

Rabitaba



Rabitabank

2008, Q1

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: 2 (market share of state bank credits 38,8%, as of Q1 2008)

in mln AZN	2004	2005	2006	2007	Q1 2008
Assets	1 663	2 252	3 778	6 725.7	7 415.9
Credits	989,5	1 440,9	2 362,7	4 681.2	4 804
Deposits	1 025,0	1 294,0	2 129,2	3 190.0	3 611.8
Saving deposits	615,0	772,0	1 047,0	1 977.0	7 587.1
Net profit (after taxes)	38,9	45,0	62,1	132.8	56.62
Average rate on deposits	8,2%	9,6%	11,0%	12.7	11.51
Average rate on credits	17,3%	16,1%	16,8%	18.5	17.71

Yield on Government T-Bills: 11% (1 year), 10.98% (6 month)

Yield on National Bank short term bonds: 9.28% (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 300 employees;
- Successful history of cooperation with International Financial Institutions since 1997: partner with IFC, EBRD, ICD

Rabitabank Timeline

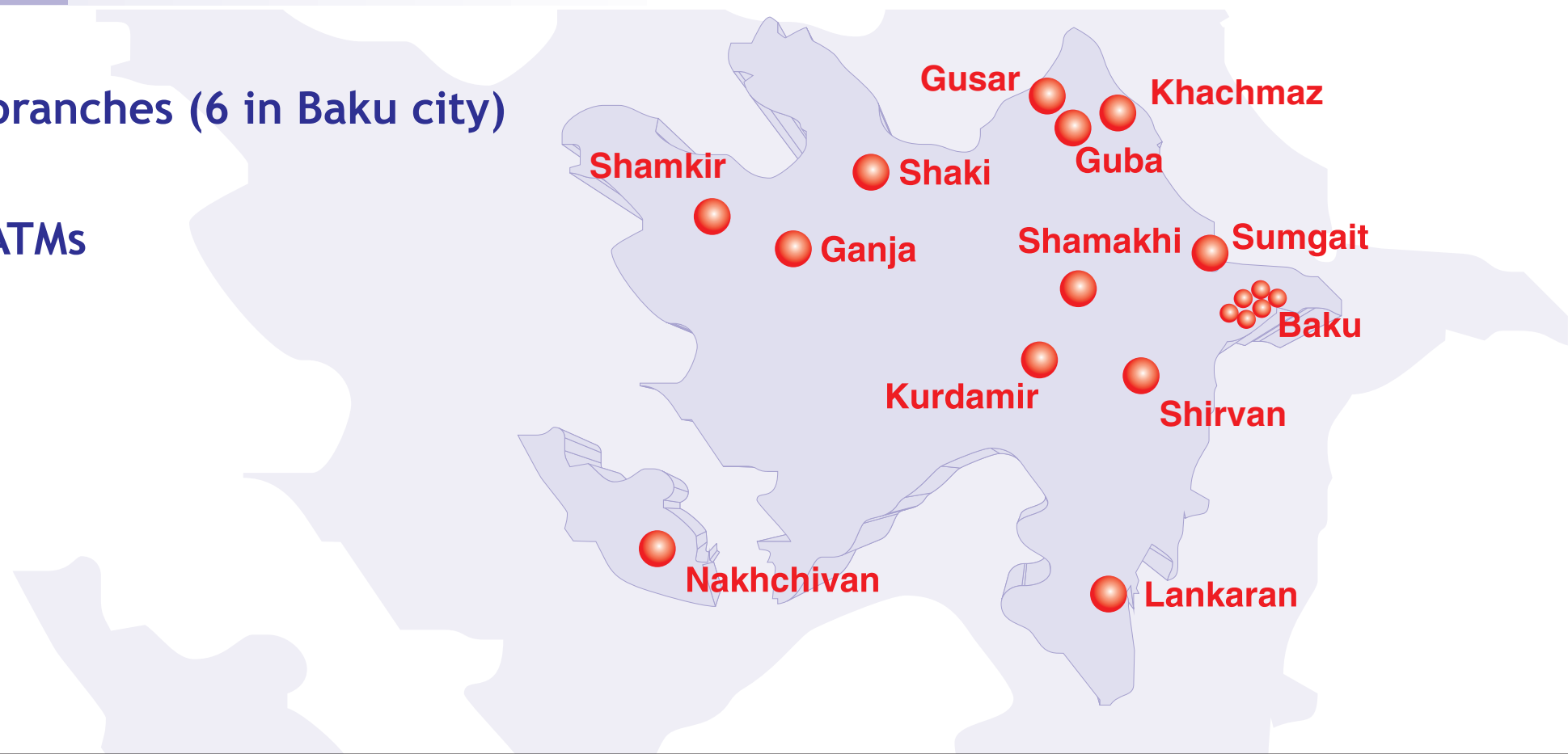
- 1993 - Bank was established
- 1997 - became a member of SWIFT
- 1997 - became a member of Europay International
- 2002 - joined Western Union international money transfer system
- 2004 - signed 1.1mln USD agreement with Islamic Corporation Development Bank for SME financing.
- 2006 - signed an agreement 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

