

Joint Stock Company ‘Halyk Bank of Kazakhstan’

Consolidated financial results

for the year ended 31 December 2024

Joint Stock Company ‘Halyk Bank of Kazakhstan’ and its subsidiaries (together “the Bank”) (LSE: HSBK; KASE: HSBK, HSBKd; AIX: HSBK, HSBK.Y) releases consolidated financial statements and independent auditors’ report for the year ended 31 December 2024.

Consolidated Statement of Profit or Loss

KZT mln

	12M 2024	12M 2023	Y-o-Y, abs	Y-o-Y, %	4Q 2024	4Q 2023	Y-o-Y, abs	Y-o-Y, %
<i>Interest income</i> ⁽¹⁾	2,170,786	1,669,782	501,004	30.0%	598,926	463,498	135,428	29.2%
<i>Interest expense</i>	(1,062,876)	(872,642)	(190,234)	21.8%	(282,701)	(261,745)	(20,956)	8.0%
Net interest income before credit loss expense	1,107,910	797,140	310,770	39.0%	316,225	201,753	114,472	56.7%
<i>Fee and commission income</i>	211,734	200,060	11,674	5.8%	58,166	49,533	8,633	17.4%
<i>Fee and commission expense</i>	(86,450)	(86,347)	(103)	0.1%	(22,007)	(25,207)	3,200	(12.7%)
Fees and commissions, net	125,284	113,713	11,571	10.2%	36,159	24,326	11,833	48.6%
Net insurance income ⁽²⁾	49,932	52,265	(2,333)	(4.5%)	23,656	25,918	(2,262)	(8.7%)
Net gain on foreign exchange operations, financial assets and liabilities ⁽³⁾	216,915	158,653	58,262	36.7%	67,880	56,142	11,738	20.9%
Other expense/non-interest income ⁽⁴⁾	(6,303)	(1,490)	(4,813)	x4.2	21,432	(47,127)	68,559	(145.5%)
Expected credit loss expense and recovery of other credit loss expense	(128,472)	(89,102)	(39,370)	44.2%	(31,544)	(18,309)	(13,235)	72.3%
Operating expenses ⁽⁵⁾	(263,373)	(216,405)	(46,968)	21.7%	(82,674)	(62,257)	(20,417)	32.8%
Income tax expense	(180,902)	(121,338)	(59,564)	49.1%	(68,958)	(26,789)	(42,169)	157.4%
Net income	920,991	693,436	227,555	32.8%	282,176	153,657	130,402	83.6%
Non-controlling interest	3	1			1	-		
Net income attributable to common shareholders	920,988	693,435	227,553	32.8%	282,175	153,657	130,401	83.6%
Net interest margin, p.a.	7.2%	6.1%			7.5%	6.0%		
Return on average equity, p.a.	34.0%	32.1%			37.5%	26.4%		
Return on average assets, p.a.	5.5%	4.8%			6.3%	4.2%		
Cost-to-income ratio	17.6%	19.2%			17.8%	23.5%		
Cost of risk on loans to customers, p.a.	1.2%	1.0%			0.9%	0.7%		

(1) Interest income calculated using the effective interest method and other interest income;

(2) Insurance revenue less insurance service expense, financial expenses from insurance contracts issued and net reinsurance expense;

(3) Net gain on financial assets and liabilities at fair value through profit or loss, net realised gain/(loss) from financial assets at fair value through other comprehensive income, net foreign exchange gain;

(4) Share in profit of associate, income on non-banking activities, loss from impairment of assets held for sales and other expense, net;

(5) Including reversal of impairment of non-financial assets;

Net income attributable to common shareholders for 12M 2024 is up 32.8% year-on-year thanks to notable increase in lending and transactional businesses.

Interest income⁽¹⁾ for 12M 2024 was up 30.0% vs. 12M 2023 mainly due to increase in average rate and balances of loans to customers.

Interest expense for 12M 2024 increased by 21.8% vs. 12M 2023 mainly as a result of the increase in average rate on amounts due to customers, as well as the growth in the share of KZT amounts due to customers and in the share of deposits in total liabilities.

Certain reclassifications have been made to the consolidated statement of profit or loss for the year ended 31 December 2023 to conform with the presentation of the statement for the year ended 31 December 2024, as the current year presentation provides a better understanding of the Group's financial performance.

The reclassification of fee and commission expenses for 2023 in the amount of KZT 13,357 million includes the reclassification of deposit insurance expenses. As these expenses are directly related to deposit expenses, the Group's management decided to reclassify them as interest expenses. Accordingly, a reclassification was also made in the consolidated statement of cash flows for the year ended 31 December 2023.

