22 November 2011

Joint Stock Company "Halyk Savings Bank of Kazakhstan"

Consolidated financial results for the nine months ended 30 September 2011

Joint Stock Company 'Halyk Savings Bank of Kazakhstan' and its subsidiaries (together "the Bank") (LSE: HSBK) releases its condensed interim consolidated financial information for the 9 months ended 30 September 2011.

9 months 2011 financial highlights

- Net income is up by 8.2% to KZT 28.1 bn y-o-y
- Gross loans to customers are up by 2.8% YTD
- Impairment charge is down by 24.4% y-o-y
- Fees and commissions, net are up by 34.5% y-o-y
- Operating expenses are up by 6.5% y-o-y
- Net interest margin at 4.3%
- Cost-to-income ratio at 33.8%
- ROAE is up to 11.9% p.a. (11.8% p.a. for 9m 2010)
- ROAA is up to 1.7% p.a. (1.6% p.a. for 9m 2010)

Income statement review

Net interest income before impairment charge decreased by 2.7% to KZT 65.6 bn y-o-y primarily due to lower average interest rates on loans to customers and investments held to maturity partially offset by decrease in average interest rates on amounts due to customers.

Net interest income before impairment charge grew by 2.7% to KZT 22.2 bn in 3q 2011 vs. 2q 2011 mainly as a result of 2.5% decrease in interest expenses caused by decline in average interest rate on amounts due to customers.

Impairment charge decreased by 24.4% y-o-y, reflecting sufficient provisioning level and continued stabilization of the loan portfolio quality since mid-2009. Allowances for loan impairment represented 20.4% of gross loans to customers as at 30 September 2011 vs. 18.9% as at 31 December 2010.

Fee and commission income less pension fund and asset management fees increased by 16.1% y-o-y mainly due to growing volumes of transactional banking business as well as increase in tariffs per certain types of customer transactions.

The Bank's Pension Fund earned **pension fund and asset management fees** of KZT 9.6 bn for 9m 2011 vs. KZT 5.8 bn for 9m 2010. In August and September 2011 due to downturn in global financial markets investment income on assets under management was negative, which resulted in recognition of losses incurred from management of pension assets for KZT 6.2 bn. These losses can be offset against future income received by the Pension Fund. Pension fund and asset management fees for 9m 2011 net of mentioned losses were KZT 3.4 bn.

Net insurance revenues (insurance underwriting income less insurance claims incurred, net of reinsurance) decreased by 16.1% to KZT 3.0 bn vs. KZT 3.6 bn for 9m 2010 mainly due to 34.5%

increase in expenses on insurance reserves as a result of changes in local regulation, 32.6% increase in cash insurance payments partially offset by 14.1% increase in insurance underwriting income.

Operating expenses grew by 6.5% y-o-y to KZT 33.8 bn primarily due to increase in salaries and other employee benefits by 19.4% on back of higher employee bonuses accrued for 9m 2011 vs. 9m 2010, salary indexation to inflation rate in 3q 2011 as well as increase in number of employees at some of the Bank's subsidiaries.

Net gain on foreign exchange operations increased by 19.5% y-o-y to KZT 6.5 bn due to higher volumes of transactions with derivative instruments and more volatile exchange rate environment during 9m 2011 vs. 9m 2010.

Statement of financial position review

Loans to customers expanded by 2.8% on a gross basis and by 0.8% on a net basis YTD mainly due to 2.4% increase in corporate (including SME) loans and 17.0% increase in consumer loans partially offset by 8.7% decrease in mortgages.

30-day NPLs increased to 21.1% of the gross loans as at 30 September 2011 from 19.7% as at 30 June 2011. 90-day NPLs increased to 17.8% of the gross loans as at 30 September 2011 from 17.6% as at 30 June 2011. The Bank created regulatory provisions that covered these delinquent loans by 117.4% (30-day NPLs) and 139.5% (90-day NPLs) as at 30 September 2011.

Liquid assets increased by 5.4% YTD mainly due to 32.0% increase in cash and equivalents. The share of FX-denominated liquid assets increased to 60.9% as at 30 September 2011 vs. 39.8% as at YE 2010 on back of 11.8% increase in FX-denominated amounts due to customers. The share of KZT-denominated liquid assets decreased to 39.1% as at 30 September 2011 vs. 60.2% as at YE 2010 due to low growth in KZT-denominated amounts due to customers. As a result, NBK notes and T-bills (denominated in KZT) decreased by 23.8% YTD.

Obligatory reserves increased by 88.2% YTD mainly due to higher minimum reserve requirements set by the National Bank of Kazakhstan at the end of May 2011.

Term deposits of legal entities decreased by 29.1% and **current accounts of legal entities** increased by 44.4% YTD. These changes were mainly due to partial transfer by the clients of their funds from term deposits into current accounts in 1q 2011. During 3q 2011 term deposits and current accounts of legal entities were down by 8.5% and 2.8%, respectively, as a result of lower interest rates offered by the Bank compared to its peers.

Term deposits and current accounts of individuals increased by 9.3% and 18.4%, respectively, during 9m 2011 compared to YE 2010.

The share of low-cost current accounts in total amounts due to customers increased to 46.3% as at 30 September 2011 vs. 35.1% as at YE2010.

Total equity decreased by 5.4% YTD mainly due to repurchase of common shares from Samruk-Kazyna for the total amount of KZT 39.9 bn in March 2011.

Regulatory Tier 1 capital adequacy ratios k1-1 and k1-2 and total capital adequacy ratio k2 were at 9.4%, 12.5% and 17.3% respectively as at 30 September 2011. Basel Tier 1 capital adequacy ratio and Total capital adequacy ratio were at 16.6% and 19.9% respectively as at 30 September 2011.

The condensed interim consolidated financial information for the nine months ended 30 September 2011, 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).