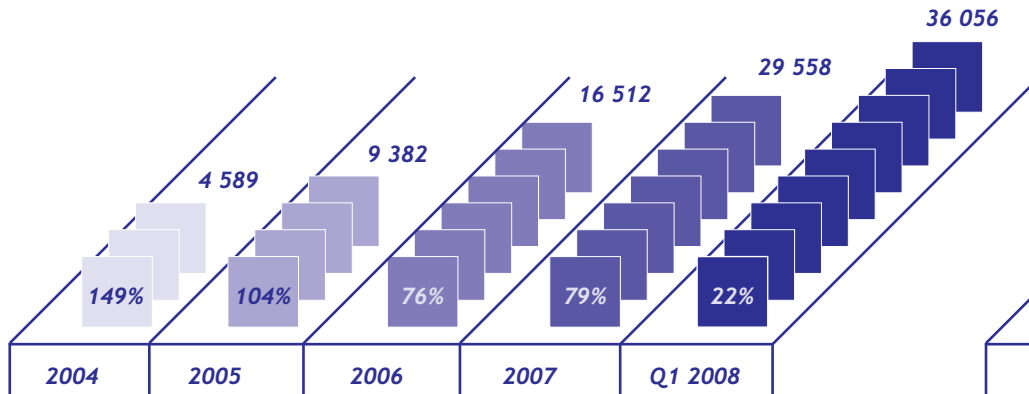
TXI “NJT-2000”

