,581)
Recovery of provisions	105,300	-	25	5,715	111,040
Write-offs	28,308	-	535	9	28,852
Foreign exchange differences	(34,122)	-	59	(259)	(34,322)
30 September 2015 (unaudited)	(297,570)	(6)	(3,913)	(4,704)	(306,193)
31 December 2013	(323,311)	(5)	(1,040)	(5,176)	(329,532)
Additional provisions recognized	(201,440)	-	(462)	(7,721)	(209,623)
Recovery of provision	201,546	-	27	7,637	209,210
Write-offs	72,275		-	120	72,395
Foreign exchange differences	(25,664)	5	(1)	(11)	(25,671)
30 September 2014 (unaudited)	(276,594)	-	(1,476)	(5,151)	(283,221)

During the nine months ended 30 September 2015 and 2014, the Group has written off loans of KZT 28,308 million and KZT 72,275 million, respectively. Main portion of write-off relates to changes introduced to the Tax Code of the Republic of Kazakhstan as at 1 January 2014, which allow writing off of loans without being considered forgiveness of the loan for tax purposes and are therefore not subject to corporate income tax.

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

	Three months ended 30 September 2015 (unaudited)	Three months ended 30 September 2014 (unaudited)	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
At the beginning of the period	(387)	(14)	(407)	(4,163)
Additional provisions recognized	(302)	(58)	(573)	(104)
Recovery of provisions	66	34	339	4,152
Write-offs	-	-	-	84
Foreign exchange differences	(144)	2	(126)	(5)
At the end of the period	(767)	(36)	(767)	(36)

19. TAXATION

The Bank and its subsidiaries, except those which operating abroad, JSC NBK Bank, OJSC Halyk Bank Kyrgyzstan and JSC Halyk Bank Georgia, are subject to taxation in Kazakhstan. JSC NBK Bank is 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 2015 (unaudited)	Three months ended 30 September 2014 (unaudited)	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Current tax charge	2,105	4,744	3,926	16,418
Deferred tax expense relating to origination and reversal of temporary differences	6,723	1,636	18,198	1,787
Adjustments recognized in the current period for deferred tax of prior periods	-	-	-	2,788
Income tax expense	8,828	6,380	22,124	20,993

The tax rate for Kazakhstan companies was 20% during the nine months ended 30 September 2015 and 2014. Income on state and other certain securities is tax exempt.

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

Deferred tax assets and liabilities comprise:

	30 September 2015 (unaudited)	31 December 2014
Tax effect of deductible temporary differences:		
Bonuses accrued	1,702	1,453
Vacation pay accrued	284	265
Other	1,792	162
Deferred tax asset	3,778	1,880
Tax effect of taxable temporary differences:		
Fair value of derivatives and investments available-for-sale	(20,464)	(578)
Property and equipment, accrued depreciation	(5,498)	(5,725)
Dynamic provisions	(3,940)	(3,769)
Core deposit intangible	(370)	(445)
Other	(2,005)	(1,589)
Deferred tax liability	(32,277)	(12,106)
Net deferred tax liability	(28,499)	(10,226)

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 2015 (unaudited)	31 December 2014
Deferred tax asset (Note 14)	1,715	447
Deferred tax liability	(30,214)	(10,673)
Net deferred tax liability	(28,499)	(10,226)

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

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

20. OTHER LIABILITIES

Other liabilities comprise:

	30 September 2015 (unaudited)	31 December 2014
Other financial liabilities:		
Salary payable	9,443	8,263
Creditors on bank activities	4,064	822
Payable for general and administrative expenses	1,269	489
Creditors on non-banking activities	554	282
Other	513	497
	15,843	10,353
Other non financial liabilities:		
Current income tax payable	1,949	2,444
Taxes payable other than income tax	1,658	1,413
Other prepayments received	998	919
	4,605	4,776
	20,448	15,129

21. EQUITY

Authorized, issued and fully paid number of shares as at 30 September 2015 and 2014 were as follows:

30 September 2015 (unaudited)	Share capital authorized	Share capital authorized but 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	(218,631,968)	10,909,886,483
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(289,415,498)	20,443,932
Convertible preferred shares	80,225,222	-	80,225,222	(79,855,667)	369,555

30 September 2014 (unaudited)	Share capital authorized	Share capital authorized but 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	(217,648,138)	10,910,870,313
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(200,558,516)	109,300,914
Convertible preferred shares	80,225,222	-	80,225,222	(263,822)	79,961,400