All of the ratios were also recalculated accordingly. For more detailed information please refer to Halyk Group's consolidated financial statements and independent auditors' report for the year ended 31 December 2024, note #4b.

In 12M 2024 **net interest margin** was affected by the increase in average rates on both loans to customers and amounts due to customers. Furthermore, net interest margin was positively impacted by the increase in the share of higher yielding retail loans in total loan portfolio and share of loans to customers in total interest earning assets, as well as increase in the share of KZT interest-earning cash and cash equivalents. As a result, **net interest margin** has grown to 7.2% p.a. for 12M 2024 compared to 6.1% p.a. for 12M 2023.

Despite the negative effect from transition to amortization of tariff packages for legal entities starting from November 2023 and revision of some retail tariffs in 2H of 2023, **Fee and commission income** in 12M 2024 vs. 12M 2023 was up by 5.8% as a result of increased number of clients and ramp-up of clients' transactional activity, as well as growth in fees on letters of credit and guarantees issued.

Fee and commission expense in 12M 2024 vs. 12M 2023 stayed almost flat. The increase in service fees on payment cards was offset by partial reimbursement of expenses on loyalty program by international payment system. As a result, the **net fee and commission income** for 12M 2024 increased by 10.2% vs. 12M 2023.

Other expense/non-interest income ⁽⁴⁾ in 12M 2024 was negatively impacted by higher one-off recognized loss in a view of expected early repayment of the deposit of KSF in accordance with the IFRS compared to the same impact in 2023.

Operating expenses⁽⁵⁾ for 12M 2024 increased by 21.7% vs. 12M 2023 mainly due to the indexation of salaries and other employee benefits, including the costs of the long-term incentive program.

The Bank's cost-to-income ratio decreased to 17.6% compared to 19.2% for 12M 2023 amid higher operating income for 12M 2024.

Cost of risk in 12M 2024 was at a normalized level as per our guidance at the level of 1.2%.

Consolidated Statement of Financial Position

KZT mln

	31-Dec-24	30-Sep-24	Change YTD, abs	Change Q-o-Q, %	31-Dec-23	Change YTD, abs	Change YTD, %
Total assets	18,548,414	17,650,108	898,306	5.1%	15,494,368	3,054,046	19.7%
Cash and reserves ⁽⁶⁾	1,780,132	2,248,355	(468,223)	(20.8%)	1,622,181	157,951	9.7%
Amounts due from credit institutions	156,966	144,704	12,262	8.5%	171,754	(14,788)	(8.6%)
T-bills of MinFin & NBRK notes ⁽⁷⁾	2,738,432	2,784,832	(46,400)	(1.7%)	2,125,941	612,491	28.8%
Other securities & derivatives ⁽⁸⁾	1,776,082	1,539,503	236,579	15.4%	1,614,666	161,416	10.0%
Gross loan portfolio	12,038,868	10,884,432	1,154,436	10.6%	9,774,798	2,264,070	23.2%
Allowance for expected credit losses	(573,219)	(556,743)	(16,476)	3.0%	(489,926)	(83,293)	17.0%
Net loan portfolio	11,465,649	10,327,689	1,137,960	11.0%	9,284,872	2,180,777	23.5%
Assets classified as held for sale	8,833	11,480	(2,647)	(23.1%)	111,542	(102,709)	(92.1%)
Other assets	622,320	593,545	28,775	4.8%	563,412	58,908	10.5%
Total liabilities	15,480,365	14,770,832	709,533	4.8%	13,017,414	2,462,951	18.9%
Amounts due to customers, including:	12,990,043	11,974,486	1,015,558	8.5%	10,929,504	2,060,539	18.9%
<i>individuals' deposits</i>	7,200,363	6,543,795	656,568	10.0%	5,828,645	1,371,718	23.5%
<i>term deposits</i>	6,063,129	5,581,796	481,334	8.6%	4,808,592	1,254,537	26.1%
<i>current accounts</i>	1,137,234	961,999	175,234	18.2%	1,020,053	117,181	11.5%
<i>legal entities' deposits</i>	5,789,681	5,430,691	358,990	6.6%	5,100,859	688,822	13.5%
<i>term deposits</i>	3,811,441	3,500,441	311,000	8.9%	3,338,099	473,342	14.2%
<i>current accounts</i>	1,978,239	1,930,250	47,990	2.5%	1,762,760	215,479	12.2%
Debt securities issued	879,212	818,756	60,456	7.4%	653,393	225,819	34.6%
Amounts due to credit institutions	814,069	1,203,263	(389,194)	(32.3%)	778,311	35,758	4.6%
Other liabilities	797,041	774,327	22,713	2.9%	656,206	140,835	21.5%
Total equity	3,068,049	2,879,276	188,773	6.6%	2,476,954	591,095	23.9%

(6) Cash and cash equivalents and obligatory reserves;

(7) Treasury bills of the Ministry of Finance of the Republic of Kazakhstan and Notes of NBRK;

(8) Financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and debt securities at amortized cost, net of allowance for expected credit losses less Treasury bills of the Ministry of Finance of the Republic of Kazakhstan and Notes of NBRK;

As at end of 4Q 2024, total assets were up 19.7% year-to-date mainly due to increase in amounts due to customers.

