



**Ipoteka Bank: becoming a leading financial services provider in Uzbekistan**

# Ipoteka Bank's "strategy on a page"

## Key macro considerations:

- 1 Capture **2-3-year window** before other state-owned banks are privatized and competition further intensifies
- 2 Ensure **self-funded** growing business
- 3 Deliver clear strategic **response to payments fintech**
- 4 Create a focused strategy to **manage execution complexity**



**5-year ambition**



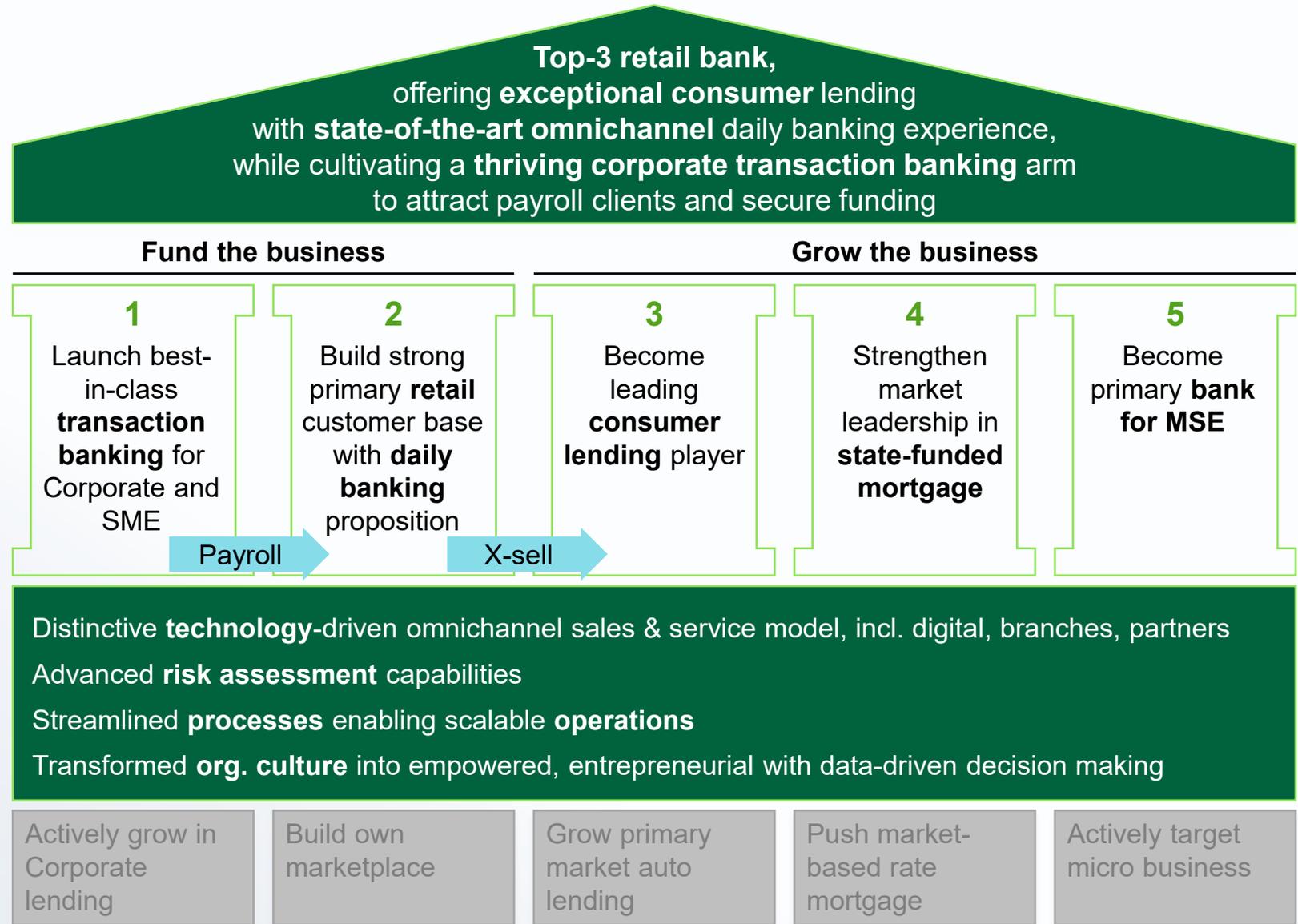
**Strategic growth priorities**



**Enablers**



**Deprioritized for strategic bets**



# Retail banking strategy



## Daily banking



### Build a strong daily banking proposition

- Provide the mobile **banking and payments experience** comparable to Click/Payme, supported by efficient **branch** network and unmatched **cards** offering backed by product bundles
- Attract **payroll** clients through a compelling "bank at work" offering, and convert consumer lending clients into daily banking customers
- Target key segments with tailored products, especially **youth**