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 2014	10,909,898,713	109,300,945	79,861,400	43,598	7,870	13,233
Purchase of treasury shares	(7,624,228)	(93,050,844)	(79,740,576)	(8)	(13,024)	(11,156)
Sale of treasury shares	7,611,998	4,193,831	248,731	7	-	-
30 September 2015 (unaudited)	10,909,886,483	20,443,932	369,555	43,597	(5,154)	2,077
31 December 2013	10,908,700,519	115,533,834	79,997,250	43,597	9,273	13,291
Purchase of treasury shares	(2,856,177)	(6,232,920)	(35,850)	(3)	-	-
Sale of treasury shares	5,025,971	-	-	5	-	-
30 September 2014 (unaudited)	10,910,870,313	109,300,914	79,961,400	43,599	9,273	13,291

Common shares

At 30 September 2015, the Group held 218,631,968 of the Group's common shares as treasury shares at KZT 39,974 million (30 September 2014 – 217,648,138 shares at KZT 39,972 million).

Each common share outstanding is entitled to one vote and dividends.

Preferred shares

According to 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 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.

Kazakhstan legislation requires joint stock companies to pay a certain guaranteed amount of dividends on Preferred shares. To comply with Kazakhstan legislation, the terms of Preferred Shares require that the Group pay a nominal dividend amount of 0.01 KZT per share, which represents the liability component. Kazakhstan legislation on Joint Stock Companies also stipulates that dividend payments on Preferred shares should not be less than dividends paid on common shares and that dividends on common shares should not be paid until full payment of dividends on Preferred shares.

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 NBRK 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 NBRK plus one per cent. Inflation in either calculation will range between 3% and 9%. 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.

As at 30 September 2015, the Bank repurchased its convertible and non-convertible preferred shares on KASE at KZT 140.00 per share for the total amount of KZT 24,179 million.

22. COMMITMENTS AND CONTINGENCIES

Financial commitments and contingencies

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

	30 September 2015 (unaudited)	**31 December 2014**
Guarantees issued	179,906	155,639
Commitments to extend credit	30,449	20,525
Commercial letters of credit	5,303	6,657
Financial commitments and contingencies	215,658	182,821
Less: cash collateral against letters of credit	(18,273)	(3,427)
Less: provisions (Note 18)	(767)	(407)
Financial commitments and contingencies, net	196,618	178,987

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 2015, ten largest uncovered guarantees accounted for 72% of the Group's total financial guarantees (as at 31 December 2014 – 76%) and represented 26% of the Group's total equity (as at 31 December 2014 – 25%).

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 2015, the ten largest unsecured letters of credit accounted for 82% of the Group's total commercial letters of credit (31 December 2014 – 73%) and represented 1% of the Group's total equity (31 December 2014 – 1%).

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

Capital commitments

As at 30 September 2015 and 31 December 2014 the Group had commitments for capital expenditures in respect of construction in progress amounted to KZT 3,035 million and KZT Nil million, respectively.

Operating lease commitments

There were no material operating lease commitments under non-cancellable operating leases outstanding as at 30 September 2015 and 31 December 2014.

23. NET INTEREST INCOME

	Three months ended 30 September 2015 (unaudited)	Three months ended 30 September 2014 (unaudited)	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Interest income comprises:				
Interest income on financial assets recorded at amortized cost:				
- interest income on impaired assets	25,586	17,392	62,068	47,952
- interest income on unimpaired assets	32,878	30,959	105,668	94,853
Interest income on available-for-sale investment securities	4,823	4,513	13,773	13,611
Interest income on financial assets at fair value through profit or loss	15	20	79	56
Total interest income	63,302	52,884	181,588	156,472
Interest income on financial assets recorded at amortized cost comprises:				
Interest income on loans to customers	58,561	46,724	164,988	137,726
Interest income on amounts due from credit institutions and cash and cash equivalents	1,101	1,190	2,748	3,794
Total interest income on financial assets recorded at amortized cost	59,662	47,914	167,736	141,520
Interest income on financial assets at fair value through profit or loss:				
Interest income on financial assets held-for-trading	15	20	79	56
Total interest income on financial assets at fair value through profit or loss	15	20	79	56
Interest income on available-for-sale investment securities	3,625	4,950	13,773	14,896
Total interest income	63,302	52,884	181,588	156,472
Interest expense comprises:				
Interest expense on financial liabilities recorded at amortized cost	(24,455)	(20,003)	(67,252)	(58,785)
Total interest expense	(24,455)	(20,003)	(67,252)	(58,785)
Interest expense on financial liabilities recorded at amortized cost comprise:				
Interest expense on amounts due to customers	(14,328)	(15,306)	(40,252)	(45,019)
Interest expense on debt securities issued	(9,214)	(4,143)	(23,484)	(12,213)
Interest expense on amounts due to credit institutions	(913)	(554)	(3,516)	(1,553)
Total interest expense on financial liabilities recorded at amortized cost	(24,455)	(20,003)	(67,252)	(58,785)
Net interest income before impairment charge	38,847	32,881	114,336	97,687

