

19 May 2025

Joint Stock Company 'Halyk Bank of Kazakhstan' Consolidated financial results for the three months ended 31 March 2025

Joint Stock Company 'Halyk Bank of Kazakhstan' and its subsidiaries (together "the Bank") (LSE: HSBK; KASE: HSBK, HSBKd; AIX: HSBK, HSBK.Y) releases interim condensed consolidated statements for the three months ended 31 March 2025.

Consolidated Statement of Profit or Loss

KZT mln

	1Q 2025	1Q 2024	Y-o-Y, abs	Y-o-Y, %
<i>Interest income</i> ⁽¹⁾	629,197	496,254	132,943	26.8%
<i>Interest expense</i>	(303,331)	(245,766)	(57,565)	23.4%
Net interest income before credit loss expense	325,866	250,488	75,378	30.1%
<i>Fee and commission income</i>	56,866	50,074	6,792	13.6%
<i>Fee and commission expense</i>	(23,088)	(20,291)	(2,797)	13.8%
Fees and commissions, net	33,778	29,783	3,995	13.4%
Net insurance income ⁽²⁾	15,458	9,676	5,782	59.8%
Net gain on foreign exchange operations, financial assets and liabilities ⁽³⁾	22,416	45,689	(23,273)	(50.9%)
Other expense/non-interest income ⁽⁴⁾	20,616	(51,408)	72,024	(140.1%)
Expected credit loss expense and recovery of other credit loss expense	(22,938)	(18,994)	(3,944)	20.8%
Operating expenses ⁽⁵⁾	(69,195)	(56,641)	(12,554)	22.2%
Income tax expense	(50,985)	(30,629)	(20,356)	66.5%
Net income	275,016	177,964	97,052	54.5%
Non-controlling interest	-	-	-	-
Net income attributable to common shareholders	275,016	177,964	97,052	54.5%
Net interest margin, p.a.	7.5%	7.0%		
Return on average equity, p.a.	34.7%	27.7%		
Return on average assets, p.a.	5.9%	4.6%		
Cost-to-income ratio	16.5%	19.9%		
Cost of risk on loans to customers, p.a.	1.2%	0.9%		

- (1) Interest income calculated using the effective interest method and other interest income;
(2) Insurance revenue less insurance service expense, financial expenses for insurance and net reinsurance expenses;
(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, other income/(expense);
(5) Including (Loss from)/reversal of impairment of non-financial assets;

In preparing the interim condensed consolidated financial statements of profit or loss for the three months ended 31 March 2024, certain reclassifications have been made to conform the presentation of the statement for the three months ended 31 March 2025, as the current period presentation provides a better understanding of the Group's financial performance.

The reclassification of fees and commission expenses for the 1Q 2024 in the amount of KZT 3,748 million includes the reclassification of deposit insurance service expenses. As these expenses are directly related to deposit expenses, the Group's management decided to reclassify them as interest expenses.

All of the ratios were also recalculated accordingly. For more detailed information please refer to Halyk Group's interim condensed consolidated statements for the three months ended 31 March 2025, note #4b.

Net income attributable to common shareholders for 1Q 2025 is up 54.5% year-on-year thanks to increase in lending and transactional businesses and due to the base effect of one-off

thanks to increase in lending and transactional businesses and due to the base effect of one-off recognized loss in a view of expected early repayment of the deposit of KSF in accordance with the IFRS in 1Q 2024. The net income growth adjusted to this base effect would be 19.1%.

Interest income⁽¹⁾ for 1Q 2025 was up 26.8% vs. 1Q 2024 mainly due to increase of balances of loans to customers.

Interest expense for 1Q 2025 increased by 23.4% vs. 1Q 2024 mainly as a result of the increase in average balances of amounts due to customers, as well as the growth in the share of KZT amounts due to customers.

Despite the slight increase in average rates in amount due to customers in 1Q 2025, NIM was positively impacted by the increase in 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 7.5% for 1Q 2025 compared to 7.0% for 1Q 2024.

In 1Q 2025 compared to 1Q 2024, the overall dynamics of fee and commission income and expense was driven by the increased number of clients and the growth of clients' transactional activity. Net fee and commission income for 1Q 2025 increased by 13.4% vs. 1Q 2024 due to increase in net transactional income of legal entities, as well as in fees on letters of credit and guarantees issued. Net transactional income of individuals slightly increased and was offset by the growth of an amount of bonuses for the loyalty program.

The positive dynamics of **other expense/non-interest income⁽⁴⁾** in 1Q 2025 was impacted by the base effect of one-off recognized loss in a view of expected early repayment of the deposit of KSF in accordance with the IFRS in 1Q 2024.

Operating expenses⁽⁵⁾ for 1Q 2025 increased by 22.2% vs. 1Q 2024 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 16.5% compared to 19.9% for 1Q 2024 amid higher operating income for 1Q 2025.

Cost of risk in 1Q 2025 was at normalized level within the scope of our full year guidance and was at the level of 1.2%.

