1 April 2010

Joint Stock Company 'Halyk Savings Bank of Kazakhstan'

Consolidated financial results
for the year ended 31 December 2009

Joint Stock Company 'Halyk Savings Bank of Kazakhstan' and its subsidiaries (together "the Bank") (LSE: HSBK) releases its consolidated financial statements for the year ended 31 December 2009 prepared in accordance with International Financial Reporting Standards and audited by Deloitte, LLP.

2009 financial highlights

- Total assets increased by 22.5 percent
- Amounts due to customers grew by 46.9 percent
- Amounts due to individuals increased by 20.9 percent
- Loans to customers decreased by 4.6 percent
- Total equity increased by 47.1 percent
- Cash and cash equivalents increased by 198.4 percent
- Net income increased by 9.1 percent to KZT 15.9 billion
- Net fee and commissions grew by 47.1 percent
- Interest income increased by 0.7 percent
- Operating expenses increased by 0.4 percent
- Impairment charge increased by 39.2 percent
- Net interest margin decreased from 6.0 percent to 5.3 percent
- Cost-to-income ratio decreased from 34.4 percent to 30.0 percent
- Basel Tier 1 capital adequacy ratio increased to 16.9 percent
- Basel Total capital adequacy ratio increased to 20.6 percent
- Loan-to-deposit ratio decreased to 0.89x
- Provisioning rate increased to 15.5 percent of gross loans

Financial Overview

Consolidated income statement

Net income

The Bank's net income in 2009 increased by 9.1 percent to KZT 15.9 billion primarily as a result of a 47.1 percent growth in net fees and commissions, net gain from financial assets and liabilities at fair value through profit or loss in the amount of KZT 1.4 billion (compared to net loss in amount of KZT 9.7 billion in 2008), a 51.1 percent increase in net dealing gain from foreign exchange operations and 11.2 percent increase in insurance underwriting income (less insurance claims incurred, net of reinsurance), partially offset by a 39.2 percent increase in impairment charge.

Interest income

Interest income increased by 0.7 percent during 2009 primarily as a result of a 3.0 percent increase in interest income on loans to customers, partially offset by a 49.1 percent decrease in interest income on amounts due from credit institutions and cash and cash equivalents. Decrease in average rates on loans to customers by 50 basis points to 15 percent and decrease in average rates on total interest-earning assets by 120 basis points to 11.3 percent reduced the growth in interest income.

Interest expense increased by 2.5 percent primarily as a result of a 28.0 percent increase in interest expense on debt securities issued partially offset by a 27.2 percent decrease in interest expense on amounts due to credit institutions. Average rates on interest-bearing liabilities decreased from 6.7 percent in 2008 to 6.1 percent in 2009, whereas average rates on amounts due to customers decreased from 6.6 percent in 2008 to 5.7 percent in 2009.

Impairment charge

Impairment charge for 2009 increased by 39.2 percent compared to 2008. Impairment charge for Q4 2009 was KZT 10.1 billion, down by 49.0 percent from Q3 2009, reflecting continued stabilization of the loans to customers quality since mid-2009.

Fees and commissions

Net fees and commissions increased by 47.1 percent primarily as a result of a 246.9 percent increase in pension fund and asset management fees and a 4.6 percent increase in transactional banking fees and commissions.

Other non-interest income

Other non-interest income increased by 48.9 percent to KZT 24.2 billion primarily as a result of a 51.1 percent increase in net dealing gain on foreign exchange operations from KZT 7.3 billion in 2008 to KZT 11.0 billion in 2009 caused by higher volumes of customer foreign exchange transactions and KZT 1.4 billion of net gain from financial assets and liabilities at fair value through profit or loss (compared to net loss in the amount of KZT 9.7 billion in 2008).

The growth in non-interest income has been contained by decrease in net gain from available-for-sale investment securities and net gain from repurchase of debt securities issued.

Insurance underwriting income decreased by 4.3 percent to KZT 8.8 billion as a result of decrease in volumes of insurance business in 2009. Insurance underwriting income, less insurance claims incurred, net of reinsurance, increased by 11.2 percent to KZT 4.7 billion.

Non-interest expenses

Non-interest expenses decreased by 13.3 percent primarily as a result of strong operating cost control and KZT 7.2 billion reserve created in 2008 of one-off nature for losses incurred from management of pension assets.

Salaries and other employee benefits decreased by 8.8 percent. Deposit insurance expenses increased by 77.5 percent as a result of Kazakhstan Deposit Insurance Fund's higher tariffs in 2009. Depreciation and amortization expenses increased by 18.6 percent due to purchases of new computer equipment, buildings and constructions, telecommunication and office equipment. Network optimization resulted in total number of outlets decreasing from 682 to 622 during 2009.

Operating expenses increased by 71.2 percent to KZT 16.1 billion in Q4 2009 from KZT 9.4billion in Q3 2009 primarily as a result of employee bonuses accrued in December 2009 and one-off negative revaluation of the Bank's property and equipment of KZT 3.2 billion. Cost-to-income ratio decreased from 34.4 percent to 30.0 percent and to 27.8 percent excluding effect of the above one-off negative revaluation of property and equipment.

Consolidated statement of financial position

Total assets

Total assets increased by 22.5 percent mainly due to a 198.4 percent increase in cash and cash equivalents and a 47.4 percent increase in available-for-sale investment securities.

