



STRATEGY



MISSION STATEMENT

Providing homes for Kazakhstani families and enhancing their sense of homeland.



VISION

By 2023, we aim to be a sustainable, high-tech, customer-oriented, and socially significant bank that upholds the principles of the housing construction savings system. We actively participate in the implementation of state programs and support the development of housing construction to provide homes for the general population.

VALUES

1 Development and innovation

The Bank is constantly working to improve its customer service and the quality of its internal processes. It does not tolerate any inefficiency, is always open to innovation and development, and actively implements the latest banking and management technologies. The Bank supports employees' commitment to self-development.

2 Performance and Meritocracy

The Bank is committed to the highest standards in achieving its goals, maintains a culture of results orientation, sets clear goals for this purpose, achieves them on time, with reasonable resources, and regularly evaluates results. Meritocracy is a fair and objective assessment of individual efforts, abilities, and achievements of each employee.

3 Team work and Respect

An atmosphere of mutual respect is a priority of the Bank. The Bank's management is aware of everyone's contribution to achieving team goals, which creates a basis for mutual trust.

4 Initiative and Team Spirit

Independent and active commitment of employees to optimize the production process. Cooperation to achieve high results of joint activities and common intentions.

STRATEGIC DEVELOPMENT GOALS AND OBJECTIVES

According to the approved Bank's Strategy of Development until 2023, the key goals of the Bank are Increasing:

- the share of the HCS system participants to economically active population up to 25%;
- Transfer of 100%¹ of customer service operations to online format through the introduction of advanced technologies and automation of the Bank's operations;
- Maintaining customer satisfaction index (CSI) at the level of 4.7.

Transfer

100%
of transactions online

To achieve the set goals, the Bank has identified the following key tasks:

Task 1.

Implementation of the state policy in the field of providing the population with affordable housing.

Strategic directions:

- transformation of the Bank into a full-fledged national development institution;
- implementation of state policies.

Task 2.

Providing the best customer service. Strategic directions:

- development of products/ services;
- development/ automation of business processes;
- development of sales/ service channels
- development of IT infrastructure;
- legislative initiatives.

Task 3.

Ensuring the Bank's sustainable development. Strategic directions:

- raising funds;
- balanced risk management;
- effective HR management system;
- maintaining financial stability.

PROGRESS MADE TOWARDS STRATEGIC OBJECTIVES IN 2022**Task 1. Implementation of the state policy in the field of providing the population with affordable housing.**

During the reporting year, the Bank successfully implemented the strategic and socially significant tasks assigned to it, including active participation in the implementation of the "Nurly zher" state program and its directions – lending to people on the akimats' waiting list as part of the "Shanyrak" pilot project, lending to low-income families on the akimats' waiting list.

As part of the "Nurly zher" program, 5,157 loans were issued to Kazakhstanis in the amount of 38 billion tenge at a reduced rate of 5% per annum. The loans were issued at the expense of the balance of funds allocated in 2021 from the republican budget in the amount of 32 billion tenge, as well as at the expense of repayable funds. Additionally, the Bank was allocated 51 billion tenge from the republican budget in the direction of "Baqytty otbasy". In 2022, at the expense of these funds and the balance of funds allocated in 2021 in the amount of 70 billion tenge, 1,275 loans worth 14.7 billion tenge were issued to large and single-parent families, as well as families raising children with disabilities. Under the «Shanyrak program» in 2022, 6,005 loans were issued in the amount of 71.7 billion tenge at the expense of the balance of bond funds of the National Bank of the Republic of Kazakhstan received by the Bank in 2020-2021, own funds, budget funds in the amount of 15.3 billion tenge received in 2022, as well as repayable funds.

Implementation of a mechanism for assigning and making payments to certain categories of citizens for housing rented in private housing stock.

In April of the reporting year, the Bank implemented a mechanism for assigning and making payments to certain categories of citizens for housing rented in a private housing fund. In 2022, 50 billion tenge was provided for payments (40 billion tenge from the republican budget and 10 billion tenge from the budget

of local akimats). At the end of the reporting year, 2,335 applications were processed, benefiting large families, families raising children with disabilities, orphaned children, as well as individuals with disabilities in groups 1 and 2. The total amount of payments made was 449.8 million tenge.

Transformation of the Bank into a national development institute.

The transformation of the Bank into a national development institute is provided for by the draft Law of the Republic of Kazakhstan «On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan on Housing Policy Reform» (hereinafter – the draft law). The main task of the Bank, as a national development institute, will be the development of housing relations to provide housing for the population. For these purposes, the Bank, in addition to its main banking activities, will be engaged in maintaining the priority of the population for housing, administering the process of housing issuance, subsidizing rental payments. In addition, the bill provides for the withdrawal of the Bank from the system of second-tier banks while maintaining partial regulation of activities by the National Bank of the Republic of Kazakhstan and the Agency for Regulation and Development of the Financial Market. At the same time, the Government of the Republic of Kazakhstan will determine the parameters of the Bank's financial stability and ensure the safety of deposits in housing construction savings. The draft law was submitted to the Majilis of the Parliament of the Republic of Kazakhstan by Resolution of the Government of the Republic of Kazakhstan No. 983 dated December 31, 2021 and is currently under consideration. After the draft law is approved, the Bank will maintain, monitor and update the Unified Republican Electronic Database of waiting lists.

