

Rabitaba



Rabitabank

2008



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 19 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

19 branches (6 in Baku city)

21 ATMs



Corporate Banking

Rabitabank 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

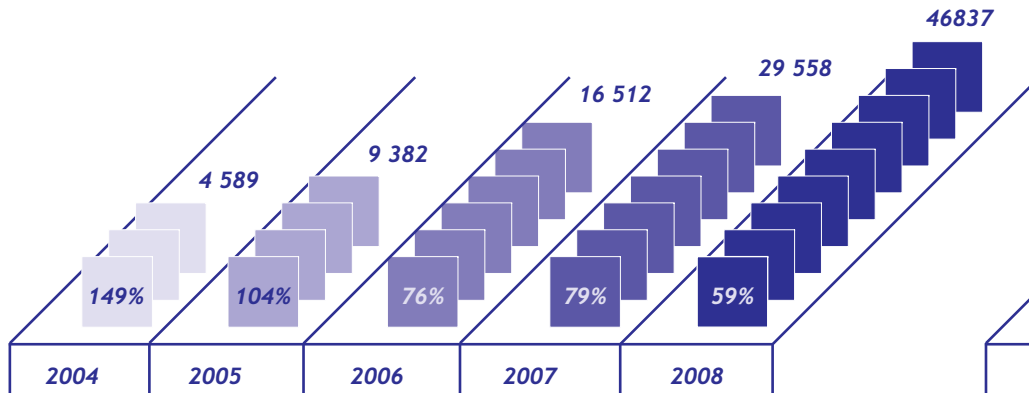
TXI “NJT-2000”

Caspian Service

Akkord

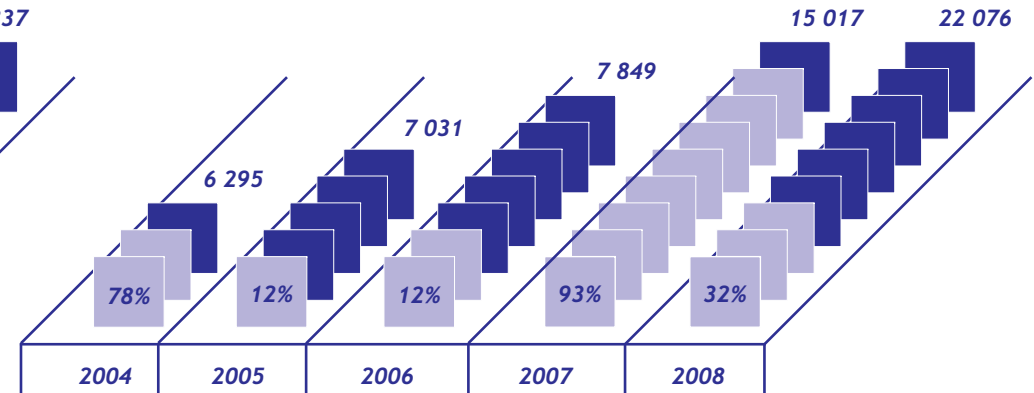
Retail Banking

Number of individual customer accounts



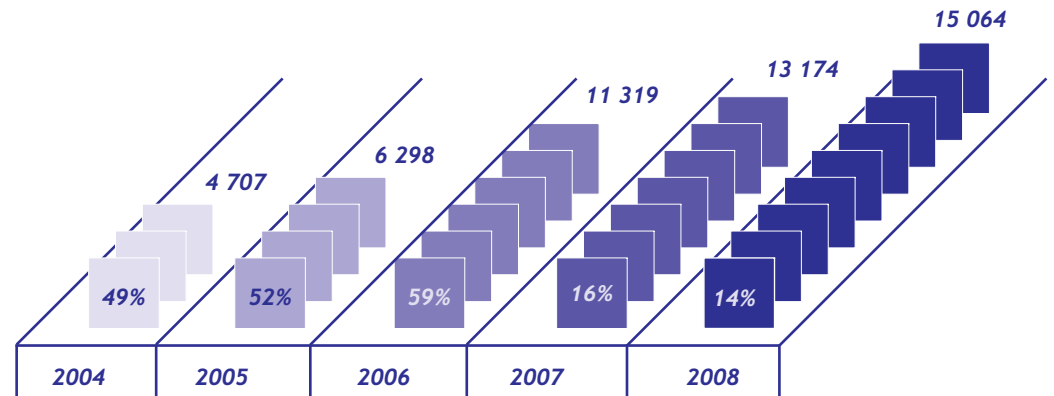
3 189 saving accounts
 2 772 debet cards
 2 031 credit cards
 21 ATMs