## Consumer loans



### Become leading consumer lending player

- Increase **2x** market share to 20-25% and **~4x # of customers to ~1mn**
- Serve all customer segments online and offline: all officially employed and unofficially employed
- Proactively reach out to ETB with pre-approved microloan amount
- Ensure seamless digital customer journey

### Strong omnichannel BNPL player

- Build network of **~500 merchant partners** in selected segments
- Launch installment card allowing for multiple BNPL purchases
- Cross-sell other Ipoteka products

## Mortgage



### Secure leadership in state-funded mortgage business

- **Maintain market share** at current level and expand partner network
- Launch real estate search engine, capitalizing on the advantages offered by the OTP ecosystem

## Car loans



### Strong player on secondary car loans market

- Gain 2-3 position in car loans market after Kapital Bank, focusing on 2ndary market
- Focus on clients **with official income** first, and, after strong risk assessment and collection practices built, expand to ones without official income
- Allow online application, scoring and branch selection for contract signing
- Build fast and easy disbursement process within 1-2 hours

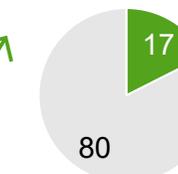
Market position

1H '23 2028

#7-10



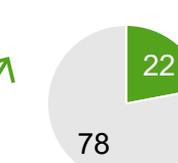
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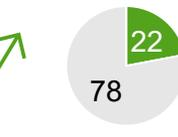
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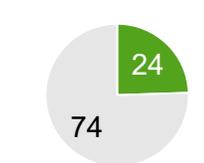
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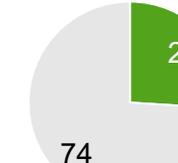
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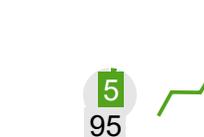
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#1



#8



#2-3



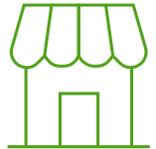
- XX% LDR 2023 H1<sup>2</sup>
- XX% LDR 2025
- XX% LDR 2028

# MSE strategy: repositioning Ipoteka to become a large daily banking provider for MSEs

## MSE vision



Become a leading **primary bank for MSE** to secure inflow of MSE customers and their turnovers to generate **cheap funding** for the bank, leading to **decreasing L/D ratio**...



...by targeting **small businesses**<sup>1</sup>, but passively acquiring microbusiness<sup>1</sup>, through...



... active (and repositioned) Go-to-Market strategy with **transparent packages, adjusted incentives/targets** and **advanced digital channels** to actively attract new customers...

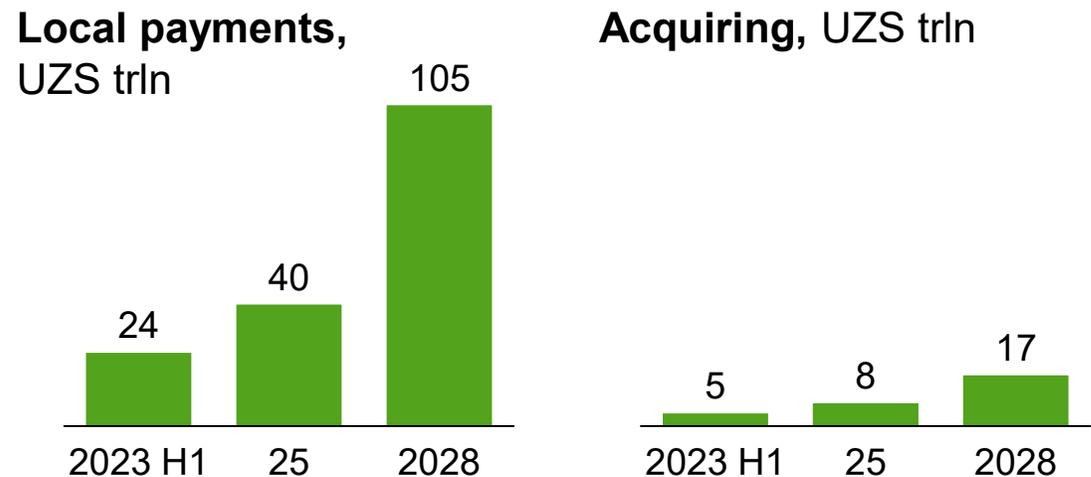
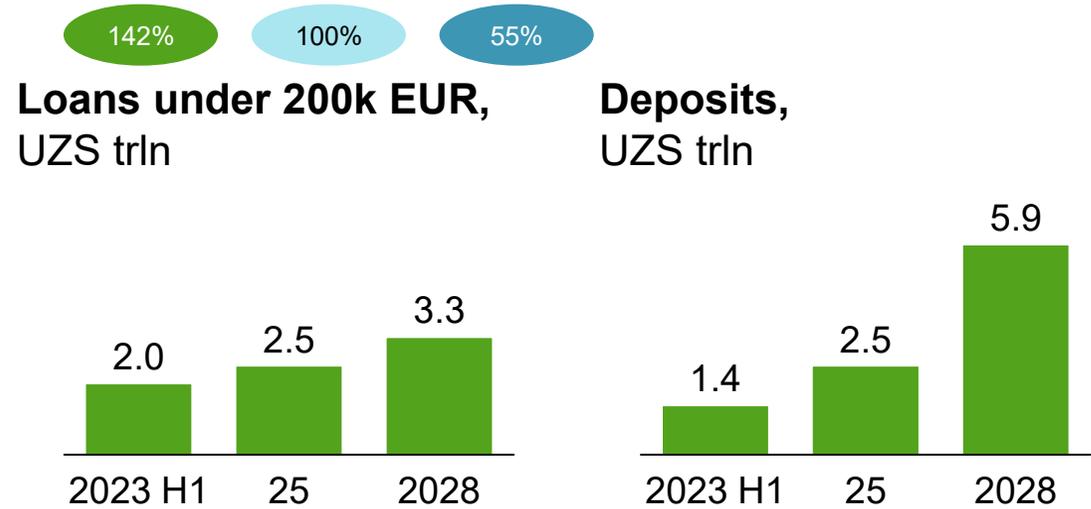