Task 2. Providing the best customer service.

The Bank strives to create an infrastructure where a customer can use its products and services at a desirable time and location and i.e., in a convenient way.

To this end, the Bank has implemented the following service channels for its clients:

- bank branches (branches, service centers, service points, call centers);
- Bank consultants (consulting centers, on-site

service);

- legal agent – Kazpost JSC;
- video banking.
- online banking;
- Mobile banking app.
- Bank's partners (Kaspi.kz, E-Government of the Republic of Kazakhstan, Halyk Bank of Kazakhstan JSC, Bank CenterCredit JSC);

¹ From operations planned to be transferred online until 2023

- along with communication channels:
- The Bank’s corporate website.
- Quanysh chatbot (WhatsApp, Telegram, Instagram, Facebook, VKontakte messengers);
- the Bank’s official pages in social networks (Instagram, Facebook, VKontakte), etc.

In 2022, the Bank invested time and financial resources to actively develop its digital technologies and customer service methods.

According to the results of the reporting year, the Bank conducted 4,639,413 client operations, of which 72% (3,353,354 operations) were conducted through remote service channels. The share of operations performed

through remote channels as of 01.01.2023 is as follows:

- internet banking – 54% = 2,539,357 transactions;
- video banking – 6% = 278,887 transactions;
- agent network – 12% = 535,110 operations;

The Bank’s branches conducted 1,286,059 transactions (28% of all transactions). The level of customer satisfaction (CSI) with customer service in the Bank’s branches was 4,84 (taking into account that the rating system was implemented in May 2022).

For reference: The level of customer satisfaction (CSI) with service in the Bank’s branches is calculated in accordance with the Bank’s Methodology for working with CSI and NPS service indicators.

In 2022,



client transactions were carried out

Task 3. Ensuring the Bank’s sustainable development.

The Bank strives to balance the interests of business and society, and also ensures that its economic, environmental and social goals are consistent for long-term sustainable development. The Bank integrates the principles of sustainable development enshrined in international standards in the field of sustainable development into its management system, development strategy and key processes.

The risk and capital management system is part of the Bank’s strategy and is aimed at ensuring sustainable development by making management decisions in an environment of uncertainty, improving the effectiveness and efficiency of decisions made, reducing losses and maximizing income.

In the course of risk management, the Bank uses various approaches, taking into account the requirements of the National Bank of the Republic of Kazakhstan as a participant in the state’s financial system, such as:

- three-line defense system;
- forming of the Bank’s risk appetite strategy;
- assessment of capital sufficiency;
- assessment of liquidity sufficiency;
- conducting stress tests on the main financial indicators of the Bank;
- ensuring the availability of a management reporting system to timely communicate information on risk indicators to the authorized bodies of the Bank.

To implement the strategy successfully, the Bank regularly analyzes the key risks that may affect the achievement of the Bank’s strategic goals and financial stability, and develops appropriate measures to minimize them. In the reporting year, like in previous periods, the Bank continues to maintain a high level of capital availability and adequacy, significantly exceeding the requirements of the regulator.

The financial stability of the Bank is maintained through financial management in order to achieve the strategic goals of the Bank. Due to the successful implementation of state programs and programs at the expense of the Bank’s own funds, over the past 5 years, there has been an annual increase in income, as well as in the Bank’s net profit.

The Bank also focuses its efforts on building a highly effective human resource management model and creating a team of like-minded people capable of achieving the Bank’s strategic goals and objectives. The Bank, in turn, provides employees with ample opportunities for training and development, improving their skills and competencies. In its operations, the Bank applies a modern system of recruitment, recruitment, training, career planning and effective motivation of staff using the assessment of key performance indicators (KPIs). The efficiency assessment system is implemented through a process of cascading key performance indicators from top management to administrative employees.

KEY PERFORMANCE INDICATORS

The Bank’s activities in the reporting period were carried out in accordance with the Bank’s Strategy of Development until 2023, the Bank’s Development Plan for 2019-2023, the Bank’s Articles Association and internal documents.

In accordance with the above-mentioned documents, the key indicators were set for 2022, the achievement of which is presented below:

KEY PERFORMANCE INDICATORS

Indicator name	Actual, 2020 year	Actual, 2021 year	Target, 2022 year	Actual 2022 year	Achievement, %
Share of participants in the housing savings system to the economically active population of the Republic of Kazakhstan, %	20,3	23,5	26,3	26,7	102
ROE, %	12,05	19,81	19,82	22,77	115
Agreements on housing construction savings, units	486 314	601 370	-	618 422	-
Amount of housing loans issued, KZT mln	609 414	1 235 168	1 017 431	1 381 599	136

The actual share of participants in the housing construction savings system in the economically active population at the end of 2022 was 26.7%. 2 520 thousand participate in HCS. With the target of 26.3%, 104% of the plan was achieved.

The return on equity at the end of the reporting period was 22.77%, which is a consequence of the receipt of positive retained earnings for the current period at the level of 96 billion tenge with the target of 84 billion tenge.