Consumer Loans

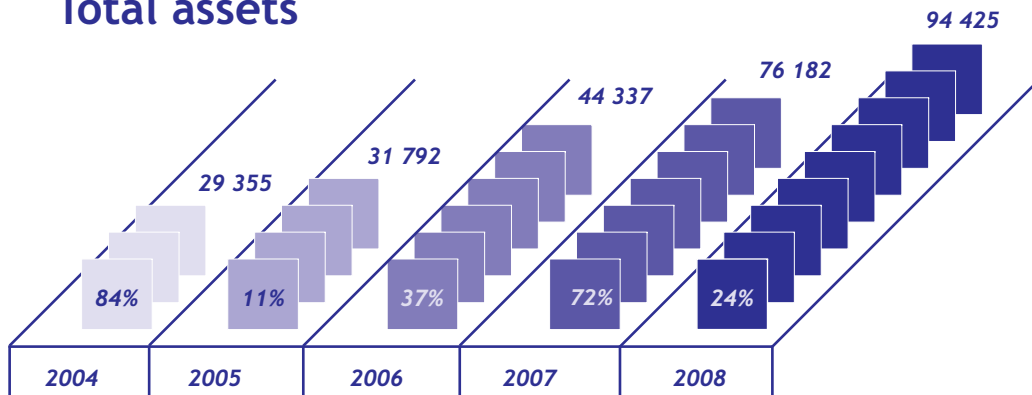


Consumer loans include loans for automobile, furniture and home electronics, as well as personnel needs loans

Assets and Capital



Total assets

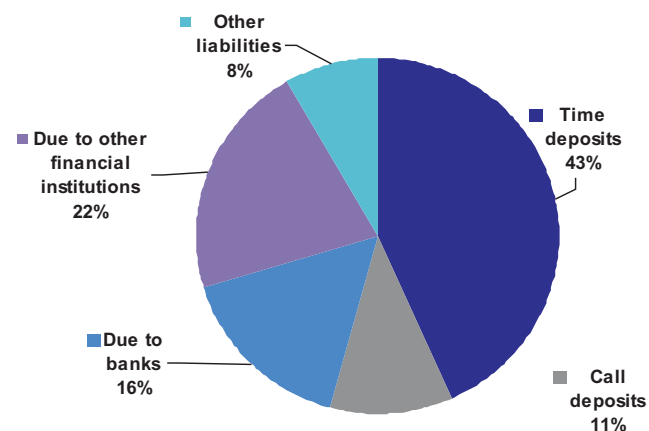
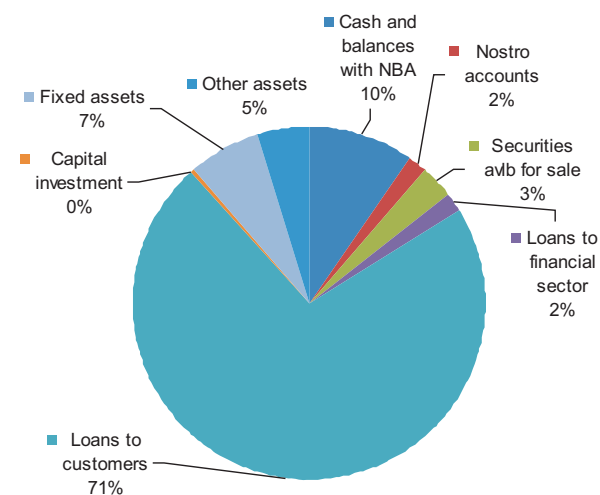