Compared with the YE of 2023, loans to customers were up 23.2% on a gross and 23.5% on a net basis. The increase in the gross loan portfolio was driven by the growth across all business segments, with retail loans growing by 33.3%, and the loan portfolio of legal entities increasing by 18.4%.

As at the end of 4Q 2024, Stage 3 loans decreased from the level of 7.5% to 6.3% year-to-date as a result of workout of problem loans and loan portfolio growth.

Compared with the YE 2023, the deposits of legal entities and the deposits of individuals were up 13.5% and 23.5%, respectively, due to fund inflow from the Bank's clients.

As at the-end of 4Q 2024, the share of KZT deposits in total deposits was 69.1% compared to 67.8% as at the YE 2023, in corporate deposits the share was 70.9% vs. 72.9% as at the YE 2023, while the share in total retail deposits was 67.5% vs. 63.4% as at YE 2023.

Amounts due to credit institutions increased by 4.6% vs. the YE 2023, due to increase in loans under REPO agreements and syndicated term loan for USD 300mln attracted by the Bank.

As at the end of 12M 2024, **debt securities issued** were up 34.6% year-to-date, and the Bank's debt securities portfolio was as follows:

Description of the security	Nominal amount outstanding	Interest rate	Maturity Date
Local bonds	KZT 131.7bn	7.5% p.a.	February 2025
Subordinated coupon bonds	KZT 101.1bn	9.5% p.a.	October 2025
Local bonds	KZT 140.2bn	12.79% p.a.	July 2031
Local bonds	KZT 20.0bn	TONIA+1.25%	December 2027
Local bonds listed at Astana International Exchange	USD 190 mln	3.5% p.a.	May 2025
Local bonds listed at Astana International Exchange	USD 298 mln	3.5% p.a.	May 2025
Local bonds listed at Astana International Exchange	USD 423.5mln	3.5% p.a.	July 2025

As at the end of 12M 2024, **total equity** of the Bank increased by 23.9% compared to the YE 2023, mainly due to net profit earned by the Bank during 12M 2024, which was partially offset by the payment of dividends.

The Bank's capital adequacy ratios were as follows*:

	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24	31-Dec-23
<i>Capital adequacy ratios, unconsolidated:</i>					
Halyk Bank					
k1-1	19.6%	19.2%	17.6%	19.0%	19.6%
k1-2	19.6%	19.2%	17.6%	19.0%	19.6%
k2	19.7%	19.4%	17.7%	19.2%	19.9%
<i>Capital adequacy ratios, consolidated:</i>					
CET 1	18.8%	19.0%	17.4%	19.5%	19.3%
Tier 1 capital	18.8%	19.0%	17.4%	19.5%	19.3%
Total capital	18.9%	19.1%	17.5%	19.7%	19.6%

* The minimum regulatory capital adequacy requirements are 9.5%, for k1, 10.5% for k1-2 and 12% for k2, including a conservation buffer of 3% and systemic buffer of 1% for each.

The consolidated financial statements and independent auditors' report for the year ended 31 December 2024, including the notes attached thereto, are available on Halyk Bank's website: <http://halykbank.com/financial-results>.

A 12M and 4Q 2024 results webcast will be hosted at 2:00pm London time/7:00pm Almaty time (UTC +05:00) on Thursday, 27 March 2025. A live webcast of the presentation can be accessed via Zoom link

after the registration. The registration is open until 27 March 2025 (including), for the registration please [click here](#).

About Halyk Bank

Halyk Bank is the leading financial services group in Kazakhstan, with a diversified presence across retail, SME, and corporate banking, as well as insurance, leasing, brokerage, asset management and lifestyle services. Halyk Bank has been listed on the Kazakhstan Stock Exchange since 1998, the London Stock Exchange since 2006, and the Astana International Exchange since 2019.

As of 31 December 2024, Halyk Bank had total assets amounting to KZT 18,548.4bn, making it the largest lender in Kazakhstan. The Bank boasts the country's one of the largest customer base and the most extensive branch network, with 542 branches and service outlets across nationwide. Additionally, the Bank operates in Georgia and Uzbekistan.

For more information on Halyk Bank, please visit <https://www.halykbank.com>

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