

Rabitaba



Rabitabank

2008, QIII

Azerbaijan Economy at a glance

Land mass 86,600 sq. km,

Population 8.3 mln

in mln AZN	2003	2004	2005	2006	2007
GDP	7 147	8 530	11 876	17 736	25 228
GDP growth rate		19%	39%	35%	25.00%
State Budget	1226	1481	2055	3594	6 315
Inflation	2,2%	6,7%	9,6%	8,3%	16.70%
Exchange rate 1USD	0,98	0,98	0,95	0,87	0.85

Banking Sector at a glance

Number of credit organizations: 142

Number of banks: 46

Number of state banks: 1 (market share of state bank assets 41%, as of QIII 2008)

in mln AZN	2004	2005	2006	2007	QIII 2008
Assets	1 663	2 252	3 778	6 725.7	9 913,8
Credits	989,5	1 440,9	2 362,7	4 681.2	6 304,3
Deposits	1 025,0	1 294,0	2 129,2	3 190.0	4 019,9
Saving deposits	615,0	772,0	1 047,0	1 977.0	1 230,7
Net profit (after taxes)	31,03	42,7	49,1	129,1	167,3
Average rate on deposits	8,2%	9,6%	11,0%	12.7%	12,31%
Average rate on credits	17,3%	16,1%	16,8%	18.5%	18,25%

Yield on Government T-Bills: 11.44% (1 year), 11.45% (6 month)

Yield on National Bank short term bonds: 9.45% (28 days maturity)

Rabitabank at a glance

- Rabitabank is a universal commercial bank, providing full range of financial services to its retail and corporate clients;
- Established in 1993, one of the oldest and well reputable banks in Azerbaijan;
- Bank has a network of 18 branches including 6 in city of Baku and over 316 employees;
- Successful history of cooperation with International Financial Institutions since 1997: partner with IFC, EBRD, ICD