24. FEES AND COMMISSIONS

Fee and commissions were derived from the following sources:

	Three months ended 30 September 2015 (unaudited)	Three months ended 30 September 2014 (unaudited)	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Bank transfers - settlements	3,625	3,008	10,345	8,015
Payment cards maintenance	2,409	2,001	6,934	5,737
Cash operations	2,421	2,330	6,645	6,228
Bank transfers – salary projects	1,605	1,543	5,044	4,651
Servicing customers' pension payments	1,476	1,288	4,361	3,739
Letters of credit and guarantees issued	834	797	2,373	2,439
Collection services	424	410	1,160	1,241
Maintenance of customer accounts	407	363	1,175	944
Other	155	302	835	1,048
Pension fund and asset management	-	-	-	11,865
	13,356	12,042	38,872	45,907

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

	Three months ended 30 September 2015 (unaudited)	Three months ended 30 September 2014 (unaudited)	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Investment income from management of pension assets	-	-	-	10,259
Income from administration of pension assets	-	-	-	1,606
	-	-	-	11,865

On 26 March 2014, APF transferred all pension assets to JSC Single Accumulated Pension Fund. Subsequently the Group stopped its pension asset management activities.

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

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

	Three months ended 30 September 2015 (unaudited)	Three months ended 30 September 2014 (unaudited)	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Net gain on operations with financial assets and liabilities classified as held for trading:				
Realized (loss)/gain on trading operations	(1)	8	(50)	247
Net realized gain on derivative operations	2,661	1,757	2,532	1,654
Net unrealized gain on trading operations and derivative operations	104,526	701	104,971	499
	107,186	2,466	107,453	2,400

26. NET (LOSS)/GAIN ON FOREIGN EXCHANGE OPERATIONS

Net loss on foreign exchange operations during the three and nine months ended 30 September 2015 is associated with the announcement of the Government and the NBRK about a transition to a new monetary policy based on free floating KZT exchange rate, and cancellation of the currency corridor. The average rate of KZT to the USD in the morning trading session at the KASE on 20 August was formed at the level of 255.26 KZT to the USD compared 188.38 KZT on 19 August.

Net (loss)/gain on foreign exchange operations comprises:

	Three months ended 30 September 2015 (unaudited)	Three months ended 30 September 2014 (unaudited)	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Dealing, net	(1,245)	2,307	6,776	3,502
Translation differences, net	(89,997)	(2,048)	(94,242)	2,658
	(91,242)	259	(87,466)	6,160

27. INSURANCE UNDERWRITING INCOME, NET

Insurance underwriting income comprised:

	Three months ended 30 September 2015 (unaudited)	Three months ended 30 September 2014 (unaudited)	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Insurance premiums written, gross	12,174	7,254	40,920	29,661
Change in unearned insurance premiums, net	1,048	934	(5,224)	(1,537)
Ceded reinsurance share	(6,442)	(1,861)	(17,751)	(13,966)
	6,780	6,327	17,945	14,158
Insurance payments	(2,761)	(1,968)	(7,424)	(6,310)
Commission to agents	(1,271)	(2,165)	(4,587)	(2,523)
Insurance reserves	(2,173)	(712)	(4,530)	(2,144)
	(6,205)	(4,845)	(16,541)	(10,977)
	575	1,482	1,404	3,181

28. OPERATING EXPENSES

Operating expenses comprised:

	Three months ended 30 September 2015 (unaudited)	Three months ended 30 September 2014 (unaudited)	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Salaries and other employee benefits	9,900	8,342	28,571	24,927
Depreciation and amortization expenses	1,512	1,156	4,627	3,646
Taxes other than income tax	1,004	513	2,720	1,844
Rent	605	322	1,681	955
Repairs and maintenance	553	810	1,318	1,502
Security	490	376	1,417	1,116
Information services	420	299	1,039	883
Communication	382	387	1,178	1,155
Utilities expenses	358	240	1,106	840
Professional services	235	1,160	411	2,264
Advertisement	226	255	628	676
Business trip expenses	203	203	535	548
Stationery and office supplies	155	147	522	438
Insurance agent fees	136	288	428	583
Transportation	118	116	351	340
Hospitality expenses	21	17	53	40
Charity	17	35	146	202
Social events	15	4	27	15
Loss on sale of property and equipment and intangible assets	-	17	299	327
Other	829	247	1,707	956
	17,179	14,934	48,764	43,257

29. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net income for a 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 may not exceed dividend payments per preferred share for the same period. Therefore, net profit for a period is allocated to common shares and preferred 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 2015 (unaudited)	Three months ended 30 September 2014 (unaudited)	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2014 (unaudited)
Basic earnings per share				
Net income for the period attributable to equity holders of the parent	35,698	28,345	91,975	91,997
Less: Dividends paid on preference shares	N/A	N/A	(2,544)	(1,757)
Less: Additional dividends that would be paid on full distribution of profit to the preferred shareholders*	(69)	(483)	N/A	N/A
Earnings attributable to common shareholders	36,629	27,862	89,431	90,240
Weighted average number of common shares for the purposes of basic earnings per share	10,910,295,096	10,910,658,879	10,910,101,819	10,910,152,770
Basic earnings per share (in Tenge)	3.36	2.55	8,20	8.27
Diluted earnings per share				
Earnings used in the calculation of basic earnings per share	35,822	27,862	89,431	90,240
Add: Dividends paid on convertible preferred shares	N/A	N/A	1,078	744
Add: Additional dividends that would be paid on full distribution of profit to the convertible preferred shareholders*	2	204	N/A	N/A
Less: Amounts payable to convertible preferred shareholders upon conversion	(56)	(10,101)	(6,091)	(10,103)
Earnings used in the calculation of total diluted earnings per share	36,575	17,965	84,418	80,881
Weighted average number of common shares for the purposes of basic earnings per share	10,910,295,096	10,910,658,879	10,910,101,819	10,910,152,770
Weighted average number of common shares that would be issued for the convertible preferred shares	470,270	79,961,400	51,401,960	79,978,059
Weighted average number of common shares for the purposes of diluted earnings per share	10,910,765,366	10,990,620,279	10,961,503,779	10,990,130,829
Diluted earnings per share (in Tenge)s	3.35	1.63	7.70	7.36

* 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.

As required by KASE rules for listed companies the book value of one share per each class of shares as at 30 September 2015 and 31 December 2014, is disclosed as follows:

		30 September 2015 (unaudited)	
Class of shares	**Outstanding shares**	**Equity**	**Book value of one share, in KZT**
Common	10,909,886,483	499,360	45.77
Non-convertible preferred	20,443,932	(3,975)	(194.43)
Convertible preferred	369,555	2,135	5,777.59
		497,520	

As at 30 September 2015, carrying amount of non-convertible and convertible preferred shares outstanding comprised KZT 3,271 million and KZT 57 million, respectively.

		31 December 2014	
Class of shares	**Outstanding shares**	**Equity**	**Book value of one share, in KZT**
Common	10,909,898,713	444,217	40.72
Non-convertible preferred	109,300,945	9,049	82.79
Convertible preferred	79,861,400	13,291	166.43
		466,557	

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

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

30. FINANCIAL RISK MANAGEMENT

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; and
- 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 counterparty is unable to meet its contractual obligations on time or in full.

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.

Liquidity risk

Liquidity risk is the risk resulting from the inability of the Group to provide funds for repayment of its obligations when they become due. 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 earliest of the contractual maturity date or available 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 2015 (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	1,020,355	-	-	-	-	1,020,355
Obligatory reserves	31,576	9,908	7,669	4,257	3,015	56,425
Financial assets at fair value through profit or loss	39,047	-	-	84,630	-	123,677
Amounts due from credit institutions	5,677	11	15,441	11,069	11,837	44,035
Available-for-sale investment securities	3,995	11,388	23,079	182,404	158,160	379,026
Loans to customers	178,867	226,962	1,173,317	289,881	98,154	1,967,181
Other financial assets	4,811	892	1,174	98	41	7,016
	1,284,328	249,161	1,220,680	572,339	271,207	3,597,715
FINANCIAL LIABILITIES:						
Amounts due to customers	1,332,688	486,061	440,895	149,101	80,913	2,489,658
Amounts due to credit institutions	50,368	33	620	12,254	92,792	156,067
Financial liabilities at fair value through profit or loss	7,944	-	-	-	-	7,944
Debt securities issued	174	12,322	6,940	162,006	346,580	528,022
Other financial liabilities	10,997	811	3,930	99	6	15,843
	1,402,171	499,227	452,385	323,460	520,291	3,197,534
Net position	(117,843)	(250,066)	768,295	248,879	(249,084)	
Accumulated gap	(117,843)	(367,909)	400,386	649,265	400,181	

