



# Address of the Chairman of the Board of Directors



## Dear colleagues, partners and customers!

I am pleased to present you the annual report of Otbas 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. This year we celebrated the 20th anniversary of the Bank. This is how long we have been helping Kazakhstanis to buy houses at the most affordable prices. During this time, 501,837 customers were able to celebrate obtaining of their houses with the help of Otbas Bank.

By the end of 2023, there were 2,761,109 deposits in the Bank. Thrifty Kazakhstanis saved KZT 2,362,586 in deposits.

Every day with the help of the Bank's employees and remote channels opened about 1,900 new deposits, the owners of which, having saved for a down payment, can take a housing loan in Otbas Bank at rates from 3.5% to 10% p.a. (EAR is from 3.6%).

In 2023, 64,778 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 has increased markedly and already amounts to 29%. This indicator once again confirms the fact that Kazakhstan is actively developing a culture of savings among citizens.

Fulfilling its social function, the Bank started implementing the 2023–2029 Housing and Utility Infrastructure Development Concept. Within its framework, 7,294 Kazakh families purchased their own housing, including large families and families raising children with disabilities, persons with disabilities of groups 1 and 2, and orphans.

Otbas Bank has maintained the lowest level of NPL (loans with 90+ days past due). During the reporting period, this indicator was 0.08% against the bank average of 2.89%.

In 2023, Moody's Investors Service confirmed Otbas Bank's long-term local currency deposit rating at 'Baa2'. The rating outlook was changed from 'Stable' to 'Positive'. Also, Fitch Ratings affirmed Otbas Bank's long-term local currency issuer default rating at 'BBB'. The rating outlook is 'Stable'. The Bank's ratings were at the country level.

Another important financial indicator of the Bank's performance is the profit generated for 2023. It has reached a record value for the entire history of the financial institution's activity.

In general, the past year for Otbas Bank was marked by a number of significant digital transformations, launching new products and services to ensure that Kazakhstanis receive quality service and come faster to their main goal – the purchase of their own housing.

The mission in Otbas Bank's 2023 Development Strategy is as follows: Providing homes for Kazakhstani families and enhancing their sense of homeland. This task is successfully fulfilled by the Bank.

It is a sustainable, high-tech, customer-oriented socially significant Bank implementing the principles of the housing construction savings system, actively participating in the implementation of government programs, supporting the development of housing construction to provide housing for the general public. This is the vision of the Bank described in its Strategy, which has been fully implemented.

The Bank will enter 2024 with a new Development Strategy that will facilitate its further growth. This means that there will be new functions, tasks, products, housing programs that will help even more Kazakhstanis in need of housing to solve their housing problem.

*Sincerely,*  
**Ersain Khamitov C**  
*Chairman of the Board of Directors*  
**Otbas Bank JSC**



# Address of the Chairman of the Management Board

## Dear customers and partners!

The mission of Otbas Bank is: Providing homes for Kazakhstani families and enhancing their sense of homeland. For twenty years now, we have been giving the happiness of housewarming to Kazakhstanis. Our Bank is the only one in the entire CIS and the Republic of Kazakhstan that implements a system of housing construction savings. It helps citizens to obtain affordable loans. Since Kazakhstanis actually lend to themselves, the interest rate on such loans is very affordable and ranges from 3.5% to 10% (EAR is from 3.6%).

We are glad that for 20 years of its operation, the Bank has taught Kazakhstani a valuable quality – savings. This important skill has enabled 501,837 residents to celebrate housewarming. It is important to note that, with the Bank's support, housewarming can also be celebrated by members of socially vulnerable groups in dire need of housing.

Otbasy Bank lends to them at preferential rates of 2% and 5% p.a. (EAR is from 2%).

Today, we are the only Bank that is closely involved in supporting such categories of people on the waiting list as orphans and children without parental care, large families, families raising children with disabilities, persons with disabilities of the first and second groups. In 2023, as part of the government program, we helped 7,294 Kazakhstani families to solve their housing problem.