Rabitabank Timeline

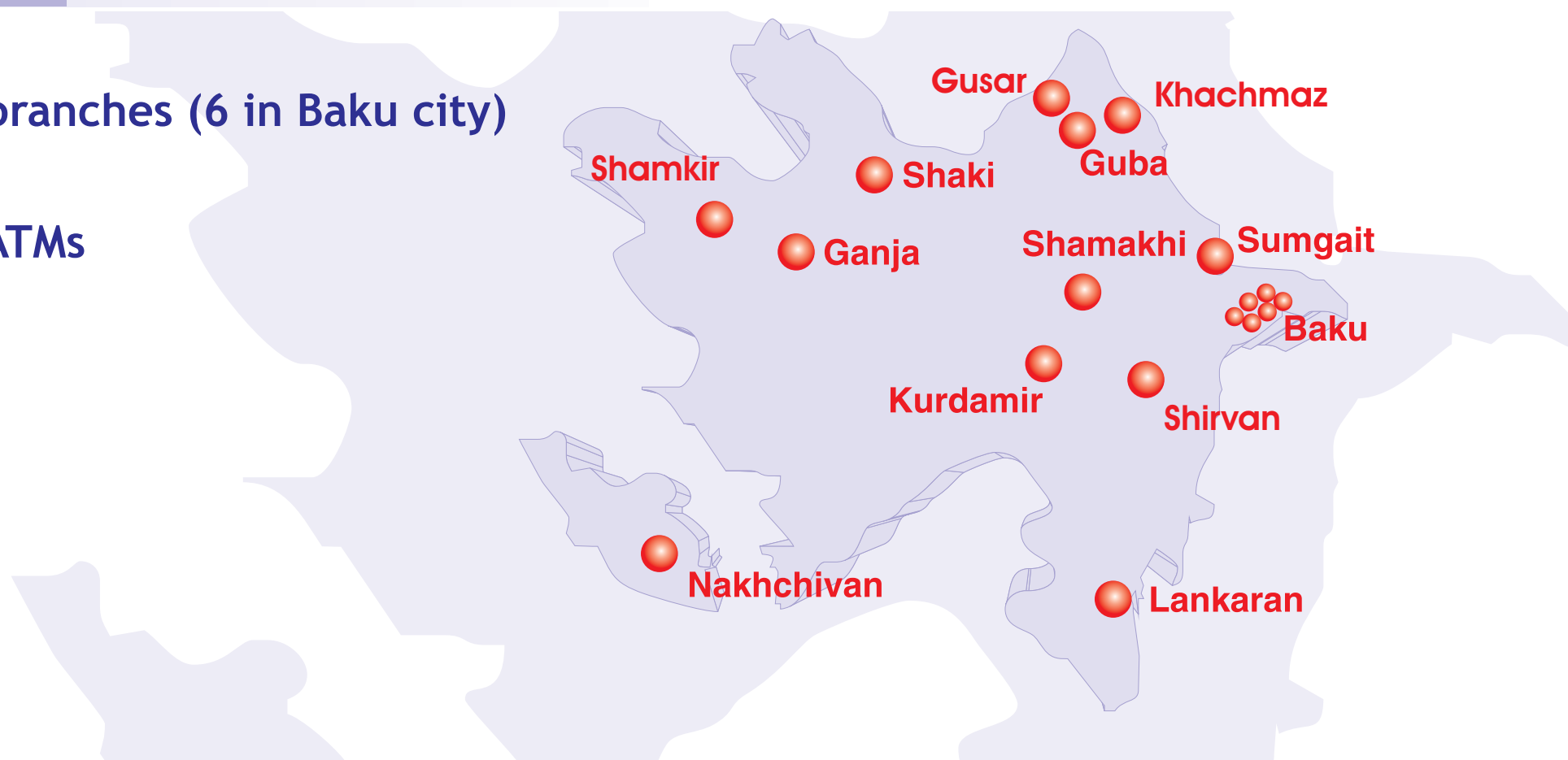
- 1993 - Bank was established
- 1997 - became a member of SWIFT
- 1997 - became a member of Europay International
- 2002 - joined Western Union international money transfer system
- 2004 - signed 1.1mln USD agreement with Islamic Corporation Development Bank for SME financing.
- 2006 - signed an agreement with EBRD for 3 mln. USD credit line for SME financing and microcredit purposes and 1 mln Trade Finance Line.
- 2007 - IFC Board approved 2 mln credit line convertible to shares of the bank.
- 2007 - 3 new branches were opened
- 2007 - issued 5 mln. USD bonds on Latvian market, arranged by Parex Banka
- 2007 - signed 1 mln. USD new credit line agreement with Islamic Corporation for the Development
- 2008 - Became a member or VISA international
- 2008 - US based investment fund World Business Capital extended 5 mln USD long term credit line to the bank.

Annual report of Rabitabank is being done by Deloitte & Touche for the last 5 consecutive years

Branch network

18 branches (6 in Baku city)

21 ATMs



Corporate Banking

Rabotabank provides full scope of financial services including:

- Loans for financing of construction, production and trade
- Corporate saving accounts
- Stock Market broker services
- Payroll services (salary cards)

to over 2000 corporate clients including high profile clientele like

Azercell

Bakcell

AzEvroTel

El Plastic

Alukom

Catel

AzerOilConstruction

Krauz Baku

ABC

Mega City Holding

AzerElectricNetworks

Akhundov Networks

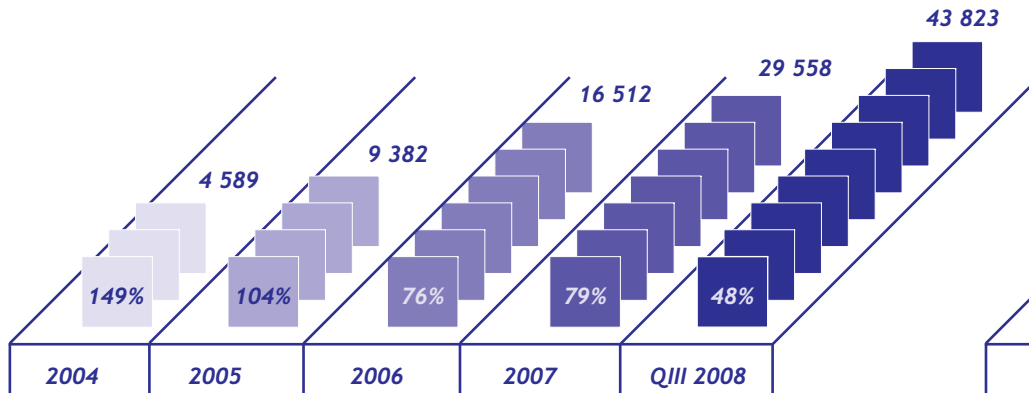
TXI “NJT-2000”