Caspian Service

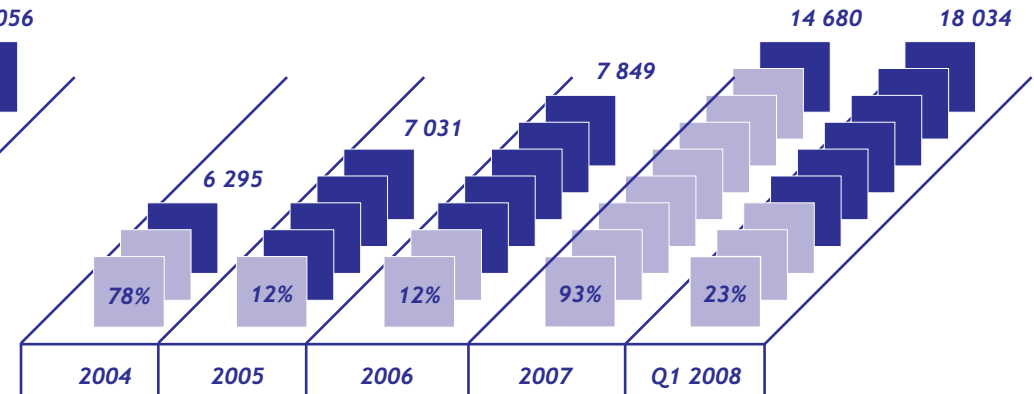
Akkord

Retail Banking

November of individual customer accounts



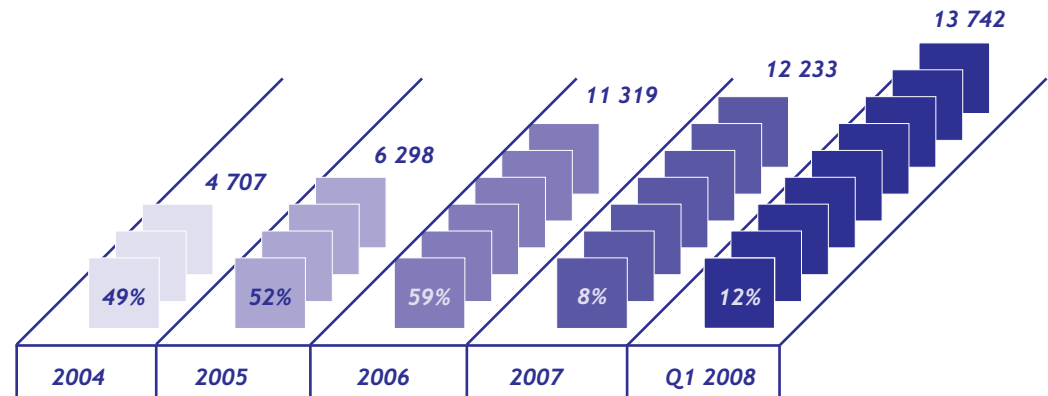
Consumer Loans



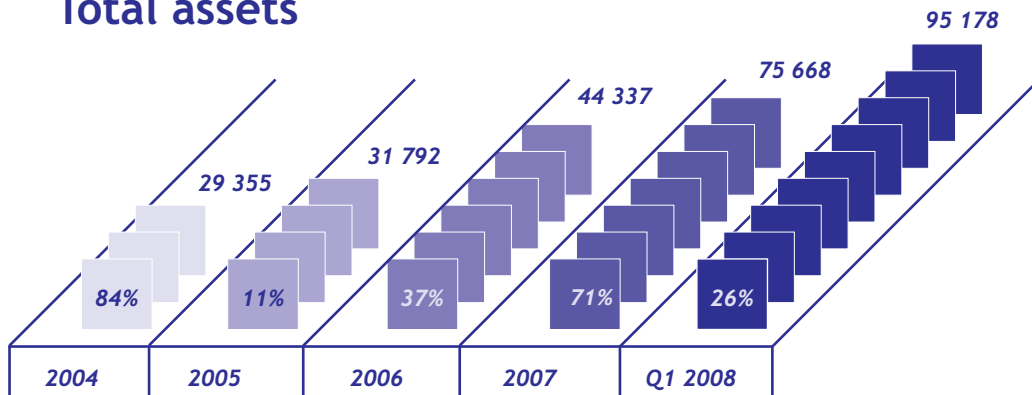
- 2 490 saving accounts
- 3 963 plastic cards
- 1 414 credit cards
- 21 ATMs

