

ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS



Kanat Sharlapaev
Chairman of the Board of Directors
Otbasy Bank JSC

DEAR CUSTOMERS AND PARTNERS!

I am pleased to present you the annual report of Otbasy Bank JSC, which discloses the main results of financial activities, as well as operational and social aspects of the bank's work.

Our Bank is the only bank in the country that implements a system of housing construction savings. For 19 years, we have helped Kazakhstanis buy houses at the most affordable prices. This time, 437,059 clients were able to celebrate obtaining of their houses with the help of Otbasy Bank. Taking into account the family rate, 1.6 million people in Kazakhstan have solved their housing problem with this opportunity.

By the end of 2022 there were 2 548 570 deposits in the Bank. Thrifty Kazakhstanis saved more than 2 trillion tenge in deposits.

Every day, about 2,000 new deposits were opened with the help of the bank's employees and remote channels, the owners of which, having saved up for the initial payment, get the opportunity to take a loan from Otbasy bank for the purchase of housing at rates from 3.5 percent to 11.5 percent per annum.

In 2022, 79 872 people took advantage of this opportunity.

The share of participants of the economically active population of the country in the system of housing construction savings is already 27.3%. This indicator once again confirms the fact that Kazakhstan is actively developing a culture of accumulation among citizens.

Fulfilling its social function, the Bank actively continues to implement the state program «Nurly zher». In total, 12,437 Kazakhstani families were granted preferential loans within the framework of its directions - «Baqytty otbasy» and «Shanyrak».

In the meantime, Otbasy Bank maintained the lowest level of NPL (loans with a delay of more than 90

days. During the reporting period, this indicator was 0.08%, with the average banking level of 3.68%.

In 2022, Moody's Investors Service confirmed the long-term rating on deposits in the national currency of Otbasy Bank at the level of «Baa2». The rating outlook is «stable». Fitch Ratings also affirmed Otbasy Bank's long-term issuer default rating in local currency at «BBB». The rating outlook is «stable». The Bank's ratings were at the country level.

Another important financial indicator of the Bank's operations is the revenue generated in 2022. It reached a record value for the entire history of the financial institution.

In general, the past year for Otbasy Bank was marked by a number of significant digital transformations aimed at improving processes and services to provide high-quality service to its depositors.

We will continue to introduce new and more complex digital tasks so that even more Kazakhstanis in need of housing can solve their housing problems.

Sincerely,
Kanat Sharlapaev

Were able to celebrate the housewarming

437 059

customers

ADDRESS OF THE CHAIRMAN OF THE MANAGEMENT BOARD

Moody's rating

Baa2



Lyazzat Ibragimova
Chairman of the Management Board
Otbasy Bank JSC

DEAR CUSTOMERS AND PARTNERS!

In 2022, 79,872 clients of Otbasy Bank celebrated housewarming. All of them utilized the housing construction savings system and, under favorable conditions, were able to acquire their own homes.

Another 618,422 new clients entrusted their savings to us and opened deposits at Otbasy Bank.

By the end of 2022, Otbasy Bank had a total of 2,548,570 savings accounts with a combined savings amount of 2.1 trillion tenge. The holders of these deposits will be able to purchase their own houses or apartments in the coming years by obtaining loans at affordable interest rates.

To maintain the main principle of the housing construction savings system, which is the balance between savings accumulation and loan disbursement, and to strengthen the foundations of the savings culture, we started applying differentiated interest rates to intermediate loans starting from October 2022. Depending on the value of the assessment indicator and the accumulation period, the interest rates for intermediate loans now range from 7% to 11.5% per annum.

The number of bank clients increases annually, so we are continuously working on the digitization of banking processes and transitioning them online. During 2022, our clients conducted 3.4 million operations through online channels. As a logical consequence, the number of visits to offline branches of Otbasy Bank decreased. The share of transactions conducted through remote service channels accounted for 72%, which, in turn, reduced the load on offline service channels.

We were among the first banking institutions in the country to implement Blockchain technology. With its help, our bank's clients can now remotely register a collateral agreement or release the collateral from encumbrance in case of early loan repayment in just a few minutes. To date, Blockchain has saved more than 780,000 hours for our clients, allowing them to access in-demand services remotely. This option was utilized by 34,277 people.

New technologies have helped us launch the Online Rental Subsidies Program within a short period of time. At the request of the President of the country, Kassym-Jomart Tokayev, Otbasy Bank was appointed as the operator of this project. For the convenience of citizens, the application process, verification for program eligibility, conclusion of contracts with landlords, and receipt of the entitled subsidy amounting to 50% of the rental cost, are all carried out on the digital platform otbasybank.kz. In 2022, 38,847 applications were processed.

The otbasybank.kz platform also allows for online mortgage applications. This service is available for those who want to purchase primary or secondary housing in the commercial market. 2,040 bank clients were able to obtain credit remotely.

Another highly popular request from our clients in 2022 was the application for deposit compensation. We made efforts to implement this option in the simplest and most convenient way possible. Otbasy Bank clients could submit compensation applications through the otbasybank.kz portal, mobile application, or by calling the number 300. This allowed for an even distribution of workload and reduced technical risks on the bank's systems. The bank also addressed the issue of compensation applications for our youngest clients - we implemented the option for consultants to visit homes to assist with the application process. Our agents also visited orphanages to collect applications from underage wards.

As a result, in 2022, 860,166 compensation applications were submitted, with a total amount of 116 billion tenge.

In 2022, Otbasy Bank became one of the founders and members of the ESG Club in Kazakhstan.

ESG principles are ingrained in our bank's mission. It is very simple - providing Kazakhstani families with their own homes and strengthening the sense of homeland. Otbasy Bank, implementing the principles of sustainable development, works with various categories of citizens, including those with very low incomes and no down payment for loans. At the same time, we help them acquire housing

under preferential conditions. Within the programs «Baqytty otbasy», «Shanyrak», «Nurly zher», 12,437 Kazakhstani families have celebrated housewarming.

Furthermore, the Bank promotes gender equality. We were the first in Central Asia to launch the women's credit program «Umai». Thanks to this program, 1,374 women in Kazakhstan were able to purchase affordable housing in 2022.

This year has been a breakthrough in launching youth housing programs in the regions. They have provided opportunities for young teachers, doctors, journalists, cultural and sports workers, social workers, employees of communal enterprises, police departments, and emergency services to access affordable loans for home purchases.

The total budget of local administrations and Otbasy Bank for the implementation of regional housing programs amounted to 64 billion tenge. In 2022, youth housing programs were launched in the Almaty, Atyrau, Karaganda, Kostanay, Zhambyl, West Kazakhstan, Aktobe, Zhetysay, and Abai regions.

Under the program «Zhana baspana» - formerly known as «Askeri baspana» - 2,400 defenders of the Homeland celebrated their housewarming.

In the final days of December 2022, Otbasy Bank announced the launch of «Green Mortgages» in Kazakhstan. From this moment, Kazakhstani citizens can obtain loans to purchase apartments in energy-efficient residential complexes built according to «green standards» and certified by OMIR, GOST R, BREEAM, and LEED.

In the coming year, we will continue to digitize banking processes, improve customer service, so that our clients can quickly and efficiently access all necessary services.

Best wishes,
Lyazzat Ibragimova