

RECOMMENDATION

Buy

JSC «Halyk Bank» (HSBK)

Upside: **22%**

Target Price: **365 KZT**

Last price: **299 KZT**

STOCK MARKET

EVA

Kazakhstan | Banking

[flashnote/update](#)

Halyk Bank: Results for the 4th quarter 2024



Interest Revenue, '24 (billion KZT)	2,171
Loan Provisions, '24 (billion KZT)	129
Net Income, '24 (billion KZT)	921
Total Assets, '24 (billion KZT)	18,548

P/E, '24 (x)	3.5x
P/BV, '24 (x)	1.06x
ROA, (%)	5.9%
ROE, (%)	37%
Net Margin, (%)	42%

Market cap (billion KZT)	3,253
Shares issued (million units)	10,880
Free float (%)	20,5%
52-week min/max (KZT)	191.5-299
Current price (KZT)	299
Target Price (KZT)	365
Upside (%)	22%
Investment horizon	6-12 months
Planned price update frequency	Quarterly

Stock dynamics / exchange/ticker **KASE/HSBK**


Performance (%)	3 months	9 months	12 months
Absolute	20%	43%	40%
vs KASE	19%	34%	28%

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Halyk Bank announced its financial results for the 4th quarter of 2024. Quarterly interest income and net profit continue to reach record highs. Moreover, expenses in the fourth quarter did not increase significantly, leading to a substantial annual growth in net interest margin. The management proposed dividends of 29.64 KZT per share, and considering the second dividend payment, total payouts will likely be significantly higher than our expectations. In our valuation model, we updated financial indicators, taking into account management's forecast upgrade, improved our interest income projections, and increased the cost of equity. As a result, the target price for one Halyk Bank share stands at 365 KZT, with a 22% upside potential. Recommendation – “Buy.”

(+) Record-breaking income and net profit. Interest income for the 4th quarter of 2024 reached a record 599 billion KZT, increasing by 29% y/y and 7% q/q. At the same time, interest expenses rose by only 14% y/y and 10% q/q. Fee and commission income slightly accelerated its growth rate, increasing by 17% y/y and 8% q/q, while other non-interest income grew by 120% y/y and 40% q/q due to higher gains from the revaluation of financial assets. Credit loss provisions increased by 66% y/y and 1.4% compared to the third quarter. As a result, net interest income after provisions grew by 47% y/y and 4.5% q/q. The cost of risk stood at 0.9%, compared to 1.2% in the previous quarter. Non-interest expenses rose by 48% y/y due to a 33% y/y increase in operating expenses and a 159% y/y rise in insurance expenses. Nevertheless, quarterly net profit reached a record 282 billion KZT, up 81% y/y and 8.7% q/q. Earnings per share for 2024 grew by 33% y/y. The cash collection rate for interest income from the loan portfolio stood at 93% and remains stable. The ratio of liquid assets to total liabilities significantly decreased during the quarter to 38.7%. The loan portfolio grew by 23% y/y and 11% q/q.

Our opinion and valuation model changes. The report was positive, driven by strong growth in quarterly net profit and net interest margin. In our valuation model, we updated all key financial indicators in line with management forecasts, improved the outlook for interest income, and revised the loan portfolio growth forecast. On the other hand, the cost of equity was increased due to the rise in the base interest rate. This also had a positive impact on interest income due to higher projected loan rates. As a result, the target price for Halyk Bank shares is 365 KZT, implying a 22% upside from the current price. Recommendation – “Buy.”

Appendix

Illustration 1. Key changes in the latest version of the valuation model

Changes	Date of valuation		Change, %	Comments
	26.11.2024	31.03.2025		
Interest revenue, 2025, bn KZT	2,115	2,474	+ 17%	Actual 2024 interest revenue is higher than our expectations
Cost of Equity, %	17.2%	19.4%	+ 220 bp	National Bank base rate hike and increase in equity risk premium
Loan portfolio, 2025, bn KZT	12,350	13,389	+ 8.4%	Actual loan portfolio increase higher than our expectations

Freedom Broker estimates

Illustration 2. Previous recommendations and price targets from Freedom Broker. (B - "buy", H - "hold", S - "sell")

