



1st ASIA-PACIFIC HOUSING CONFERENCE 2022

Making Housing Affordable, Inclusive, and Resilient

8-9 November 2022 | Virtual



“OTBASY BANK” JSC KAZAKHSTAN



November, 2022

HOUSING CONSTRUCTION SAVINGS SYSTEM IN KAZAKHSTAN

REGULATORY FRAMEWORK:

- does not restrict any other banks from entering to the housing construction savings (hereinafter – HCS) system based on their form of ownership;
- provides a guaranteed State incentive bonus paid to HCS deposit account (20% of contributed on deposit amount up to 123K KZT = 263 USD) regardless of the ownership form of the financial institution;
- sets a limit for the spread between interest rates on housing loans and HCS deposits at 3%.

“OTBASY BANK” JSC:

- Is a sole member of HCS system in Kazakhstan.
- Operates since 2003 based on German model of HCS system.
- National Managing Holding "Baiterek" JSC is a sole shareholder since 2013 .
- Provides loans to individuals primarily for house purchasing and construction purposes (whereas international practice is mainly restricted to house remodeling).
- Is an Operator of State-funded residential construction programmes.
- Provides services for **26,1%** of economically active population, or about **2,4 million HCS system participants** as of 01.10.2022.

CORE BUSINESS OF OTBASY BANK:

- Accept HCS deposits, open and maintain deposit accounts for customers;
- Provide housing, preliminary and intermediate housing loans for deposit holders to improve their housing conditions;
- reception of deposits, opening and maintenance of bank saving accounts for capital repair of condominium common property and housing loans;
- opening and maintenance of special accounts for depositing of one-time retirement benefits.

HOUSING CONSTRUCTION SAVINGS SYSTEM ADVANTAGES



MUTUAL HELP

The savers finance themselves, and the Bank is just an operator



INDEPENDENCE

Independence of the system from market fluctuations due to the system self-containment



AFFORDABILITY

Low interest rates on loans



PROFITABILITY

Reward on loans in the form of state-granted premiums
Personal income tax allowances for borrowers