Loans to customers

Loans to customers declined by 4.6 percent as a result of loan repayments being faster than issuance of new loans (including effect of the translation gains/losses from foreign currency denominated loans). Loans to customers before allowance for impairment losses decreased primarily in the following sectors: mortgages - 5.5 percent, consumer loans – 20.9 percent and services – 29.7 percent; whereas the following sectors demonstrated highest growth rates: agriculture – 42.8 percent, wholesale and retail trade – 4.0 percent, food industry – 24.3 percent, hotel industry – 54.6 percent, machinery – 66.2 percent. Loan balances to real estate sector increased by 43.7 percent, primarily as a result of construction projects being completed and migrating to real estate phase as well as translation gains on loans denominated in foreign currency. Loan balances to construction sector increased by 14.4 percent mainly as a result of continued lending under existing credit lines to complete the ongoing construction projects and translation gains on loans denominated in foreign currency.

Loans with 30-day overdue payments (NPLs) and 90-day overdue payments accounted for 19.0 percent and 16.7 percent respectively of gross loan portfolio of the Bank as at year-end 2009. The Bank created provisions that covered these delinquent loans 99.6 percent and 113.0 percent, respectively[1].

Amounts due to customers

Term deposits and current accounts of legal entities increased by 62.9 percent and term deposits and current accounts of individuals increased by 20.9 percent during 2009. The Bank's market share in corporate deposits increased from 17.0 percent as at year-end 2008 to 20.9 percent as at year-end 2009.

Amounts due to credit institutions

Amounts due to credit institutions decreased by 40.4 percent mainly as a result of repayment and prepayment of international syndicated loans and other trade finance facilities for total amount of KZT 152.2 billion, increase in correspondent account balances from other banks and long-term loan facility provided by JSC "Fund for Entrepreneurship Development "DAMU".

Debt securities issued

Debt securities issued increased by 0.3 percent primarily as a result of revaluation of foreign currency denominated debt securities issued. As at 31 December 2009, the Bank had three

[1] NPLs and provisions are calculated under local standards.

outstanding Eurobond issues for USD 300 million, USD 500 million and USD 700 million with bullet maturity in May 2013, October 2013 and May 2017, respectively.

Equity

Total equity increased by 47.1 percent to KZT 281.0 billion primarily as a result of capital injection from Joint Stock Company "Sovereign Wealth Fund "Samruk-Kazyna" for KZT 27.0 billion from the sale of the Bank's common shares and for KZT 33.1 billion from the sale of the Bank's preferred shares. Regulatory Tier 1 capital adequacy ratios K1-1 and K1-2 were 11.1 percent and 14.3 percent, respectively, as at year-end 2009. Regulatory total capital adequacy ratio K2 was 18.0 percent as at year-end 2009. Basel Tier 1 capital adequacy ratio and Total capital adequacy ratio were 16.9 percent and 20.6 percent, respectively.

The full consolidated financial statements, including the notes attached thereto, are available on Halyk Bank's website (http://www.halykbank.kz/contents/index/type:invReport/lang:eng and http://www.halykbank.kz/eng/news/index).

KEY FINANCIAL RATIOS

	31-Dec-09 (audited)	30-Sep-09 (unaudited)	30-Jun-09 (unaudited)	31-Mar-09 (unaudited)	31-Dec-08 (audited)
Amounts due to customers/ total liabilities	73.1%	71.7%	67.3%	65.3%	59.4%
Loans / deposits ratio (1)	0.89x	0.86x	1.02x	1.10x	1.37x
Liquid assets(2) / total assets	30.0%	37.0%	31.8%	27.3%	14.5%
NPLs / gross loans(3)	19.0%	19.7%	17.9%	14.6%	10.1%
Provisioning rate (4)	15.5%	14.8%	12.9%	10.9%	8.8%
Regulatory provisioning rate(5)	18.8%	18.8%	16.5%	14.4%	10.9%
Tier 1 capital adequacy ratio(6)	16.9%	16.1%	14.8%	10.5%	9.9%
Total capital adequacy ratio(6)	20.6%	20.2%	18.5%	13.8%	13.4%
Tier 1 capital adequacy ratio (k1-1) (7)	11.1%	9.9%	10.1%	7.9%	8.0%
Tier 1 capital adequacy ratio (k1-2) (7)	14.3%	13.0%	-	-	-
Tier 2 capital adequacy ratio (k2) (7)	18.0%	16.9%	15.7%	11.3%	13.0%

	For the year ended	
	31-Dec-09 (unaudited)	31-Dec-08 (unaudited)
Cost-to-income	30.0%	34.4%
Return on average common shareholders' equity (ROAE)	6.3%	8.3%
Return on average assets (ROAA)	0.8%	0.8%
Net interest margin	5.3%	6.0%
Operating expense/average total assets	2.2%	2.6%

(1) Loans to customers/amounts due to customers
(2) On consolidated IFRS basis, liquid assets consist of "Cash and cash equivalents", "Obligatory reserves", "Financial assets at fair value through profit or loss", "Amounts due from credit institutions", "Available-for-sale investment securities", "Investments held to maturity" less securities pledged under REPO transactions, equity securities, derivatives, securities of foreign governments and organizations, mutual investment fund shares, bonds of Kazakhstan banks and corporate bonds.

(3) Total NPLs (total principle amount of loans with principle and/or interest overdue by more than 30 days) / Gross loan portfolio, unconsolidated.
(4) Allowance for loan impairment / loans to customers before allowance for impairment losses
(5) Unaudited
(6) As per Guidelines adopted by the Basel Committee on Banking Regulations and Supervision Practices of the Bank for International Settlements.
(7) As per the FMSA Guidelines. As per the FMSA Resolution dd 27 February 2009, starting from 1 July 2009, capital adequacy shall be determined by three ratios: k1-1, k1-2, k2.

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