...and securing leading Ipoteka's position in **acquiring** to deepen relationships (and grow fee income)...



...and being **thoughtful lender** with optimized pricing (~29% to ensure NPV-positive lending) and credit risk assessment, offering a streamlined process<sup>3</sup>

## MSE ambition



1. Small business: 1-10 UZS bn annual turnover; Micro business: <1 UZS bn annual turnover. MSE segment definition will also include ticket size criterion (below EUR 200k (in line with Group-wide definition) – final segmentation rules under finalization  
 2. Based on loans of <200k EUR  
 3. The MSE lending offering will focus on a suite of J-USBP loans

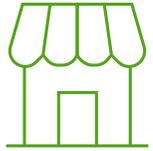
# Corporate segment: becoming the leading transaction banking bank on the market



## Corporate vision



Build the **best Corporate bank** with special focus on **transaction banking** solutions to secure funding from clients' deposits to support rapidly growing retail lending and priority legal entities...



...with special **focus on internationally owned** companies (and **domestic** ones **without** substantial **lending activity**)...



...leveraging **digital product offering** catered to every client need...



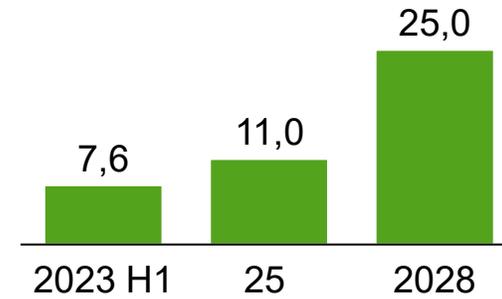
...enhancing **service model** to enable best **coverage and capabilities**

*(while there is no leading/outstanding transaction banking proposition on the market)*