Caspian Service

Akkord

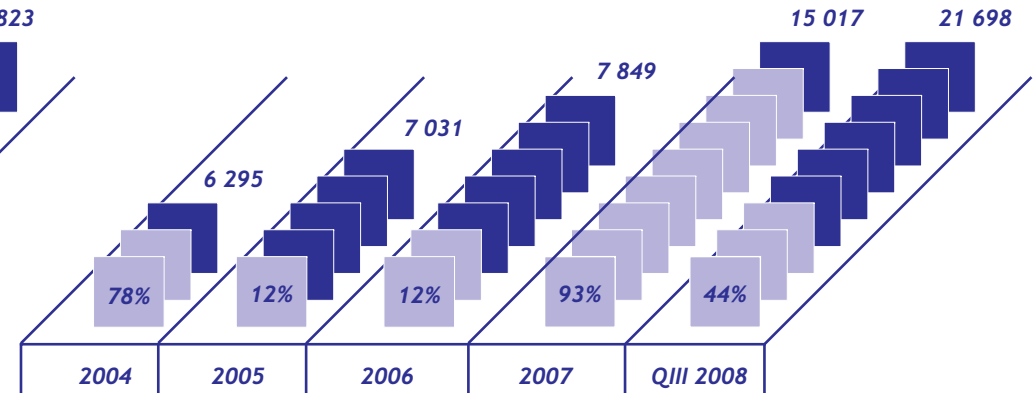
Retail Banking

Number of individual customer accounts



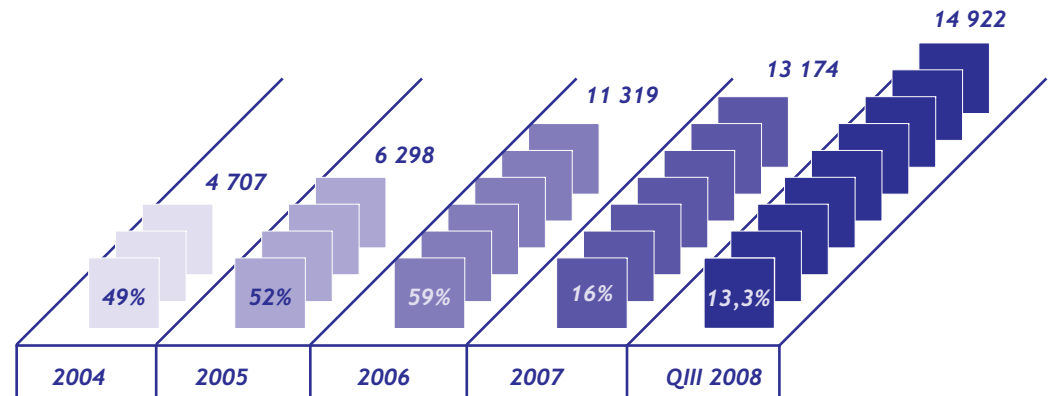
3 067 saving accounts
2 703 debet cards
1 845 credit cards
21 ATMs

