

1 June 2010

Joint Stock Company ‘Halyk Savings Bank of Kazakhstan’

Consolidated financial results for the three months ended 31 March 2010

Joint Stock Company ‘Halyk Savings Bank of Kazakhstan’ and its subsidiaries (together “the Bank”) (LSE: HSBK) releases its interim financial information for the three month ended 31 March 2010

1st quarter 2010 financial highlights

- Net income increased by 179.6 percent to KZT 11.4 billion from KZT 4.1 billion in 1Q 2009
- Total assets increased by 4.7 percent
- Amounts due to customers increased by 8.8 percent
- Amounts due to individuals increased by 2.8 percent
- Gross loans to customers decreased by 0.8 percent
- Total equity increased by 4.7 percent
- Net interest income before impairment charge decreased by 1.1 percent to KZT 24.1 billion from KZT 24.4 billion in 1Q 2009
- Net interest income increased to KZT 10.8 billion from net interest loss of KZT 3.9 billion in 1Q 2009
- Net fees and commissions decreased by 20.3 percent to KZT 8.2 billion from KZT 10.3 billion in 1Q2009 and increased by 40.2 percent compared to 1Q 2008
- Other non-interest income decreased by 14.5 percent to KZT 6.2 billion from KZT 7.3 billion in 1Q 2009 and increased by 352.0 percent compared to 1Q 2008
- Operating expenses increased by 18.1 percent to KZT 11.2 billion from KZT 9.5 billion in 1Q 2009 and by 10.7 percent compared to 1Q 2008
- Net interest margin before allowance for impairment losses decreased to 5.2 percent from 6.0 percent in 1Q 2009 and 5.3 percent in Y2009
- Cost-to-income ratio increased to 30.4 percent from 23.2 percent in 1Q 2009
- Basel Tier 1 capital adequacy ratio increased to 17.9 percent
- Basel Total capital adequacy ratio increased to 21.9 percent
- Loan-to-deposit ratio decreased to 0.80x
- Impairment charge decreased by 52.8 percent to KZT 13.3 billion from KZT 28.3 billion in 1Q 2009
- Provisioning rate increased to 16.4 percent of gross loans to customers
- Return on average common shareholders’ equity increased to 16.7 percent per annum from 8.1 percent per annum in 1Q 2009
- Return on average total assets increased to 2.2 percent per annum from 0.9 percent per annum in 1Q 2009

Financial Overview

Consolidated income statement

Net income

The Bank's net income increased to KZT 11.4 billion in 1Q 2010 from KZT 4.1 billion in 1Q 2009 primarily due to decrease in impairment charge by 52.8 percent, partially offset by decrease in net fees and commissions by 20.3 percent, decrease in net gain on foreign exchange operations by 51.0 percent and increase in operating expenses by 18.1 percent.

Interest income

Interest income decreased by 7.5 percent to KZT 47.4 billion in 1Q 2010 from KZT 51.2 billion in 1Q 2009 primarily as a result of 9.6 percent decrease in interest income on loans to customers, partially offset by 33.8 percent increase in interest income on available for sale investment securities. Average rates on loans to customers decreased by 30 basis points to 16.3 percent from 16.6 percent in 1Q 2009, whereas average rates on total interest-earning assets decreased by 240 basis points to 10.5 percent from 12.9 percent in 1Q 2009.

Interest expense decreased by 13.3 percent to KZT 23.3 billion in 1Q 2010 from KZT 26.9 billion in 1Q 2009 primarily as a result of decrease in interest expense on debt securities issued by 12.3 percent and on amounts due to credit institutions by 72.2 percent partially offset by 2.9 percent increase in interest expense on amounts due to customers. Average rates on interest-bearing liabilities decreased to 5.5 percent in 1Q 2010 from 6.8 percent in 1Q 2009, whereas average rates on amounts due to customers decreased to 5.1 percent in 1Q 2010 from 6.3 percent in 1Q 2009.

Impairment charge

Impairment charge in 1Q 2010 decreased by 52.8 percent compared to 1Q 2009 reflecting the stabilization of loan portfolio quality since mid-2009.