	31 December 2014					
	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	537,252	3,285	-	-	-	540,537
Obligatory reserves	26,799	3,353	12,141	3,320	2,612	48,225
Financial assets at fair value through profit or loss	7,951	-	2,064	5,712	-	15,727
Amounts due from credit institutions	2,734	8,279	1,773	14,309	-	27,095
Available-for-sale investment securities	6,007	2,878	52,498	196,413	128,627	386,423
Loans to customers	154,159	172,535	1,011,360	235,171	74,788	1,648,013
Other financial assets	7,909	389	142	15	38	8,493
	742,811	190,719	1,079,978	454,940	206,065	2,674,513
FINANCIAL LIABILITIES:						
Amounts due to customers	995,765	215,470	489,419	104,434	43,125	1,848,213
Amounts due to credit institutions	24,908	-	274	3,837	78,173	107,192
Financial liabilities at fair value through profit or loss	3,131	-	-	-	-	3,131
Debt securities issued	2,797	-	13,754	113,869	180,589	311,009
Other financial liabilities	9,310	237	729	74	3	10,353
	1,035,911	215,707	504,176	222,214	301,890	2,279,898
Net position	(293,100)	(24,988)	575,802	232,726	(95,825)	
Accumulated gap	(293,100)	(318,088)	257,714	490,440	394,615	

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 a ten month period after proper notification has been 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.

Currency risk

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

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

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

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

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 amount of the Group’s USD denominated monetary assets and liabilities. Currency risk is assessed in relation to the consolidated statement of financial position and off-balance sheet positions. Current Group's sensitivity to fluctuations in exchange rates is acceptable due to the fact that the off balance sheet items significantly neutralize the statement of financial position.

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

	30 September 2015 (unaudited)						
	USD	**EURO**	**RUR**	**Other**	**TOTAL foreign currencies**	**KZT**	**TOTAL**
FINANCIAL ASSETS:							
Cash and cash equivalents	876,136	42,496	11,102	19,569	949,303	71,052	1,020,355
Obligatory reserves	40,420	1,358	260	669	42,707	13,718	56,425
Financial assets at fair value through profit or loss	768	-	-	41	809	122,868	123,677
Amounts due from credit institutions	17,122	-	1,033	-	18,155	25,880	44,035
Available-for-sale investment securities	202,750	1,406	1,620	2,460	208,236	170,790	379,026
Loans to customers	580,554	2,312	10,963	8,206	602,035	1,365,146	1,967,181
Other financial assets	642	18	34	253	947	6,069	7,016
	1,718,392	47,590	25,012	31,198	1,822,192	1,775,523	3,597,715
FINANCIAL LIABILITIES:							
Amounts due to customers	1,673,177	65,560	6,002	8,734	1,753,473	736,185	2,489,658
Amounts due to credit institutions	18,172	591	2,893	824	22,480	133,587	156,067
Financial liabilities at fair value through profit or loss	-	2	-	-	2	7,942	7,944
Debt securities issued	292,252	-	-	-	292,252	235,770	528,022
Other financial liabilities	1,462	226	207	213	2,108	13,735	15,843
	1,985,063	66,379	9,102	9,771	2,070,315	1,127,219	3,197,534
Net position – on balance	(266,671)	(18,789)	15,910	21,427	(248,123)	648,304	400,181
Net position - off balance	334,525	18,521	(8,970)	(14,629)	329,447	(208,900)	
Net position	67,854	(268)	6,940	6,798	81,324	439,404	