Total capital

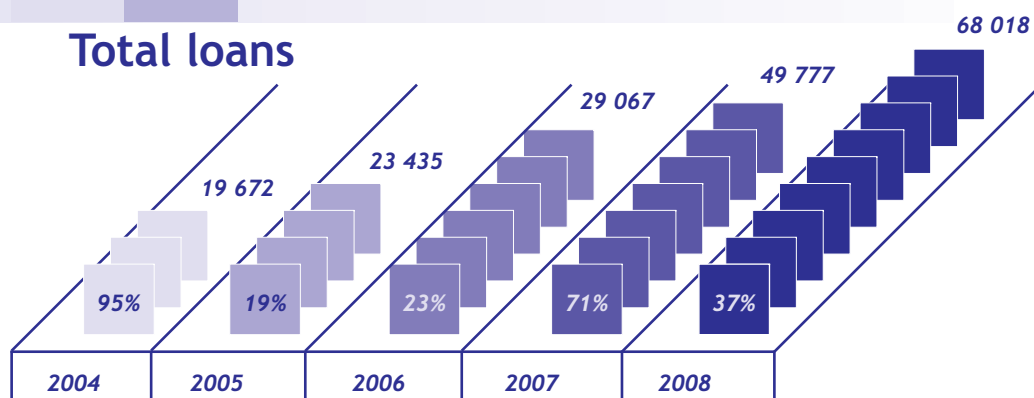
Structure of Assets and Liabilities

| Structure of Assets | As of 31.12.08 |
|----------------------------|----------------|
| Cash and balances with NBA | 9 174 |
| Nostro accounts | 1 498 |
| Securities avlb for sale | 3 016 |
| Loans to financial sector | 1 580 |
| Loans to customers | 68 018 |
| Capital investment | 300 |
| Fixed assets | 6 291 |
| Other assets | 4 548 |
| Total assets | 94 425 |

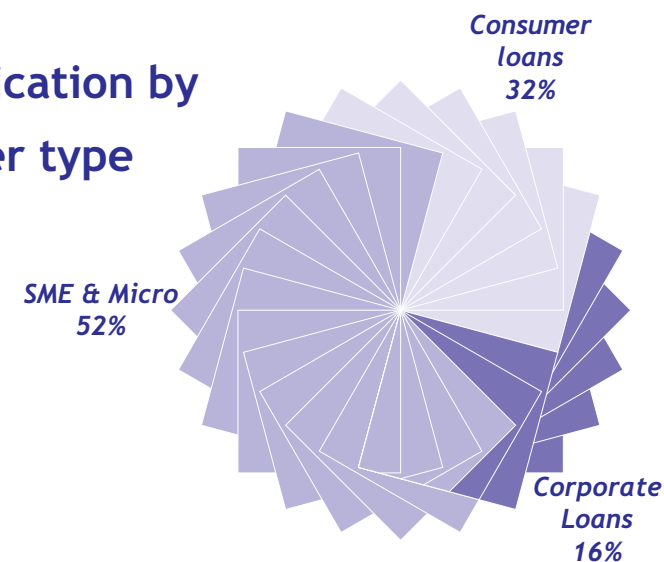
| Structure of Liabilities | As of 31.12.08 |
|--------------------------------------|----------------|
| Time deposits | 34 359 |
| Call deposits | 8 628 |
| Due to banks | 12 764 |
| Due to other financial institutions | 17 069 |
| Other liabilities | 6 541 |
| | 79 361 |
| Capital | 15 064 |
| Total Liabilities and Capital | 94 425 |



Credit Portfolio



Diversification by customer type



| in thousand AZN | 2004 | 2005 | 2006 | 2007 | 2008 |
|-----------------|--------|--------|--------|--------|--------|
| Total loans | 19 672 | 23 435 | 29 067 | 49 777 | 68 018 |
| Consumer loans | 6 295 | 7 031 | 7 849 | 15 017 | 22 076 |
| SME loans | 7 188 | 8 716 | 11 163 | 19 964 | 35 289 |
| Corporate Loans | 6 189 | 7 688 | 10 055 | 14 796 | 10 653 |

Credit Portfolio

Industry diversification of loans 2008

| Sector | Amount | % |
|------------------|---------------|-------------|
| Production | 5 645 | 8.3% |
| Agriculture | 2 614 | 3.8% |
| Construction | 3 287 | 4.8% |
| Trade | 23 728 | 34.9% |
| Communication | 2 041 | 3.0% |
| Consumer credits | 22 076 | 32.5% |
| Other Sectors | 8 627 | 12.7% |
| Total | 68 018 | 100% |