Consumer Loans

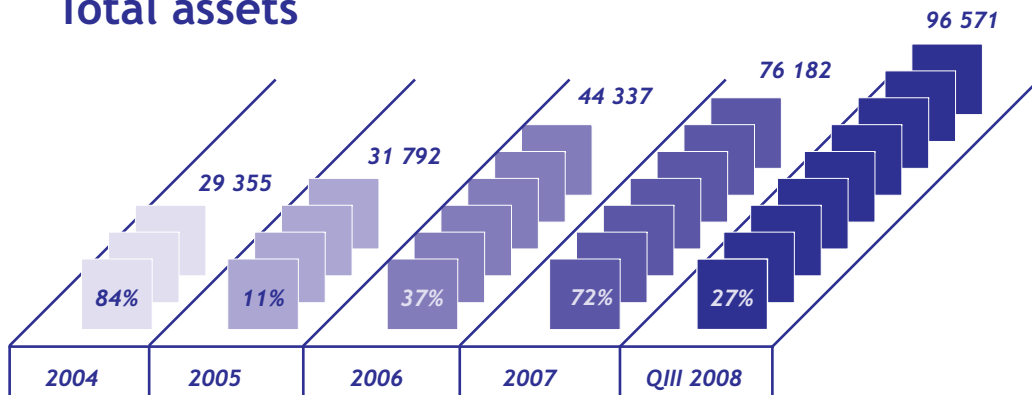


Consumer loans include loans for automobile, furniture and home electronics, as well as personnel needs loans