	31 December 2014						
	USD	**EURO**	**RUR**	**Other**	**TOTAL foreign currencies**	**KZT**	**TOTAL**
FINANCIAL ASSETS:							
Cash and cash equivalents	399,727	44,879	9,395	13,434	467,435	73,102	540,537
Obligatory reserves	29,053	980	333	356	30,722	17,503	48,225
Financial assets at fair value through profit or loss	578	-	-	86	664	15,063	15,727
Amounts due from credit institutions	2,490	-	-	-	2,490	24,605	27,095
Available-for-sale investment securities	190,531	1,057	1,059	1,617	194,264	192,159	386,423
Loans to customers	427,775	4,289	8,208	9,011	449,283	1,198,730	1,648,013
Other financial assets	1,399	26	76	63	1,564	6,929	8,493
	1,051,553	51,231	19,071	24,567	1,146,422	1,528,091	2,674,513
FINANCIAL LIABILITIES:							
Amounts due to customers	1,139,993	52,080	3,135	7,976	1,203,184	645,029	1,848,213
Amounts due to credit institutions	11,672	290	802	399	13,163	94,029	107,192
Financial liabilities at fair value through profit or loss	-	-	-	-	-	3,131	3,131
Debt securities issued	195,266	-	-	-	195,266	115,743	311,009
Other financial liabilities	199	118	32	173	522	9,831	10,353
	1,347,130	52,488	3,969	8,548	1,412,135	867,763	2,279,898
Net position – on balance	(295,577)	(1,257)	15,102	16,019	(265,713)	660,328	394,615
Net position – off-balance	318,777	(346)	(9,171)	(13,591)	295,669	(295,669)	
Net position	23,200	(1,603)	5,931	2,428	29,956	364,659	

31. SEGMENT ANALYSIS

The Group is managed and reported on the basis of three main operating segments – corporate banking, small and medium enterprises banking and retail banking. These segments are strategic business units that offer different products and services and are managed separately.

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

Corporate banking represents bank services to corporate clients and financial organizations including current accounts, deposits, overdrafts, loans and other credit facilities, documentary operations and guarantees, trade finance products, interbank operations, as well as cash services and foreign exchange transactions.

SME banking represents bank services to SME clients including current accounts, deposits, overdrafts, loans and other credit facilities, documentary operations and guarantees, foreign exchange transactions and trade finance products.

Other represents capital market services.

Unallocated amounts are account balances and classes of transactions, which are not allocated to particular segment, not initiated by any business function and relate to the current activity of the Group. Unallocated assets include fixed assets, intangible assets, non-current assets held for sale, cash on hand and other unallocated assets. Unallocated liabilities include deferred tax liabilities and other unallocated liabilities. Unallocated income includes other income from main and nonoperating activities and insurance income. Unallocated expenses include provision on account receivables, operating overhead expenses, insurance expenses and income tax.

The segment information below is based on financial information used for performance evaluation by the Bank's Chairperson of the Management Board, the Group's chief operating decision maker, in accordance with IFRS 8. The Group's Management reviews discrete financial information for each segment, including evaluation of operating results, assets and liabilities.

There were no transactions between business segments during the nine months ended 30 September 2015 and 2014.

Segment information for the main reportable business segments of the Group as at 30 September 2015 and 2014 and for the nine months then ended is set out below:

	Retail banking	Corporate banking	SME banking	Other	Unallocated	Total
As at 30 September 2015 and for the nine months then ended (unaudited)						
External revenues	97,439	190,250	24,634	15,531	23,665	351,519
Total revenues	97,439	190,250	24,634	15,531	23,665	351,519
Total revenues comprise:						
- Interest income	68,754	79,014	18,294	15,526	-	181,588
- Fee and commission income	28,685	3,783	6,340	5	59	38,872
- Net gain from financial assets and liabilities at fair value through profit or loss	-	107,453	-	-	-	107,453
- Insurance underwriting income and other income	-	-	-	-	23,606	23,606
Total revenues	97,439	190,250	24,634	15,531	23,665	351,519
- Interest expense	(27,009)	(38,322)	(1,921)	-	-	(67,252)
- (Impairment charge)/recoveries of provision on interest earning and other assets	(10,404)	12,646	(10,009)	(565)	(209)	(8,541)
- Fee and commission expense	(6,443)	(182)	(138)	(86)	(847)	(7,696)
- Net realized loss from available-for-sale investment securities	-	-	-	(926)	-	(926)
- Net loss on foreign exchange operations	(50,584)	(14,802)	(22,080)	-	-	(87,466)
- Operating expenses	(28,106)	(3,689)	(4,914)	(431)	(11,624)	(48,764)
- (Additional provisions recognized)/recoveries of provision	-	(15)	(223)	4	-	(234)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(16,541)	(16,541)
Segment result	(25,107)	145,886	(14,651)	13,527	(5,556)	114,099
Income before income tax expense						114,099
Income tax expense					(22,124)	(22,124)
Net income						91,975
Total segment assets	530,733	2,342,065	226,581	381,202	312,137	3,792,718
Total segment liabilities	(1,227,877)	(1,672,602)	(270,952)		(115,139)	(3,286,570)
Other segment items:						
Capital expenditures					(11,559)	(11,559)
Depreciation and amortization					(4,627)	(4,627)