Portfolio quality 2008

| | |
|---|-------|
| Overdue loans | 2.9% |
| 10 biggest loans to credit portfolio | 21.3% |
| Related party exposure | 2.2% |

Lending Partners

IFC



Islamic Development Corporation



EBRD



State Entrepreneur Fund

State Mortgage Fund

Parex Bank

5 mln USD Bond issue in Latvia, arranger



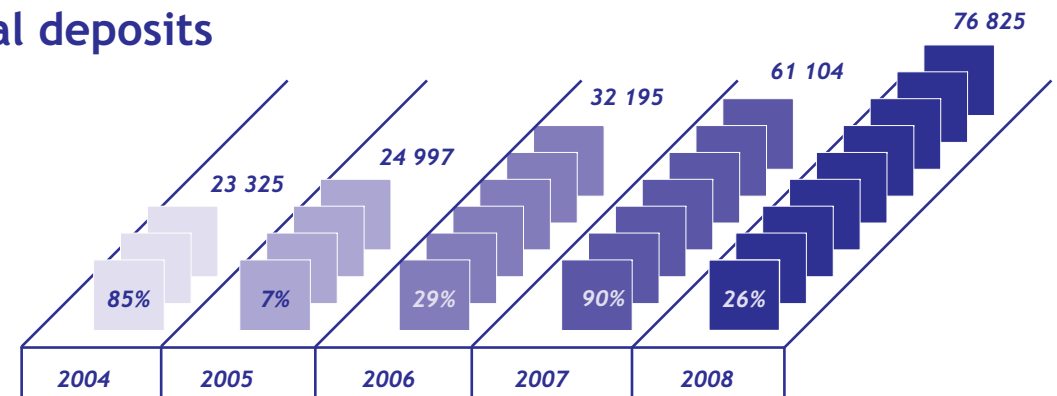
World Business Capital

OPIC supported loan



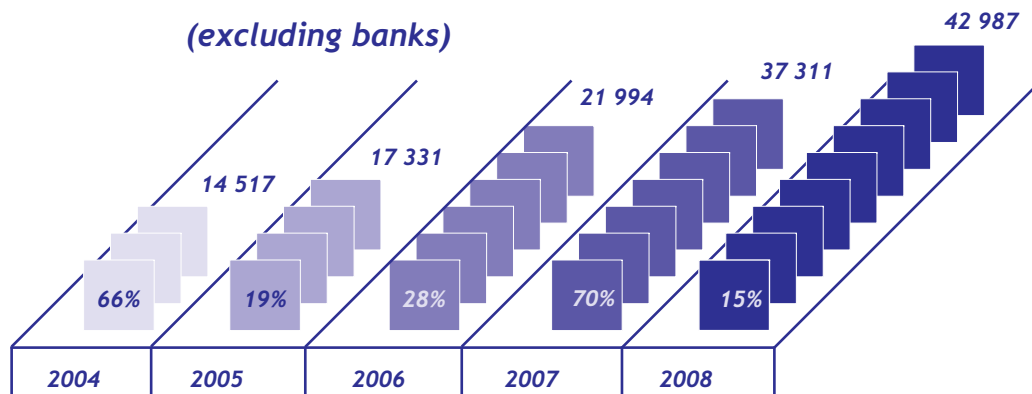
Deposit Portfolio

Total deposits



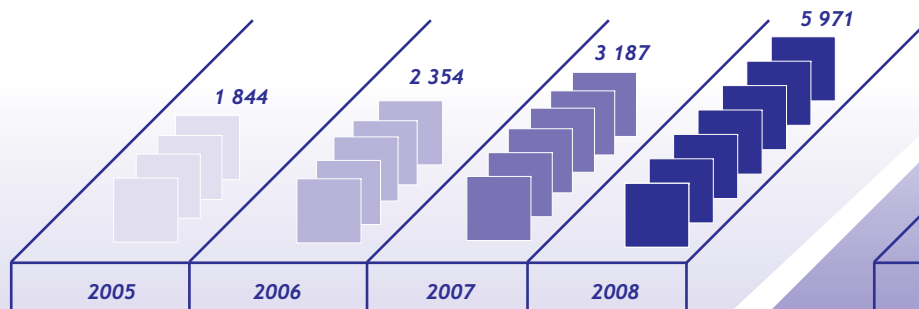
Deposits from customers

(excluding banks)