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

Assets and Capital

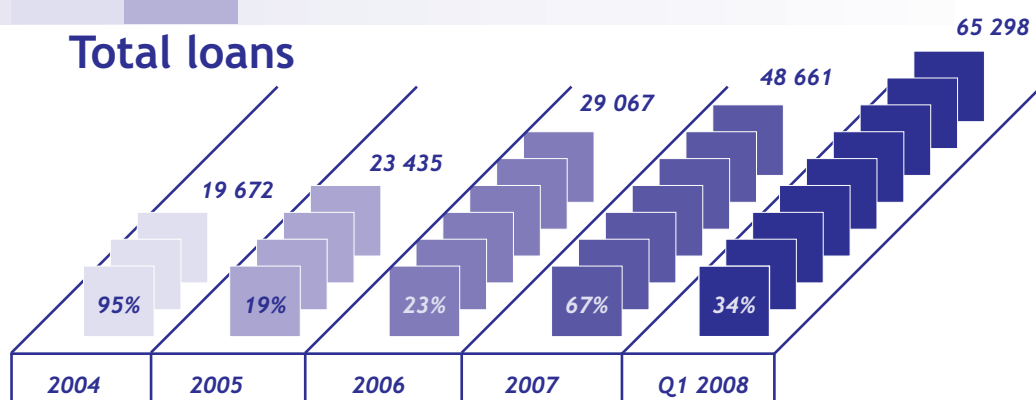


Total assets

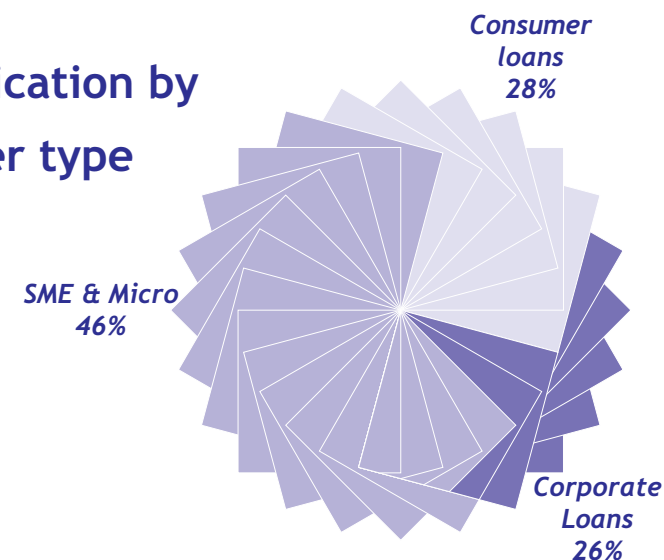


Total capital

Credit Portfolio



Diversification by customer type



in thousand AZN	2004	2005	2006	2007	Q1 2008
Total loans	19 672	23 435	29 067	48 661	65 298
Consumer loans	6 295	7 031	7 849	14 680	18 034
SME loans	7 188	8 716	11 163	19 516	30 227
Corporate Loans	6 189	7 688	10 055	14 465	17 037

Credit Portfolio

Industry diversification of loans 2007

Sector	Amount	%
Production	8 320	12.7%
Agriculture	2 421	3.7%
Construction	3 526	5.4%
Trade	20 087	30.8%
Communication	2 247	3.4%
Consumer credits	18 034	27.6%
Other Sectors	10 663	16.4%
Total	65 298	100%