	Retail banking	Corporate banking	SME banking	Other	Unallocated	Total
As at 30 September 2014 and for the nine months then ended (unaudited)						
External revenues	78,773	84,356	24,999	27,155	17,307	232,590
Total revenues	78,773	84,356	24,999	27,155	17,307	232,590
Total revenues comprise:						
- Interest income	51,917	73,207	16,396	14,952	-	156,472
- Fee and commission income	23,652	3,978	6,365	11,884	28	45,907
- Net gain from financial assets and liabilities at fair value through profit or loss	-	2,400	-	-	-	2,400
- Net realized gain from available-for-sale investment securities	-	-	-	319	-	319
- Net gain on foreign exchange operations	3,204	1,055	1,901	-	-	6,160
- Insurance underwriting income and other income	-		-	-	17,284	17,284
- Recoveries of provision/(additional provisions recognized)	-	3,716	337	-	(5)	4,048
Total revenues	78,773	84,356	24,999	27,155	17,307	232,590
- Interest expense	(32,256)	(24,634)	(1,895)	-	-	(58,785)
- (Impairment charge)/ recoveries of provision on interest earning and other assets	(4,583)	5,537	1,923	146	(3,436)	(413)
- Fee and commission expense	(5,306)	(111)	(595)	(142)	(14)	(6,168)
- Operating expenses	(21,427)	(3,904)	(4,710)	(601)	(12,615)	(43,257)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(10,977)	(10,977)
Segment result	15,201	61,244	19,722	26,558	(9,735)	112,990
Income before income tax expense						112,990
Income tax expense					(20,993)	(20,993)
Net income						91,997
Total segment assets	397,805	1,694,306	184,266	375,775	192,205	2,844,357
Total segment liabilities	(912,049)	(1,158,501)	(239,099)	-	(72,496)	(2,382,145)
Other segment items:						
Capital expenditures					(2,548)	(2,548)
Depreciation and amortization					(3,646)	(3,646)

Geographical information

Information for the main geographical areas of the Group is set out below as at 30 September 2015 and 31 December 2014 and for the nine months ended 30 September 2015 and 2014.

	Kazakhstan	OECD	Non-OECD	Total
30 September 2015 (unaudited)				
Total assets	3,426,466	266,830	99,422	3,792,718
31 December 2014				
Total assets	2,547,344	185,108	77,330	2,809,782
Nine months ended 30 September 2015 (unaudited)				
External revenues	345,167	1,214	5,138	351,519
Capital expenditure	(11,559)	-	-	(11,559)
Nine months ended 30 September 2014 (unaudited)				
External revenues	225,100	1,340	6,150	232,590
Capital expenditure	(2,548)	-	-	(2,548)

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. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of the Group's financial assets and financial liabilities measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes unlisted equity securities.

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 recognizing 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 summarizes the Group's financial assets and liabilities held at fair value by valuation methodology at 30 September 2015 and 31 December 2014, before any allowances for impairment losses:

Financial Assets/Liabilities	Fair value hierarchy			Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 September 2015 (unaudited)	**31 December 2014**				
Non-derivative financial assets at fair value through profit or loss (Note 7)	1,804	3,633	Level 1	Quoted bid prices in an active market.	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss (Note 7)	1,296	4,318	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) adjusted for credit risk of the issuer obtained from available sources.	Not applicable	Not applicable
Non-derivative financial assets at fair value through profit or loss (Note 7)	52	-	Level 2	KASE rates and valuation model based on the observable market data.	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss (Note 7)	120,525	7,776	Level 3	Future cash flows in USD discounted using LIBOR rate obtained from available sources. Future cash flows in KZT discounted using internal rate of return, which was calculated based on LIBOR and foreign exchange rates obtained from available sources. The difference between net present values of these discounted cash flows should be equal to zero at initial recognition.	KZT implied rate	The greater KZT implied rate – the smaller the fair value
Derivative financial liabilities at fair value through profit or loss (Note 7)	7,944	3,131	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) adjusted for credit risk of the issuer obtained from available sources.	Not applicable	Not applicable
Non-derivative available-for-sale investment securities (Note 9)	373,249	384,327	Level 1	Quoted bid prices in an active market.	Not applicable	Not applicable
Non-derivative available-for-sale investment securities included in bonds of foreign organizations (Note 9)	4,615	172	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) adjusted for credit risk of the issuer obtained from available sources.	Not applicable	Not applicable
Non-derivative available-for-sale investment securities (Note 9)	1,162	1,924	Level 3	Valuation model based on internal rating model	Percentage discount	The greater discount - the smaller the fair value

There were no transfers between Level 1 and 2 during the nine months ended 30 September 2015 and 2014.