RELIABILITY

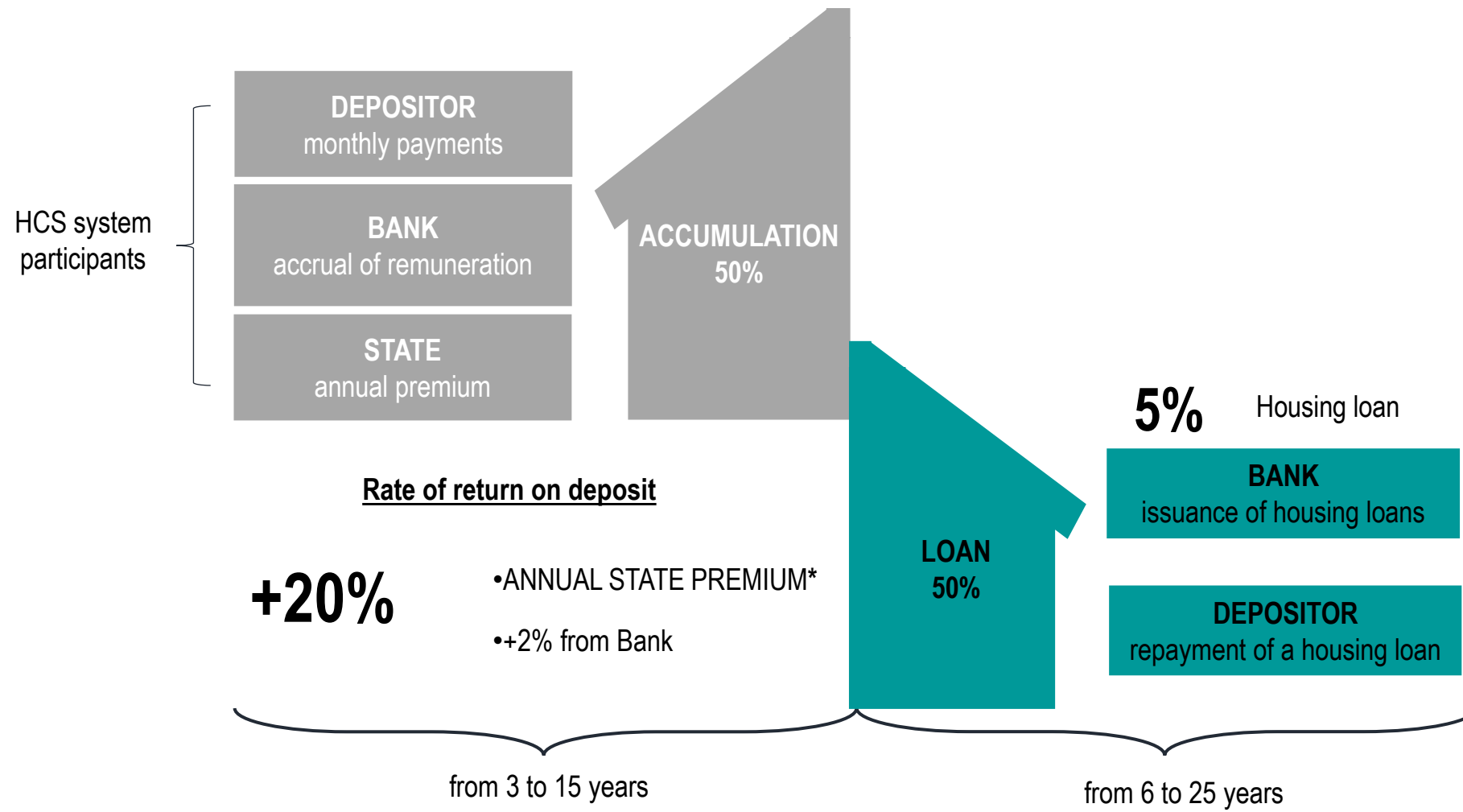
Loans only in the national currency



STABILITY

Fixed interest rates on loans

HOUSING CONSTRUCTION SAVINGS SYSTEM PRINCIPLES



* Accrued on deposit amounts of ≤ 200 of the minimum calculation index

THE BANK OFFERS TO CLIENTS THREE TYPES OF LOANS: HOUSING, INTERIM AND PRELIMINARY LOANS

Housing loan

Loan amount	Loan characteristics	Redemption method	Loan term	Interest rate
The difference between the contract value and the accumulated savings max 100 million tenge (217k USD)	<ul style="list-style-type: none"> - reaching the minimum estimated indicator. - accumulation of housing saving in the amount of not less than 50 % of the contract value. - provision of a security meeting the Bank requirements. - confirmation of the client's ability to pay. 	Annuity or payment of the principal debt in equal shares and return from the declining balance	6 years	3.5 - 5%

Interim loan

Loan amount	Loan characteristics	Redemption method	Loan term	Interest rate
In the amount of 100% of the contract value max 100 million tenge (depending on the estimated indicator value)	<ul style="list-style-type: none"> - accumulation of housing saving in the amount of not less than 50 % of the contract value. - provision of a security meeting the Bank requirements. - confirmation of the client's ability to pay. 	<p>Zhenil 1: Redemption with deferred payment of the principal debt of not over 3 years. Upon expiration of the deferment period: annuity or payment of the principal debt in equal shares and return from the declining balance.</p> <p>Zhenil 2: Redemption of 50% of the principal debt on the temporary loan (composite interest, payment of the principal debt in equal shares and return from the declining balance) before transition to the housing loan</p> <p>Standard: Annuity or payment of the principal debt in equal shares and return from the declining balance.</p>	<p>Zhenil: max 9 years.</p> <p>Zhenil 2: max 25 years.</p> <p>Standard: max 25 years</p>	7 – 10.5% (state enterprises 2-5%, the military - 6%)

Preliminary loan

Loan amount	Loan characteristics	Redemption method	Loan term	Interest rate
In the amount of 100% of the contract value max 50 million tenge	<ul style="list-style-type: none"> - accumulation of housing saving in the amount of 0% to 50% of the contract value. - provision of a security meeting the Bank requirements. - confirmation of the client's ability to pay. 	With deferred payment of the principal debt till transition to the housing loan	15 years	7 – 13.5% (state enterprises and regional programs 2-5%)