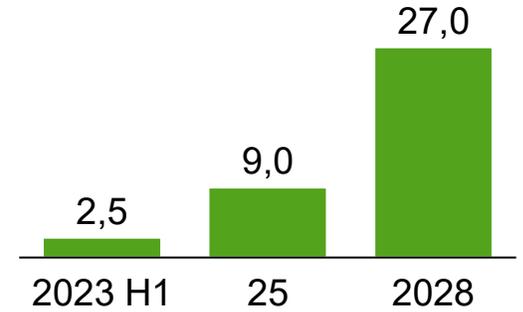
## Corporate ambition

### Large Corporate<sup>1</sup>

Loans, UZS trln

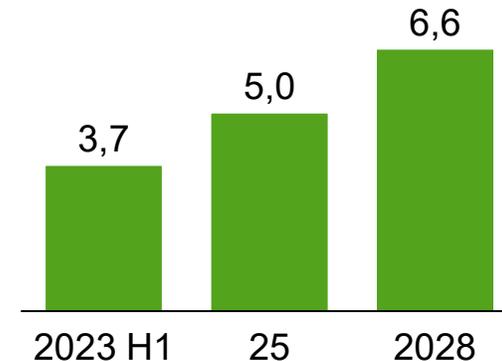


Deposits, UZS trln

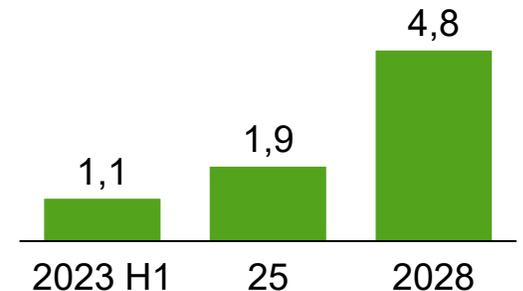


### Mid-Corporate<sup>1</sup>

Loans, UZS trln



Deposits, UZS trln



1. Calculation is based solely on turnover of >10 bn UZS criteria, corporate financial ambition to be re-evaluated based on OTP Group segmentation guidelines

...become the **go-to destination for transactional banking** for retail and corporate in Uzbekistan where cutting edge digital transactional capabilities converge effortlessly with our financial products.

... at our core we are offering our customers unmatched **convenience, security and efficiency in digital transactions** with seamless **integration** with our comprehensive suite of market leading banking services, catering the selected segments and products

We define **two lanes of priorities** and action areas:

## Continous and high speed service delivery via improving existing capabilities

1. IT Security & compliance requirements
2. Horizon 1-2 business requirements
3. HQ reporting database
4. Internal card processing

## Build transformative digital capabilities *(detailed next)*

1. New core system that enables smooth integration of services and further acquisitions
2. Data center & infrastructure modernization
3. Data management
4. Omnichannel customer sales, origination & service
5. Seamless loan origination and scoring

## Action areas:

- IT Organization & human capabilities foundations
  - Strengthen vendor management and partnership
  - Stabilization of the legacy systems support and service delivery
  - Meet short & mid term business goals
- 
- Align transformative digital capabilities to business aspirations
  - Establish delivery capabilities to execute the transformation
  - Feasibility & planning
  - Implement transformative capabilities to continous delivery

# Organizational transformation requires a very comprehensive effort, including 5 overarching initiatives, spanned across several years

Initiative	Horizon 1, 2H 2023	High-level view on initiatives, details to be defined <b>Horizon 2-3, 2024+</b>
 <b>Organizational structure</b>	<ul style="list-style-type: none"> <li>Finalize <b>org structure changes</b> on B-1 level (e.g., Risk, Finance, Corporate, etc.)</li> <li>Review <b>job descriptions in HQ</b>, considering Group standards (e.g., risk, IT, finance)</li> <li>Dedicate separate leadership for key functions</li> </ul>	<ul style="list-style-type: none"> <li>Review <b>job descriptions in Branches</b></li> <li>Reflect back-office centralization in organizational structure</li> </ul>
 <b>Performance management</b>	<ul style="list-style-type: none"> <li>Transform <b>compensation approach</b> across the bank (e.g., shift from variable based to fixed type system)</li> <li>Shift to business <b>KPI culture</b></li> <li>Set up strategic KPIs and <b>cascade</b> down to B-2 level for Ipoteka HQ</li> </ul>	<ul style="list-style-type: none"> <li>Review compensation strategy for critical strategic functions (e.g., IT, Risk)</li> </ul>
 <b>Change management</b> (incl. culture change and internal comms)	<ul style="list-style-type: none"> <li>Establish <b>internal communication</b> strategy and channels (e.g., townhalls, intranet/portal recourses)</li> <li>Craft the <b>change story</b></li> <li>Launch <b>engagement survey</b></li> <li>Launch <b>cultural survey</b> to define employee personas</li> <li>Investigate current <b>cultural gaps</b> and define target state regarding key mindsets and behaviors</li> </ul>	<ul style="list-style-type: none"> <li>Launch organization <b>culture change initiatives</b> (e.g., values workshops and expected behavior workshops)</li> </ul>
 <b>Capability building</b>	<ul style="list-style-type: none"> <li>Define capability gaps and <b>training</b> programs to close the gaps (e.g., top-management skillset, digital literacy)</li> </ul>	<ul style="list-style-type: none"> <li>Launch <b>capability building programs</b> based on defined gaps through online and offline channels</li> <li>Develop a <b>digital knowledge base</b></li> </ul>
 <b>External employer value proposition and recruiting</b>	<ul style="list-style-type: none"> <li>Define required <b>talent gaps</b> and publish vacancies, start recruiting</li> <li>Define peer group for <b>employer branding</b> (e.g., move from state banks to digital) and define <b>recruiting materials</b></li> </ul>	<ul style="list-style-type: none"> <li>Strengthen <b>EVP</b><sup>1</sup> for IT and risk talent</li> <li>Refine an internship program and partnership with universities for targeting required capabilities</li> </ul>

1. Employer value proposition