Assets and Capital



Total assets

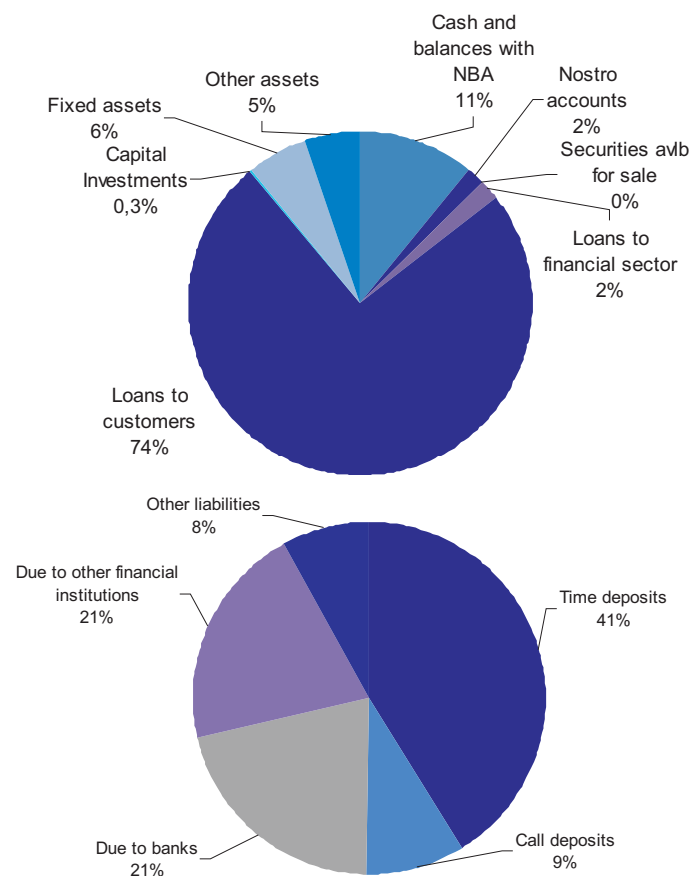


Total capital

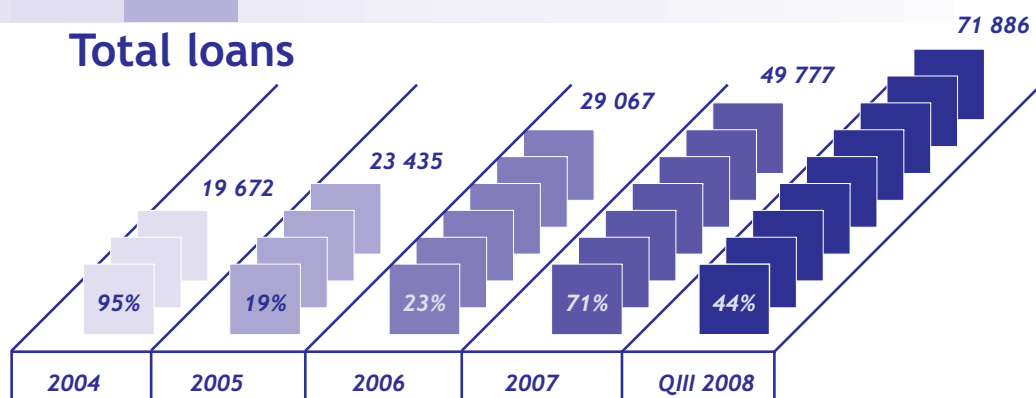
Structure of Assets and Liabilities

Structure of Assets	As of 30.09.08
Cash and balances with NBA	10 469
Nostro accounts	1 706
Securities avlb for sale	-
Loans to financial sector	1 654
Loans to customers	71 886
Capital investment	300
Fixed assets	5 433
Other assets	5 123
Total assets	96 571

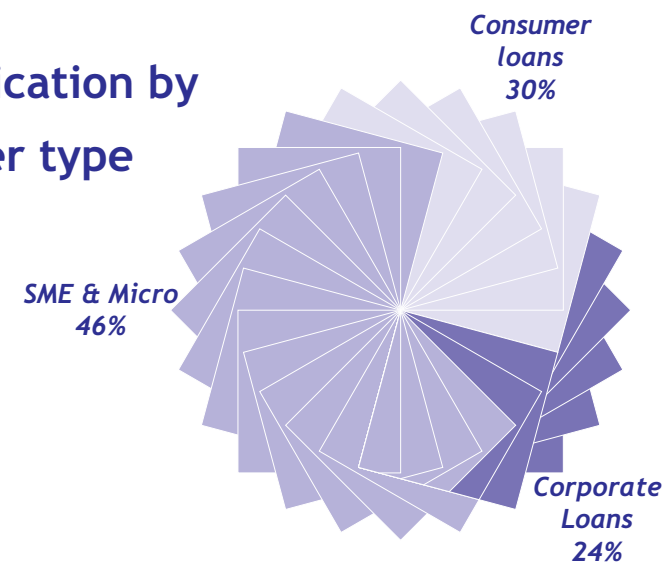
Structure of Liabilities	As of 30.09.08
Time deposits	33 599
Call deposits	7 497
Due to banks	17 118
Due to other financial institutions	16 960
Other liabilities	6 475
	81 649
Capital	14 922
Total Liabilities and Capital	96 571



Credit Portfolio



Diversification by customer type



in thousand AZN	2004	2005	2006	2007	QIII 2008
Total loans	19 672	23 435	29 067	49 777	71 886
Consumer loans	6 295	7 031	7 849	15 017	21 698
SME loans	7 188	8 716	11 163	19 964	33 297
Corporate Loans	6 189	7 688	10 055	14 796	16 891

Credit Portfolio

Industry diversification of loans 2008/QIII

Sector	Amount	%
Production	7 747	10.8%
Agriculture	2 654	3.7%
Construction	3 482	4.8%
Trade	24 151	33.6%
Communication	2 257	3.1%
Consumer credits	21 698	30%
Other Sectors	9 897	13.8%
Total	71 886	100%

Portfolio quality 2008/QIII

Overdue loans	2.5%
10 biggest loans to credit portfolio	21.7%
Related party exposure	2.3%