Portfolio quality 2007

NPL	1.8%
10 biggest loans to credit portfolio	19.7%
Related party exposure	3.6%

Lending Partners

IFC



Islamic Development Corporation



EBRD



European Bank
for Reconstruction and Development

State Entrepreneur Fund

State Mortgage Fund

Parex Bank

5 mln USD Bond issue in Latvia, arranger



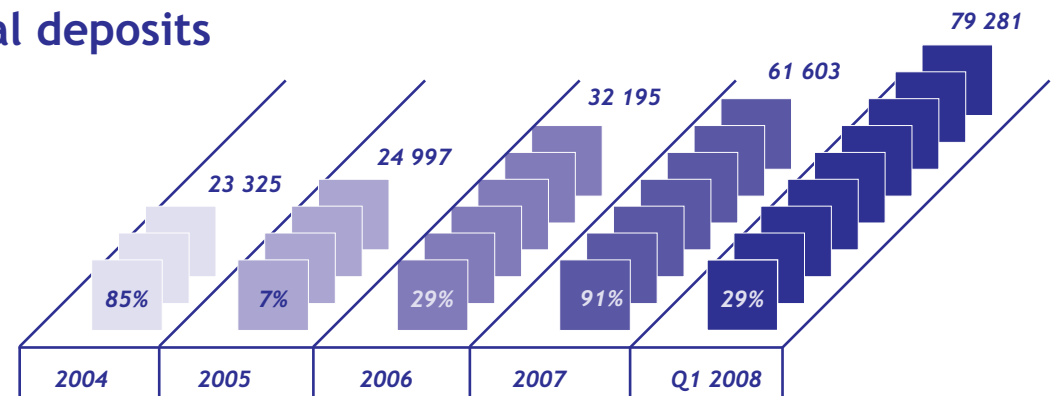
World Business Capital

OPIC supported loan



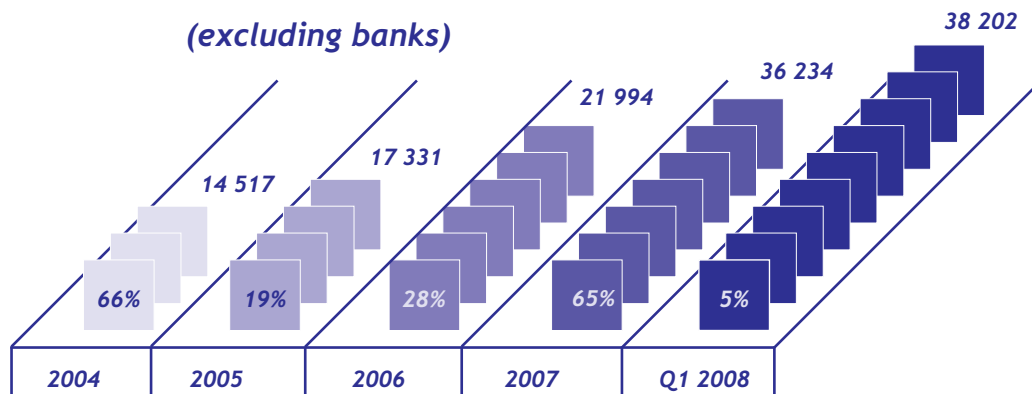
Deposit Portfolio

Total deposits



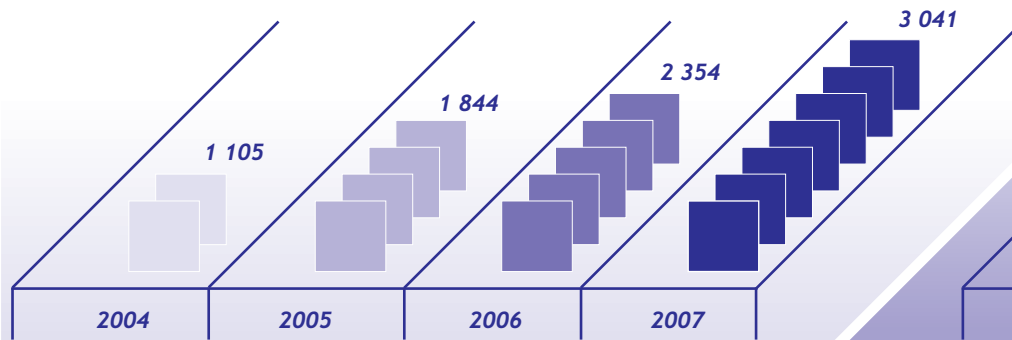
Deposits from customers

(excluding banks)