Fees and commissions

Net fees and commissions decreased by 20.3 percent compared to 1Q 2009 primarily as a result of 40.8 percent decrease in pension fund and asset management fees partially offset by 16.9 percent increase in bank transfer commissions. Decrease in pension fund and asset management fees was primarily due to reduced returns on pension assets under management as a result of KZT exchange rate stabilization and lower capital gains on securities held in the portfolio.

Compared to 1Q 2008 net fees and commissions increased by 40.2 percent, whereas pension fund and asset management fees increased by 152.8 percent.

Other non-interest income

Other non-interest income decreased by 14.5 percent to KZT 6.2 billion in 1Q 2010 from KZT 7.3 billion in 1Q 2009 primarily due to 51.0 percent decrease in net gain on foreign exchange operations as a result of KZT exchange rate stabilisation, lower foreign exchange transaction volumes and customer spread.

Compared to 1Q 2008 other non-interest income increased by 352.0 percent, whereas net gain on foreign exchange operations increased by 35.1 percent.

Insurance underwriting income less insurance claims incurred, net of reinsurance, increased by 15.9 percent to KZT 1.3 billion in 1Q 2010 from KZT 1.2 billion in 1Q 2009 primarily as a result of growing volumes of insurance business.

Non-interest expenses

Operating expenses increased by 18.1 percent to KZT 11.2 billion in 1Q 2010 from KZT 9.5 billion in 1Q 2009 primarily due to (one-off) write-off of intangible assets as well as increase in deposit insurance expenses by 119.3 percent due to Kazakhstan Deposit Insurance Fund's higher tariffs introduced in the second quarter of 2009.

Consolidated statement of financial position

Total assets

Total assets increased by 4.7 percent mainly due to increase in liquid assets by 20.9 percent, insurance assets - by 84.5 percent, amounts due from credit institutions - by 5.7 percent and other assets – by 63.9 percent, partially offset by decrease in securities of foreign countries and organizations held to maturity - by 45.2 percent, financial assets at fair value through profit or loss - by 18.2 percent and net loans to customers - by 1.9 percent.

Liquid assets

Liquid assets increased by 20.9 percent to KZT 802.5 billion from KZT 664.0 billion as at YE 2009 mainly due to purchase of NBK notes and Treasury bills of the Ministry of Finance of Kazakhstan classified as available-for-sale investment securities. The increase in liquid assets was partially off-set by 17.7 decrease in cash and cash equivalents during the 1Q 2010 as a result of decrease in balances of overnight deposits with OECD based banks, short-term deposits with the National Bank of Kazakhstan and cash on hand.

Loans to customers

Loans to customers declined by 1.9 percent as a result of loan repayments being faster than issuance of new loans. Loans to customers before allowance for impairment losses decreased primarily in the following sectors: consumer loans – 7.9 percent, mortgage – 3.3, agriculture – 16.7 percent, construction – 3.4 percent and retail trade – 3.0 percent; whereas the following sectors demonstrated highest growth rates: wholesale trade – 7.7 percent and metallurgy – 9.5 percent. Loan balances to real estate sector increased by 1.7 percent, primarily as a result of new construction projects being completed and migrating to real estate phase.

Loans to corporate customers increased by 2.0 percent while loans to SMEs and retail customers decreased by 5.1 percent and 5.6 percent, respectively.

Loans with 30-day overdue payments (NPLs) and 90-day overdue payments accounted for 20.6 percent and 16.9 percent respectively of gross loan portfolio of the Bank as at 31 March 2010. The Bank created regulatory provisions that covered these delinquent loans 98.4 percent and 120.0 percent, respectively.

Amounts due to customers

Term deposits and current accounts of legal entities increased by 11.6 percent and term deposits and current accounts of individuals increased by 2.8 percent during the 1Q 2010. The Bank's

market share in corporate deposits increased to 21.0 percent as at 31 March 2010 from 20.9 percent as at YE 2009. The Bank held the highest market share among Kazakhstan banks in retail deposits as at 31 March 2010.

Amounts due to credit institutions

Amounts due to credit institutions decreased by 20.1 percent mainly due to lower volume of REPO transactions with the stock exchange and deposits from Kazakhstan banks matured in the beginning of 2010.