Lending Partners

IFC



Islamic Development Corporation



EBRD



State Entrepreneur Fund

State Mortgage Fund

Parex Bank

5 mln USD Bond issue in Latvia, arranger



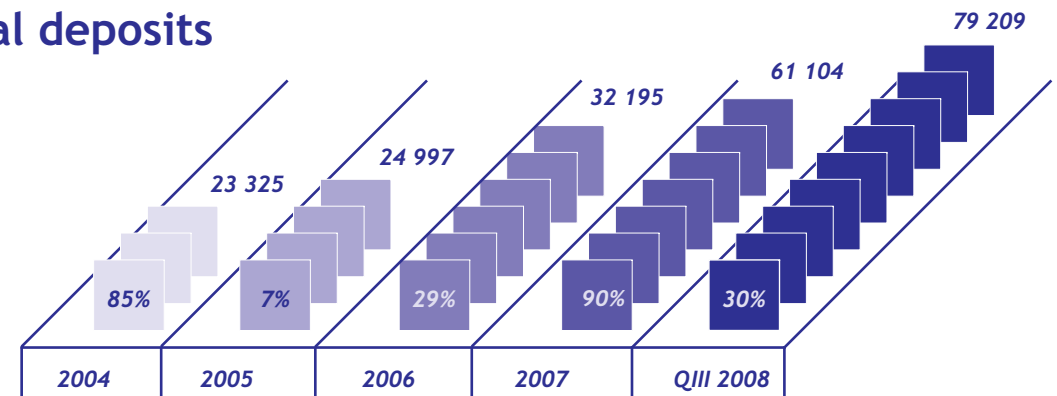
World Business Capital

OPIC supported loan



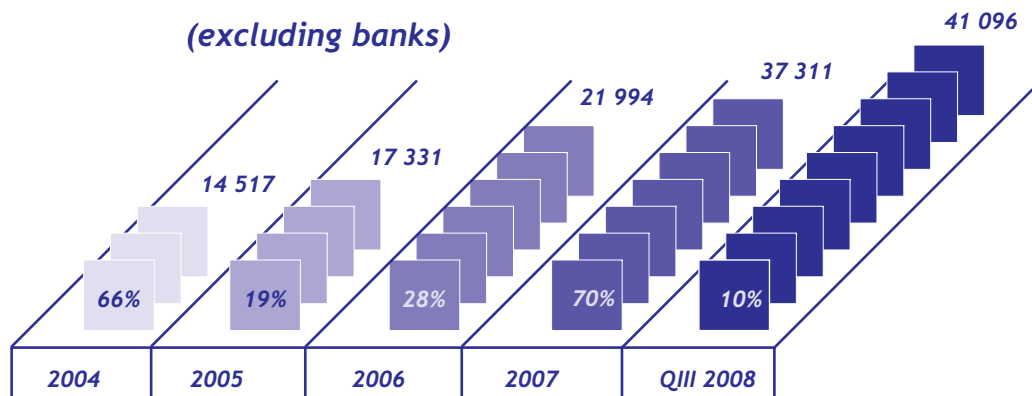
Deposit Portfolio

Total deposits



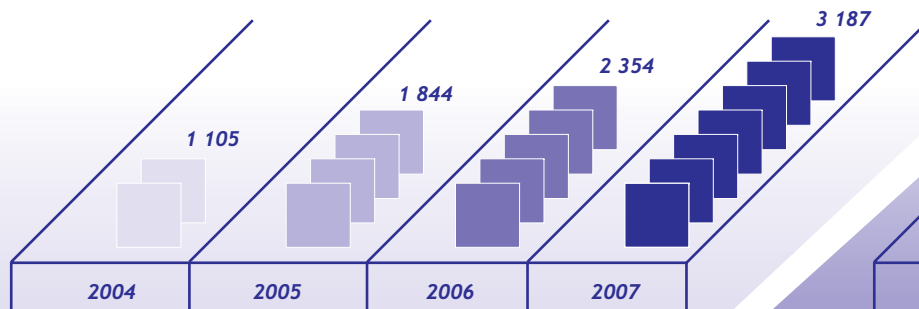
Deposits from customers

(excluding banks)