GEOGRAPHIC REACH

THE BANK'S POSITIONS IN THE MARKET

MISSION

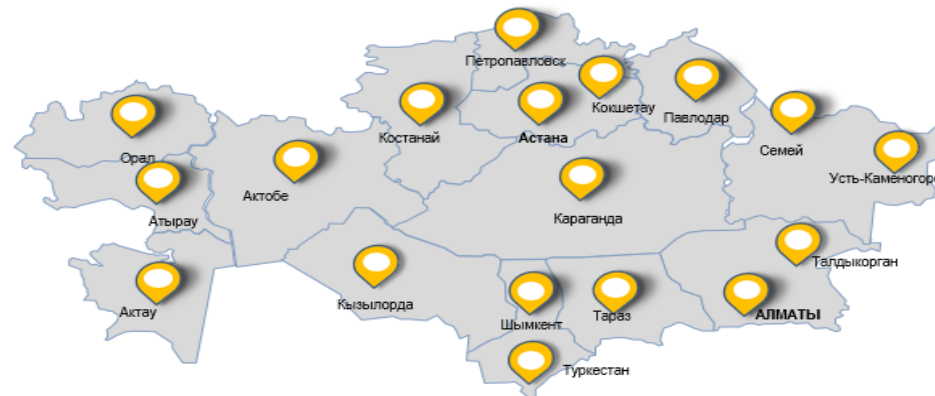
Providing Kazakhstani families with their own housing and strengthening the sense of the Motherland

STRATEGIC VISION

In 2023 we shall be a stable, high-tech, customer-oriented, socially significant financial institution that implements the principles of housing construction savings system and actively participates in the implementation of State programmes, and supports the development of housing construction to provide housing to general population.

BEST RATINGS AMONG THE BANKS

		Moody's	Fitch Ratings
Sovereign rating		Baa2	BBB
the Bank's rating		Baa2	BBB



- 1 439 NUMBER OF PERSONNEL
- 18 BRANCHES
- 20 SERVICE CENTERS
- 1 253* CONSULTANT AGENTS
- 137 CONSULTING CENTERS
- 3 POINTS OF SERVICE

* Not including partners

Assets

3.2

Trillion tenge

it makes 8% of all assets (41.7 trillion tenge) of second-tier banks of Kazakhstan

4 place in assets size among 21 second-tier banks

Owned capital

421

billion tenge

it makes 8% of the total owned capital (5 billion tenge) of second-tier banks of Kazakhstan

4 place in equity size among 21 second-tier banks

Deposit portfolio

2

trillion tenge

it makes 46% of all long-term deposits (4.3 trillion tenge) of second-tier banks of Kazakhstan

1 place in long-term deposits among 21 second-tier banks

Loan portfolio

2.7

trillion tenge

it makes 58% of the total mortgage portfolio (4.7 trillion tenge) of second-tier banks of Kazakhstan and mortgage companies

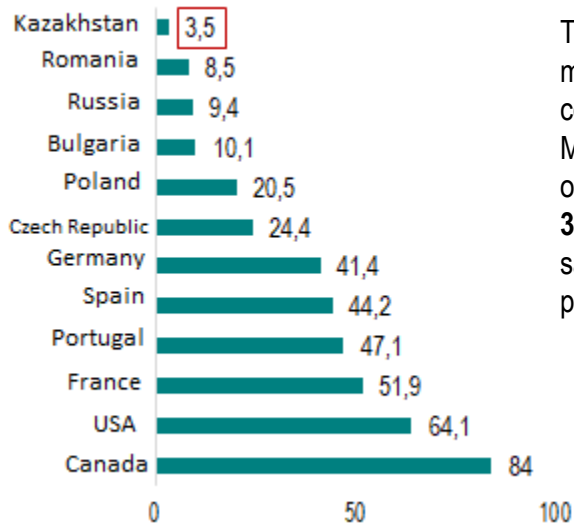
1 place in the mortgage portfolio size among second-tier banks and mortgage companies

PUBLIC MORTGAGE LOANS

THE OFFER OF HOUSING IN THE MARKET IS INCREASING.

THE DEMAND FOR HOUSING IS HIGH.