	Financial assets at fair value through profit or loss (Level 3)	**Available-for-sale investment securities (Level 3)**
31 December 2013	-	1,123
Total gains or losses	-	400
Redemption/sale	-	(21)
30 September 2014 (unaudited)	-	1,502
31 December 2014	7,776	1,924
Total gains or losses	112,749	(231)
Redemption/sale	-	(531)
30 September 2015 (unaudited)	120,525	1,162

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

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 at the respective period-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 period-end market rates.

The following table sets out the carrying amount and fair values of financial assets and liabilities not carried at their fair values:

	30 September 2015 (unaudited)		31 December 2014	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair Value**
Financial assets				
Amounts due from credit institutions	44,035	44,595	27,095	27,296
Loans to customers	1,967,181	1,847,415	1,648,013	1,742,664
Financial liabilities				
Amounts due to customers	2,489,658	2,541,619	1,848,213	1,850,824
Amounts due to credit institutions	156,067	171,652	107,192	128,956
Debt securities issued	528,022	551,015	311,009	323,244

	30 September 2015 (unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Amounts due from credit institutions	-	44,595	-	44,595
Loans to customers	-	-	1,847,415	1,847,415
Financial liabilities				
Amounts due to customers	-	2,541,619	-	2,541,619
Amounts due to credit institutions	-	171,652	-	171,652
Debt securities issued	551,015	-	-	551,015

	31 December 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Amounts due from credit institutions	-	27,296	-	27,296
Loans to customers	-	-	1,742,664	1,742,664
Financial liabilities				
Amounts due to customers	-	1,850,824	-	1,850,824
Amounts due to credit institutions	-	128,956	-	128,956
Debt securities issued	323,244	-	-	323,244

The carrying amounts of cash equivalents, obligatory reserves, other financial assets and other financial liabilities approximates fair value due to the short-term nature of such financial instruments.

33. RELATED PARTY TRANSACTIONS

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

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 Group had the following balances outstanding as at 30 September 2015 and 31 December 2015 with related parties:

	30 September 2015 (unaudited)		**31 December 2014**	
	Related party balances	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Loans to customers before allowance for impairment losses	3,828	2,264,751	4,597	1,934,031
- *entities with joint control or significant influence over the entity*	3,724		4,597	
- *key management personnel of the entity or its parent*	91		-	
- *other related parties*	13		-	
Allowance for impairment losses	(18)	(297,570)	(15)	(286,018)
- *entities with joint control or significant influence over the entity*	(18)		(15)	
Amounts due to customers	122,205	2,489,658	105,405	1,848,213
- *the parent*	64,201		73,757	
- *entities with joint control or significant influence over the entity*	10,034		8,086	
- *key management personnel of the entity or its parent*	7,916		5,903	
- *other related parties*	40,054		17,659	

Included in the interim consolidated statement of profit or loss for the nine months ended 30 September 2015 and 2014 are the following amounts which arose on transactions with related parties:

	Nine months ended 30 September 2015 (unaudited)		Nine months ended 30 September 2014 (unaudited)	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Interest income	350	181,588	448	156,472
- entities with joint control or significant influence over the entity	341		422	
- key management personnel of the entity or its parent	8		-	
- other related parties	1		26	
Interest expense	(2,711)	(67,252)	(2,736)	(58,785)
- the parent	(1,362)		(2,368)	
- entities with joint control or significant influence over the entity	(2)		(2)	
- key management personnel of the entity or its parent	(174)		(196)	
- other related parties	(1,173)		(170)	

	Nine months ended 30 September 2015 (unaudited)		Nine months ended 30 September 2014 (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:	1,293	28,571	1,178	24,927
- short-term employee benefits	1,293		1,178	

34. EVENTS AFTER THE REPORTING DATE

On 3 November 2015, the Bank fully repaid 10-year KZT 4,470 million (nominal value) subordinated reverse inflation indexed local bonds, issued in accordance with the legislation of the Republic of Kazakhstan, bearing a coupon of 15% less inflation rate per annum.