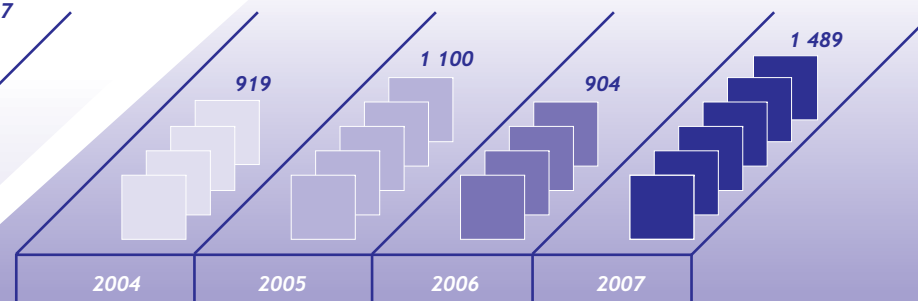


Profitability

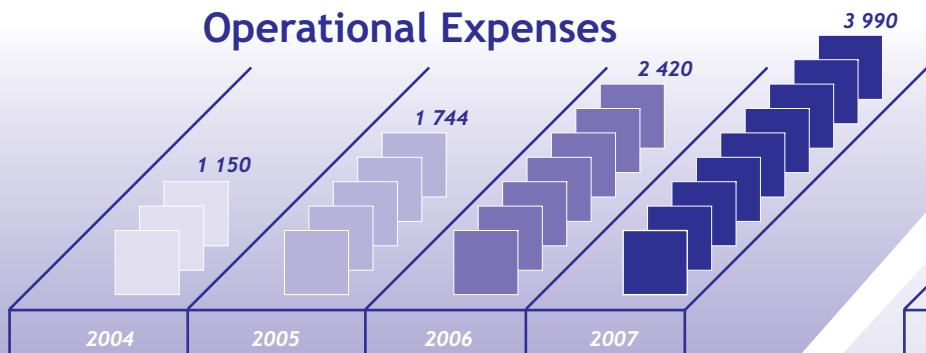
Net Interest income



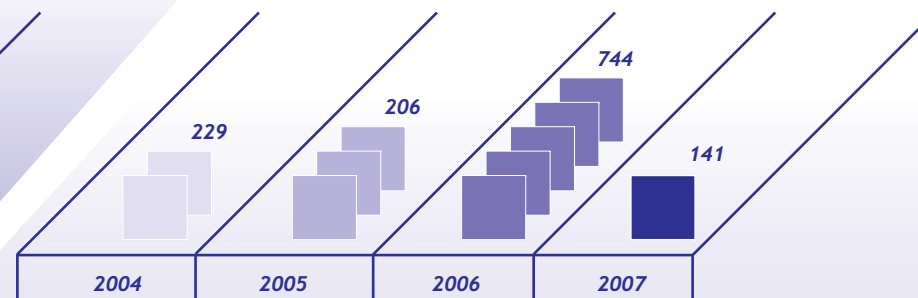
Non-Interest Income



Operational Expenses



Net profit



**Lower profitability in 2007 is attributed to branch network expansion (3 new branches), drastic increase in personnel (over 30%), move to a new head quarters and institutional development.*

Key ratios

	2004	2005	2006	2007
ROE	7.42%	10.38%	8.07%	1,2%
ROA	1.30%	1.99%	1.94%	0.23%
Cost of funds (1)	4.50%	5.52%	6.85%	8,22%
Net spread (2)	8.69%	9.24%	9.12%	9,01%
Non-Interest Income/Total Income	54.34%	31.21%	27.74%	17.4%
Liquid Assets to Total Assets (3)	25.00%	18.00%	19.00%	16.80%
Interest earning assets (4)	72.53%	78.37%	67.59%	69.36%
Customer Loans to Liabilities	80.00%	92.00%	81.00%	79.00%
Instant liquidity (5)	66.00%	69.00%	82,00%	85.59%
Total equity to loans	26.50%	22.35%	25,40%	26.47%
Capital Adequacy	14.00%	19.00%	20.00%	14.20%

1. Cost of funds is calculated as interest expense over bank and customer accounts and other borrowings.
2. Net spread=Interest Income/Interest Earning Assets - Cost of Funds
3. Liquid assets include cash, cash equivalents and securities available for sale
4. Interest earning assets include securities and loans
5. Ratio of cash, cash equivalents and investment available for sale to demand deposits and 1 month term deposits



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