

# Rabitaba



**Rabitabank**

2008, QII



# 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 42%, as of QII 2008)

in mln AZN	2004	2005	2006	2007	QII 2008
Assets	1 663	2 252	3 778	6 725.7	8 745,0
Credits	989,5	1 440,9	2 362,7	4 681.2	5 908,0
Deposits	1 025,0	1 294,0	2 129,2	3 190.0	4 143,2
Saving deposits	615,0	772,0	1 047,0	1 977.0	2 701,8
Net profit (after taxes)	31,03	42,7	49,1	129,1	100,0
Average rate on deposits	8,2%	9,6%	11,0%	12.7%	12,08%
Average rate on credits	17,3%	16,1%	16,8%	18.5%	17,76%

*Yield on Government T-Bills: 11% (1 year), 10.19% (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 300 employees;
- Successful history of cooperation with International Financial Institutions since 1997: partner with IFC, EBRD, ICD

# Rabitabank Timeline

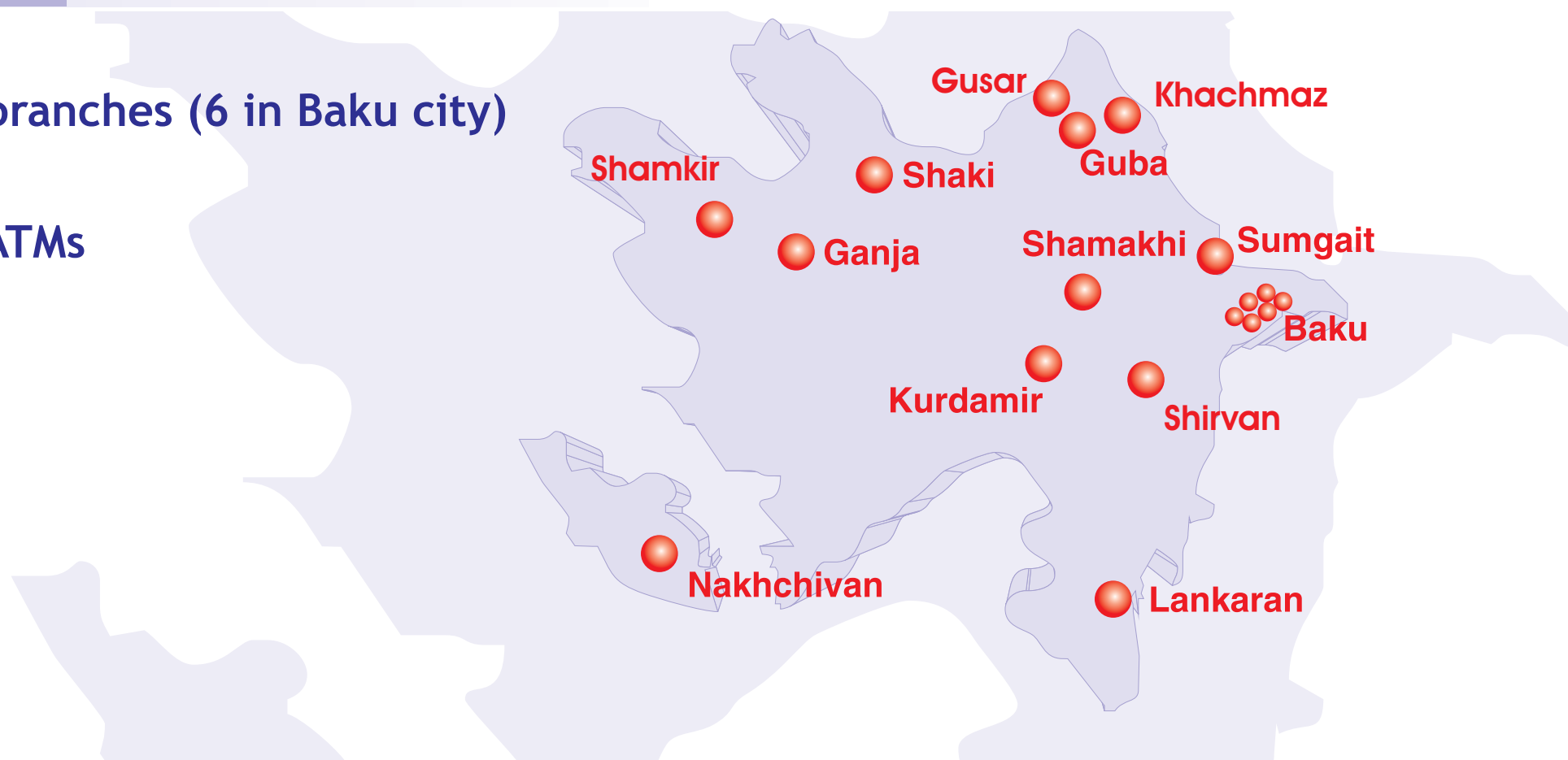
- 1993 - Bank was established
- 1997 - became a member of SWIFT
- 1997 - became a member of Europay International
- 2002 - joined Western Union international money transfer system
- 2004 - signed 1.1mln USD agreement with Islamic Corporation Development Bank for SME financing.
- 2006 - signed an agreement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