Consolidated Statement of Financial Position

KZT mln

	31-Mar-25	31-Dec-24	Change YTD, abs	Change Q-o-Q, %
Total assets	18,855,912	18,548,414	307,498	1.7%
Cash and reserves ⁽⁶⁾	2,295,912	1,780,132	515,780	29.0%
Amounts due from credit institutions	145,250	156,966	(11,716)	(7.5%)
T-bonds of MinFin ⁽⁷⁾	2,612,295	2,738,432	(126,137)	(4.6%)
Other securities & derivatives ⁽⁸⁾	1,698,924	1,776,082	(77,158)	(4.3%)
Gross loan portfolio	12,053,312	12,038,868	14,444	0.1%
Allowance for expected credit losses	(614,904)	(573,219)	(41,685)	7.3%
Net loan portfolio	11,438,408	11,465,649	(27,241)	(0.2%)
Assets classified as held for sale	9,067	8,833	234	2.6%
Other assets	656,056	622,320	33,736	5.4%
Total liabilities	15,574,327	15,480,365	93,962	0.6%
Amounts due to customers, including:	12,969,231	12,990,043	(20,812)	(0.2%)
<i>individuals' deposits</i>	7,147,623	7,200,363	(52,740)	(0.7%)
<i>term deposits</i>	6,149,036	6,063,129	85,907	1.4%
<i>current accounts</i>	998,587	1,137,234	(138,647)	(12.2%)
<i>legal entities' deposits</i>	5,821,608	5,789,680	31,928	0.6%

term deposits	4,128,545	3,811,441	317,104	8.3%
current accounts	1,693,063	1,978,239	(285,176)	(14.4%)
Debt securities issued	722,046	879,212	(157,166)	(17.9%)
Amounts due to credit institutions	1,147,029	814,069	332,960	40.9%
Other liabilities	736,021	797,041	(61,020)	(7.7%)
Total equity	3,281,585	3,068,049	213,536	7.0%

(6) Cash and cash equivalents and obligatory reserves;

(7) Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan;

(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 bonds of the Ministry of Finance of the Republic of Kazakhstan;

As at end of 1Q 2025, total assets were up 1.7%.

Compared with the YE of 2024, **loans to customers** were up 0.1% on a gross and were down 0.2% on a net basis, with retail loans growing by 2.3%, while the loan portfolio of legal entities decreasing by 1.0% on a gross basis.

As at the end of 1Q 2025, **Stage 3** loans increased from the level of 6.3% to 6.8% year-to-date as a result of the moratorium on the sale of problem retail loans to collection agencies till May 2026.

Compared with the YE 2024, the overall dynamics of **amounts due to customers** was impacted by the of KZT appreciation vs. USD, where **the deposits of legal entities** were up 0.6% and **the deposits of individuals** were down 0.7%.

As at the-end of 1Q 2025, the share of KZT deposits in total deposits was 68.8% compared to 69.1% as at the YE 2024, in corporate deposits the share was 70.3% vs. 70.9% as at the YE 2024, while the share in total retail deposits was 67.6% vs. 67.5% as at YE 2024.

Amounts due to credit institutions increased by 40.9% vs. the YE 2024, due to increase in loans under REPO agreements.

As at the end of 1Q 2025, **debt securities issued** were down 17.9% year-to-date due to repayment of local bonds for KZT 131.7 in February 2025, and the Bank's debt securities portfolio was as follows:

Description of the security	Nominal amount outstanding	Interest rate	Maturity Date
Subordinated coupon bonds	KZT 101.1bn	9.5% p.a.	October 2025
Local bonds	KZT 146.6bn	13.61% p.a. - floating rate	July 2031
Local bonds	KZT 20.0bn	TONIA+1.25% - floating rate	December 2027
Local bonds listed at Astana International Exchange	USD 180 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 415mln	3.5% p.a.	July 2025

As at the end of 1Q 2025, **total equity** of the Bank increased by 7.0% compared to the YE 2024, mainly due to net profit earned by the Bank during 1Q 2025.

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

	31-Mar-25	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24
<i>Capital adequacy ratios, unconsolidated:</i>					
Halyk Bank					
k1-1	19.8%	19.6%	19.2%	17.6%	19.0%
k1-2	19.8%	19.6%	19.2%	17.6%	19.0%
k2	19.8%	19.7%	19.4%	17.7%	19.2%
<i>Capital adequacy ratios, consolidated:</i>					
CET 1	19.3%	18.8%	19.0%	17.4%	19.5%
Tier 1 capital	19.3%	18.8%	19.0%	17.4%	19.5%
Total capital	19.3%	18.9%	19.1%	17.5%	19.7%

* 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 interim condensed consolidated statements for the three months ended 31 March 2025, including the notes attached thereto, are available on Halyk Bank's website: <http://halykbank.com/financial-results>.

A 1Q 2025 results webcast will be hosted at 3:00pm London time/7:00pm Almaty time (UTC +05:00) on Tuesday, 20 May 2025. A live webcast of the presentation can be accessed via Zoom link after the registration. The registration is open until 20 May 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 March 2025, Halyk Bank had total assets amounting to KZT 18,855.9bn, 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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