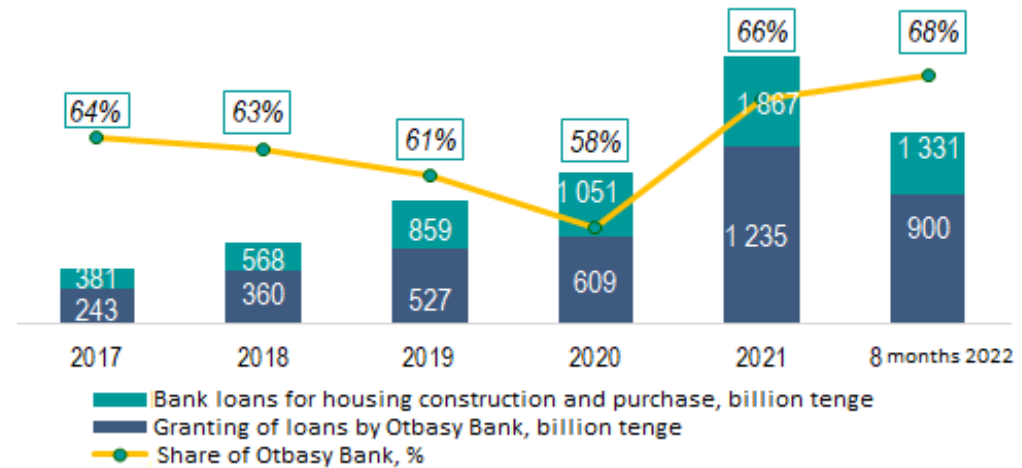
Mortgage share in the GDP as of January 1st 2021, %



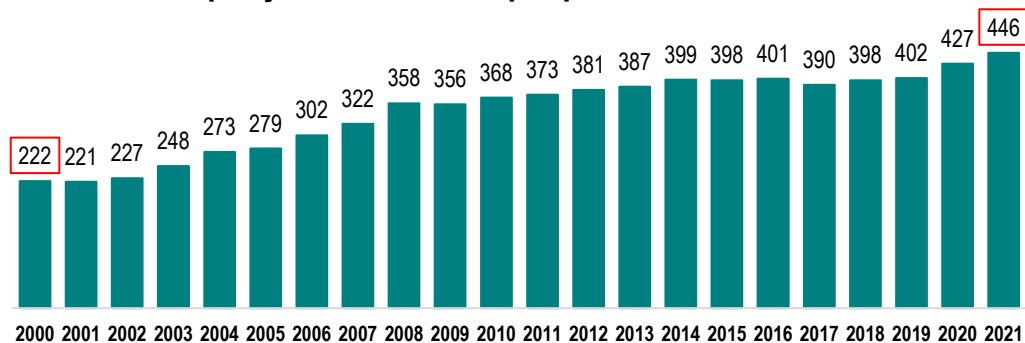
The Kazakhstan people take little mortgage loans in comparison to the countries of Europe and North America. Mortgage portfolio in second-tier banks as of January 1st 2021 is 2.5 trillion tenge or **3.5%** of the GDP of Kazakhstan. At the same time, the share of mortgage loan portfolio of Oтbasy Bank is **1.9%**.

Source: report «Survey of the housing, housing development, and mortgage market 2020» <https://nom.pф>
Calculations by Oтbasy Bank

Volume of loans for housing purchase and construction for the period (billion tenge)



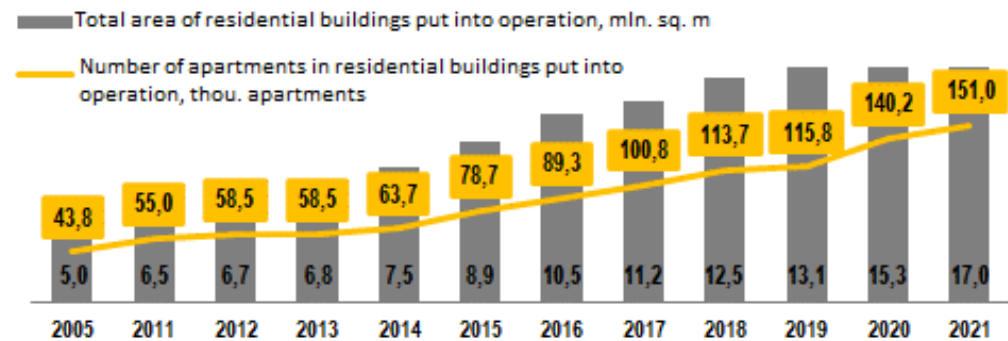
Birth rate per years, thousand people



The housing deficit can increase, taking into account the birth rate growth since 2000:

- Yearly birth rate since 2000 has increased from 222k children to 446k children
- In the 2020-ies, annually 110-160k new families will increase the demand for housing.

Total area of housing put into operation, mln. sq. m.



Provision of the population with housing as of the end of 2021 is 23 sq. m. per one person.

For 9 months of 2022, the total area of residential buildings put into operation is 10.5 million sq. m (out of which 88.3 thousand apartments of total area 5.7 million sq. m. and 27.4 thousand individual residential houses of total area 4.7 million sq. m.)

THE BANK'S PROGRAMS



State-run program “Nurly Zher”:

- **Bakytty otbasy** – 15 thousand loans granted for the amount of 158 billion tenge;
- **Shanyrak** –17 thousand loans granted for the amount of 217 billion tenge;
- **Social credit housing** –22 thousand loans granted for the amount of 193 billion tenge.



Regional programs with local executive bodies :

- **Almaty zhastary** –2,6 thousand loans granted for the amount of 39 billion tenge;
- **Bakytty otbasy** –339 thousand loans granted for the amount of 5 billion tenge;
- **Yelorda zhastary** –121 thousand loans granted for the amount of 2 billion tenge.



Mortgage loan for women “Umay”

- 2 thousand loans granted for the amount of 22 billion tenge.



Program for the militaries

- 13.6 thousand loans granted for the amount of 265 billion tenge.



“Corporative” Program

- 236 thousand loans granted for the amount of 3 billion tenge.



Market programs

- 119 thousand loans granted for the amount of 886 billion tenge.

CUSTOMER PORTRAIT

THE MAIN GOAL OF THE LOAN IS THE HOUSING ACQUISITION



2 354 172
depositors¹

AVERAGE MONTHLY CUSTOMER INCOME (KZT):

Housing loan – 235 thousand

Temporary loan – 471 thousand

Advance loan – 202 thousand

AVERAGE MONTHLY LOAN PAYMENT :

Housing loan – 82 thousand

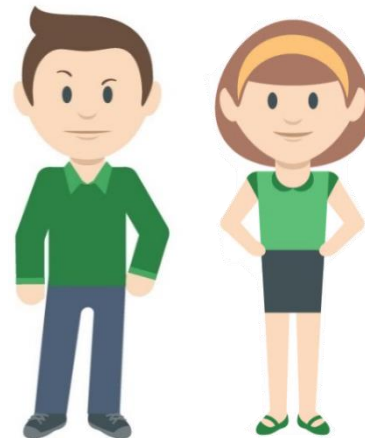
Temporary loan – 143 thousand

Advance loan² – 58 thousand

of them improved living conditions

average age of a saver – 35 years

average age of a borrower – 41 years



number of male savers – 975 993

number of female savers – 1 378 179

Share of male savers – 41.5%

Share of female savers – 58.5%

418 384

number of granted loans
exclusive of transitions

Loans

92,6% purchase of housing

4,3% repair of housing

1% construction

0,4% purchase of a land plot

for 2022

61 197 loans, of which

29,2% primary housing
67,0% secondary housing

for 2021

82 252 loans, of which

33,2% primary housing
64,1% secondary housing



For 2021-2022, the average loan term is – 13.7 years:

- housing loan – 6.6 years
- temporary loan – 17.9 years
- advance loan – 7.5 years

For 2021-2022, the average amount of granted loans is 15 824 thousand KZT:

- Market loans – 17 342 thousand KZT
- housing loan – 6 725 thousand KZT
- temporary loan – 18 999 thousand KZT
- advance loan – 12 867 thousand KZT

¹ Ongoing HCS contracts – 2 446 357

² Exclusive of deposit contributions