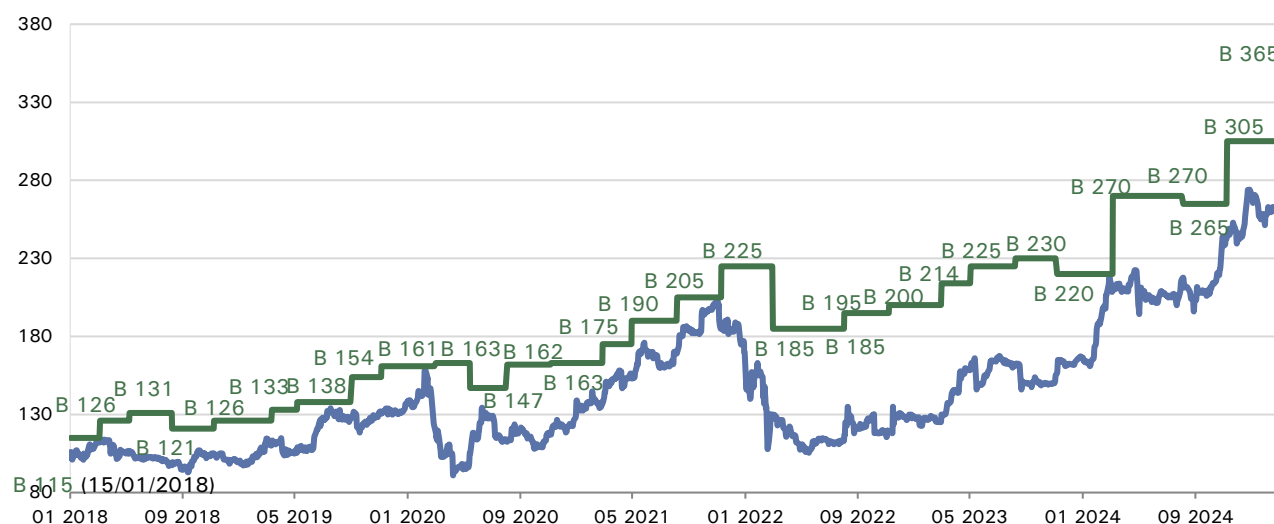


Illustration 3. P/E and P/B multiples according to Freedom Broker estimates

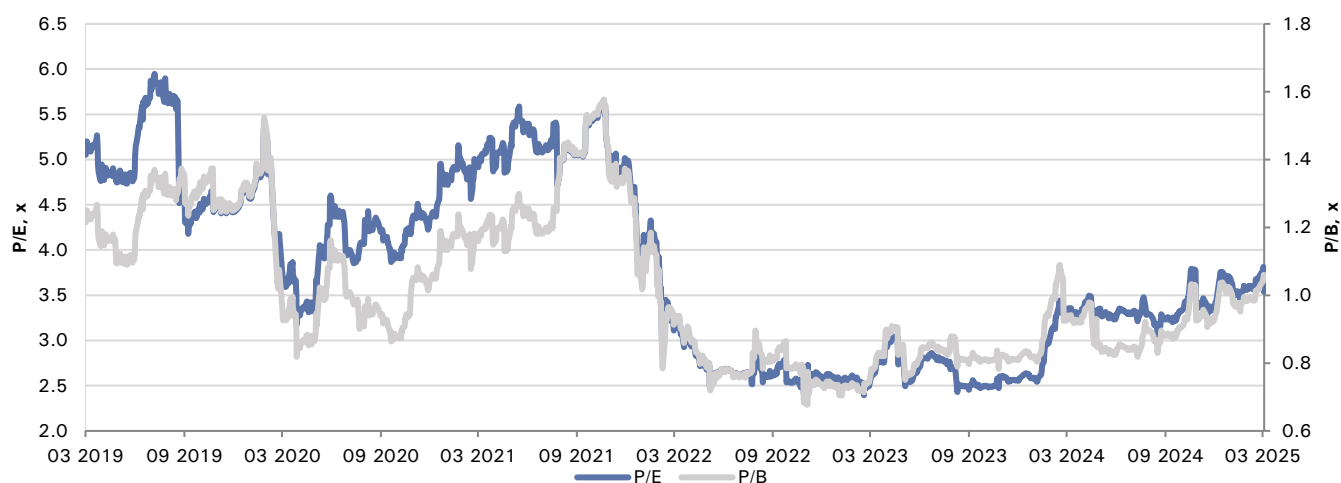


Illustration 4. Current Rating Percentage from Freedom Broker for KASE securities

Recommendation	Quantity	Percentage
Buy	8	80%
Hold	1	10%
Sell	1	10%

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Rating system

- Buy: A stock that, at the time of rating, is expected to increase in price by more than 20 percent over the next 6-12 months.
 - Hold: A stock that, at the time of rating, is expected to move in price in the range of minus 10 percent to plus 10 percent over the next 6-12 months.
 - Sell: A stock that, at the time of rating, is expected to decline in price by more than 10 percent over the next 6-12 months.
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