Debt securities issued

Debt securities issued increased by 0.6 percent primarily as a result of accrued coupon on senior bonds denominated in USD as well as accrued coupon and amortized discount on subordinated fixed rate KZT denominated bonds. As at 31 March 2010, the Bank had three 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 4.7 percent to KZT 294.2 billion primarily as a result of increase in retained earnings and other reserves by 9.8 percent. Regulatory Tier 1 capital adequacy ratios K1-1 and K1-2 were 10.9 percent and 14.9 percent, respectively, as at 31 March 2010. Regulatory total capital adequacy ratio K2 was 19.0 percent as at 31 March 2010. Basel Tier 1 capital adequacy ratio and Total capital adequacy ratio were 17.9 percent and 21.9 percent, respectively.

The interim financial information for the three months ended 31 March 2010, 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-Mar-10 (unaudited) | 31-Dec-09 (audited) | 30-Sep-09 (unaudited) | 30-Jun-09 (unaudited) | 31-Mar-09 (unaudited) |
|---|--------------------------|------------------------|--------------------------|--------------------------|--------------------------|
| Amounts due to customers / total liabilities | 76.0% | 73.1% | 71.7% | 67.3% | 65.3% |
| Loans / deposits ratio ⁽¹⁾ | 0.80x | 0.89x | 0.86x | 1.02x | 1.10x |
| Liquid assets ⁽²⁾ / total assets | 37.9% | 32.8% | 37.6% | 32.4% | 27.8% |
| NPLs / gross loans ⁽³⁾ | 20.6% | 19.0% | 19.7% | 17.9% | 14.6% |
| Provisioning rate ⁽⁴⁾ | 16.4% | 15.5% | 14.8% | 12.9% | 10.9% |
| Regulatory provisioning rate ⁽⁵⁾ | 20.2% | 18.8% | 18.8% | 16.5% | 14.4% |
| Tier 1 capital adequacy ratio ⁽⁶⁾ | 17.9% | 16.9% | 16.1% | 14.8% | 10.5% |
| Total capital adequacy ratio ⁽⁶⁾ | 21.9% | 20.6% | 20.2% | 18.5% | 13.8% |
| Tier 1 capital adequacy ratio (k1-1) ⁽⁷⁾ | 10.9% | 11.1% | 9.9% | 10.1% | 7.9% |
| Tier 1 capital adequacy ratio (k1-2) ⁽⁷⁾ | 14.9% | 14.3% | 13.0% | - | - |
| Tier 2 capital adequacy ratio (k2) ⁽⁷⁾ | 19.0% | 18.0% | 16.9% | 15.7% | 11.3% |

RETAIL BUSINESS DATA

| | 31-Mar-10 (unaudited) | 31-Dec-09 (audited) | 30-Sep-09 (unaudited) | 30-Jun-09 (unaudited) | 31-Mar-09 (unaudited) |
|--------------------------------|--------------------------|------------------------|--------------------------|--------------------------|--------------------------|
| Number of branches and outlets | 622 | 622 | 625 | 623 | 629 |
| Number of ATMs | 1,682 | 1,690 | 1,689 | 1,704 | 1,631 |

| | | | | | |
|---|-------|-------|-------|-------|-------|
| Number of POS-terminals | 3,502 | 3,422 | 3,467 | 3,654 | 3,732 |
| Information and transaction terminals (multiservice kiosks) | 572 | 572 | 572 | 569 | 562 |

| | For the three months ended | |
|--|----------------------------|--------------------------|
| | 31-Mar-10 (unaudited) | 31-Mar-09 (unaudited) |
| Cost-to-income | 30.4% | 23.2% |
| Return on average common shareholders' equity (ROAE) | 16.7% | 8.1% |
| Return on average assets (ROAA) | 2.2% | 0.9% |
| Net interest margin | 5.2% | 6.0% |
| Operating expense/average total assets | 2.2% | 2.1% |

(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.

- END-

For further information please contact:

Dauren Karabayev DaurenK@halykbank.kz + 7 727 244 68 10

Zhanara Aikimbayeva JanarA@halykbank.kz +7 727 259 07 96