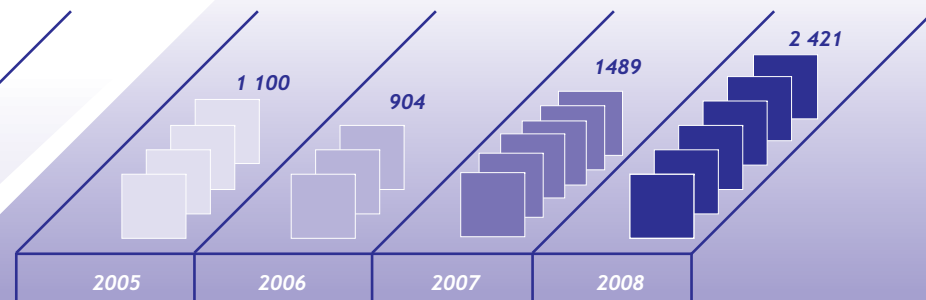


Profitability

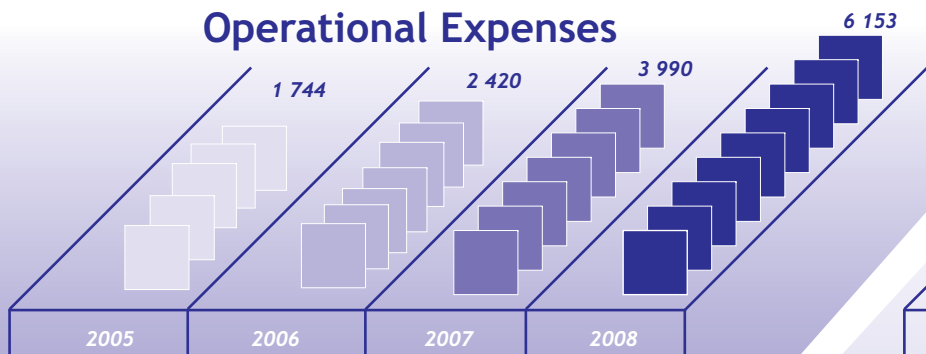
Net Interest income



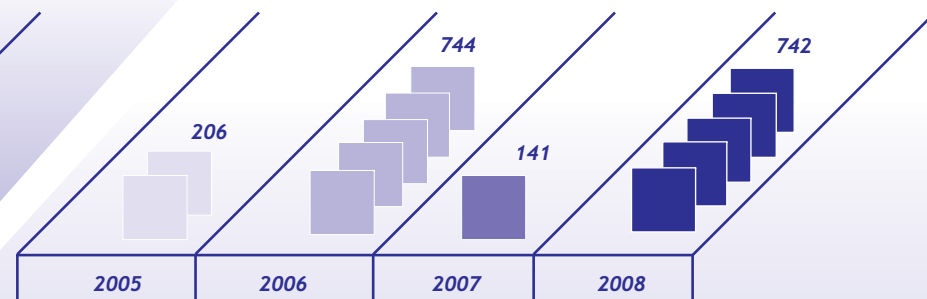
Non-Interest Income



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

| | 2005 | 2006 | 2007 | 2008 |
|-----------------------------------|--------|--------|--------|--------|
| ROE | 10.38% | 8.07% | 1.2% | 5.43% |
| ROA | 1.99% | 1.94% | 0.23% | 0.87% |
| Cost of funds (1) | 5.52% | 6.85% | 8.22% | 13.42% |
| Net spread (2) | 9.24% | 9.12% | 9.01% | 9.15% |
| Non-Interest Income/Total Income | 31.21% | 27.74% | 17.4% | 14.6% |
| Liquid Assets to Total Assets (3) | 18.00% | 19.00% | 16.80% | 14.50% |
| Interest earning assets (4) | 78.37% | 67.59% | 69.36% | 77.22% |
| Customer Loans to Liabilities | 92.00% | 81.00% | 79.00% | 85.71% |
| Instant liquidity (5) | 69.00% | 82,00% | 85.59% | 75.12% |
| Total equity to loans | 22.35% | 25,40% | 26.47% | 21.64% |
| Capital Adequacy | 19.00% | 20.00% | 14.20% | 13.40% |

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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