The main criterion for the Bank's development is the size of its assets. In 2023, Otbasy Bank ranks fourth in terms of equity and fourth in terms of assets. At the same time, Otbasy Bank has the lowest level of overdue loans. To assess this indicator, the NPL indicator is used globally – it is the amount of loan portfolio volume with overdue debts that are more than 90 days overdue. In our Bank, NPL is 0.08%, which is many times less than in the banking system as a whole, where this share is 2.89%. This indicator shows the high responsibility of our borrowers. It also allows the Bank to receive a stable net profit, which

has been growing for the last few years and at the end of 12 months of 2023 it reached KZT 148 billion.

The share of Otbasy Bank in long-term deposits is 36%.

And our biggest achievement is that the average age of a depositor is 35 years. That is, we have managed to achieve trust among young people, so our deposit portfolio is growing.

By the end of 2023, the Bank has 2,761,109 savings accounts where depositors are saving for future housing. During 2023, 486,265 new deposits were opened. That is, an average of 1,900 people opened accounts every day.

In 2023, Otbasy Bank became a trusted agent of the With a Diploma to the Village program, which shows the Government's confidence in us. The Bank has digitized the program and almost the entire loan process is now online.

This has made the process more transparent, reduced bureaucracy and increased the speed of obtaining loans. Previously it took 18 days, now the process has been reduced to 8 days.

With a Diploma to the Village loans are issued at the rate of 0.01% (EAR is from 0.01%). In the current year, the Bank issued 3,416 loans for KZT 17.4 billion.

In 2023, Otbasy Bank in Tbilisi was named gender champion among 11 countries participating in the Central Asia Regional Economic Cooperation (CAREC) program. The award was given for actively promoting gender equality in the country and implementing the Umai program. This is a joint project of Otbasy Bank and the Asian Development Bank. Over the three years of the project, which ended in 2023, 3,659 Kazakhstani women celebrated housewarming.

This year, we continued to support young Kazakhstani men and women. It is more difficult for them to save for a down payment, as they are just starting their careers and have recently graduated from universities.



Therefore, together with Akimats of Cities and Regions, we are implementing a special housing program for young people.

The down payment under the program is 10% and the interest rate is from 5% p.a. (EAR is from 5.2%).

Projects to support young Kazakhstanis in 2023 were launched in Karaganda, Abay, Zhetysu, Zhambyl, Kostanay, Mangistau, Pavlodar, Kyzylorda and Ulytau Regions, in Almaty and Astana Cities, and in Aksu and Temirtau Monotowns.

The budget of the programs with local executive bodies amounted to KZT 35 billion. This helped 1,854 young Kazakhstanis celebrate housewarming.

In 2023, the Bank continued to apply differentiated interest rates in order to comply with the principles of the housing savings system and strengthen the foundation of the savings culture. Their corridor for bridging loans was reduced to 6% to 10% (EAR is from 6.2%). The loan rate depends on the period of savings on the deposit and the frequency of its replenishment. These are the rules for the implementation of the housing construction savings system.

The Bank launched a new product – Tabysty tariff program – for those customers who were aimed at obtaining maximum income and its increase. This is an alternative to the Baspana deposit already operating in the Bank.

The interest rate on the new deposit is 5.5% (EAR is up to 17.1%). The minimum term of savings accumulation is at least 3 years. Another advantage, the most important one, is that customers of Otbasy Bank can eventually take a housing loan at the rate of 8.5% p.a. (EAR is from 8.8%). The housing loan will be granted for up to 5 years. The minimum contractual amount on the Tabysty deposit is KZT 6 million.

During 2023, the Bank actively introduced new tools and continued to move the Bank's services online. Our customers performed 3,3 million transactions via remote channels. A total of 77.4% of Otbasy Bank's services can already be received without coming to Branches.

In 2023, the Bank became an authorized operator of one of the key country projects, the National Fund for Children. In 2024, we will continue this work more actively. We will also work to improve our services and products so that our customers can receive all necessary services quickly and efficiently.

***Best regards,  
Lyazzat Ibragimova  
Chairman of the Management Board  
Otbasy Bank JSC***