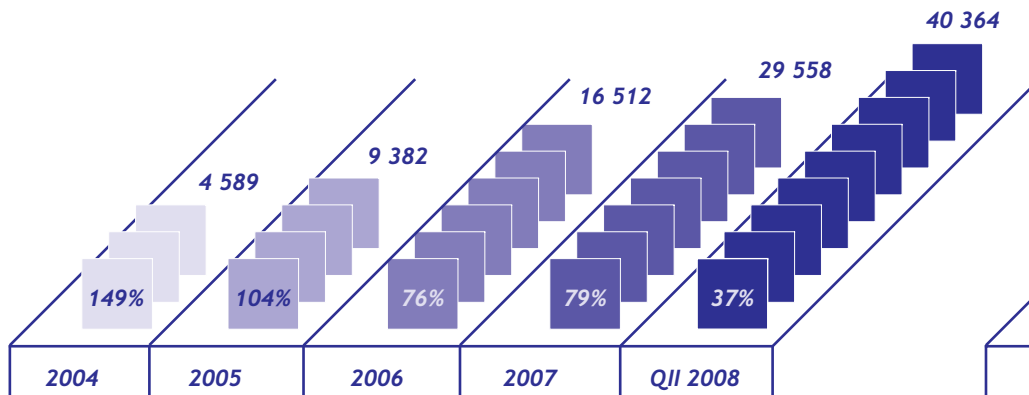
TXI "NJT-2000"

Caspian Service

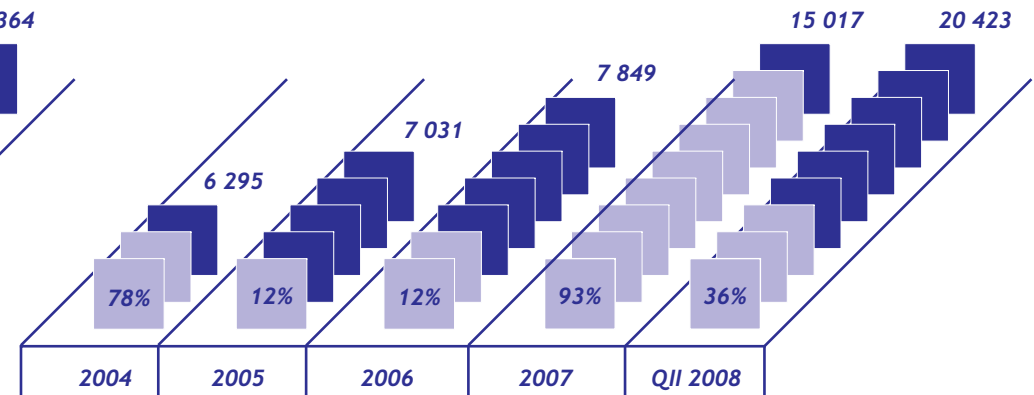
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# Retail Banking