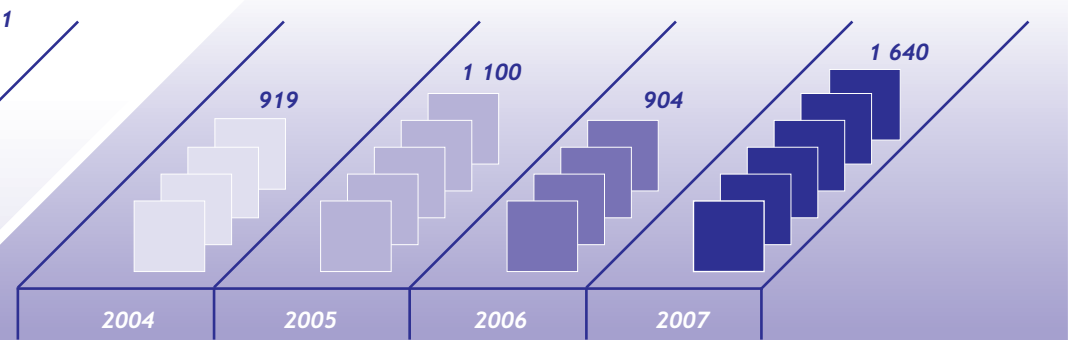


Profitability

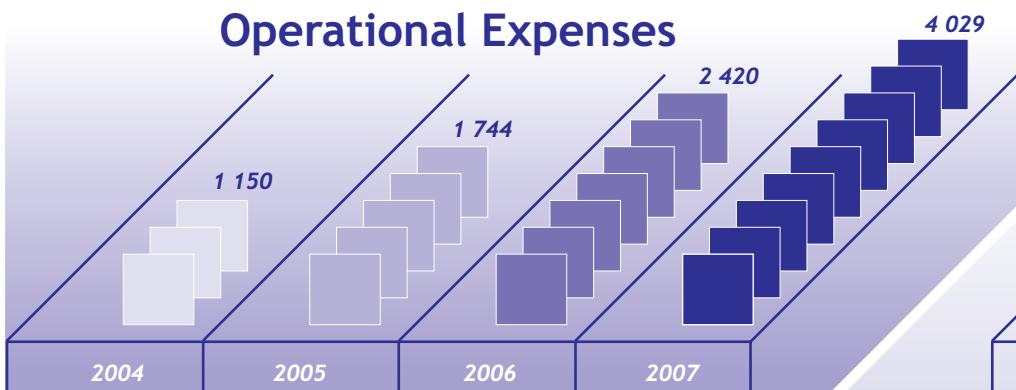
Net Interest income



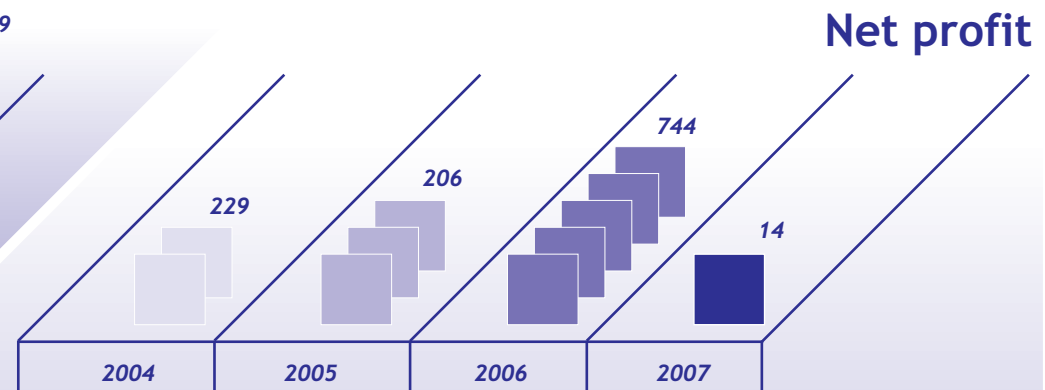
Non-Interest Income



Operational Expenses



Net profit



Key ratios

	2004	2005	2006	2007
ROE	7.42%	10.38%	8.07%	0.12%
ROA	1.30%	1.99%	1.94%	0.02%
Cost of funds (1)	4.50%	5.52%	6.85%	8.25%
Net spread (2)	8.69%	9.24%	9.12%	8.66%
Non-Interest Income/Total Income	54.34%	31.21%	27.74%	19.14%
Liquid Assets to Total Assets (3)	25.00%	18.00%	19.00%	17.67%
Interest earning assets (4)	72.53%	78.37%	67.59%	68.83%
Customer Loans to Liabilities	80.00%	92.00%	81.00%	77.79%
Instant liquidity (5)	66.00%	69.00%	82,00%	85.59%
Total equity to loans	26.50%	22.35%	25,40%	24.79%
Capital Adequacy	14.00%	19.00%	20.00%	14.2%

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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