## Number of individual customer accounts



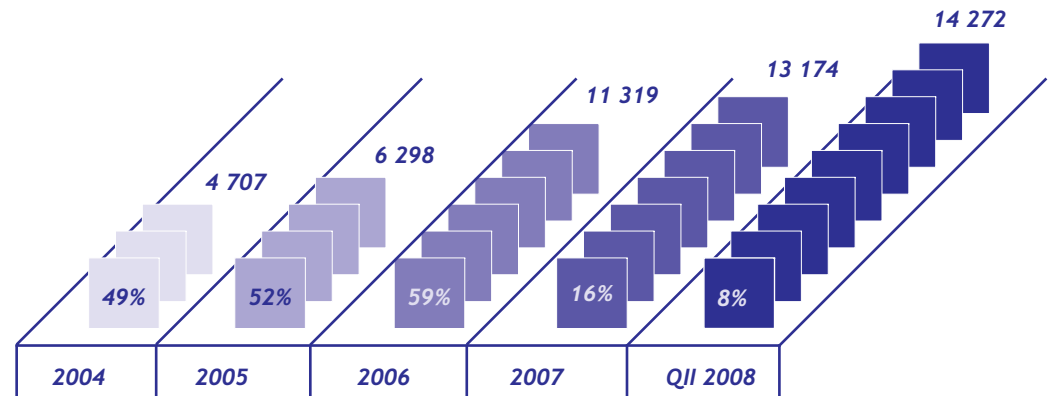
## Consumer Loans



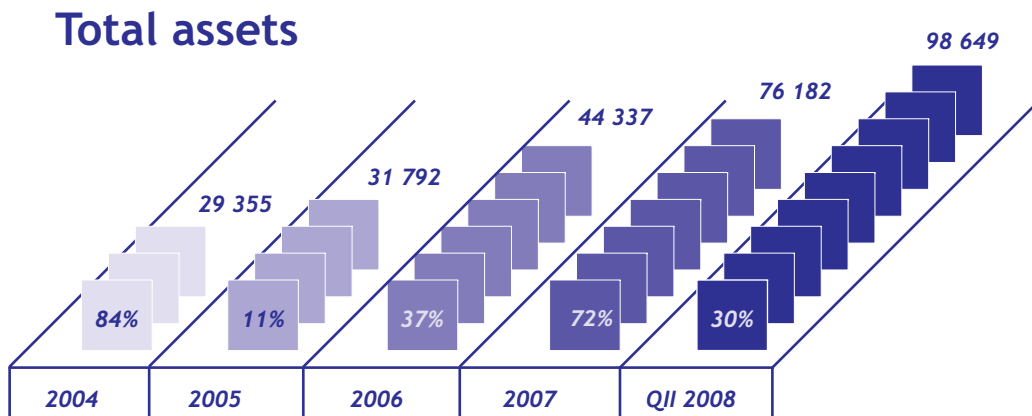
2 490 saving accounts  
 3 963 debet cards  
 1 414 credit cards  
 21 ATMs

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

# Assets and Capital



Total capital

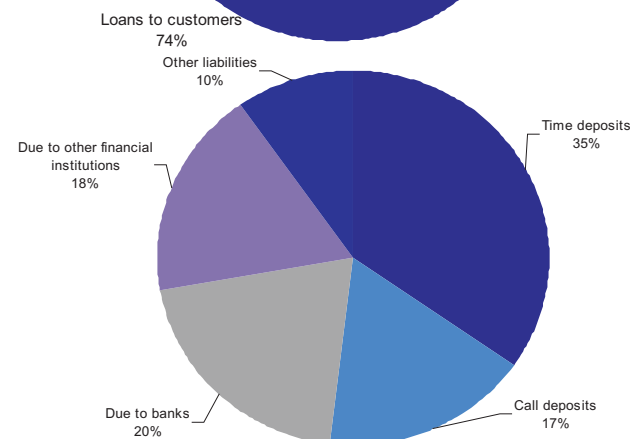
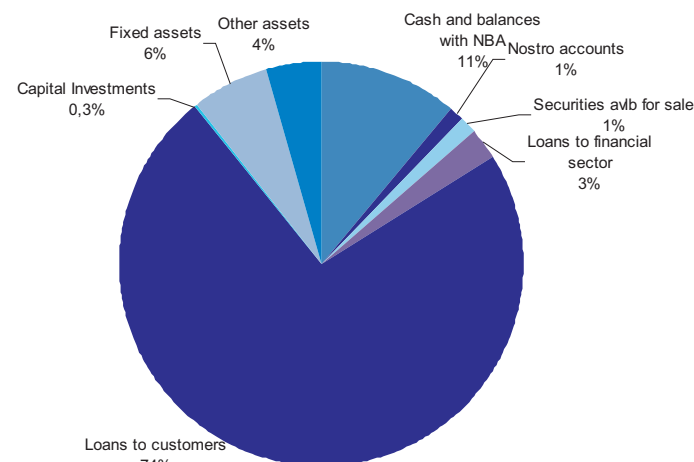


Total assets

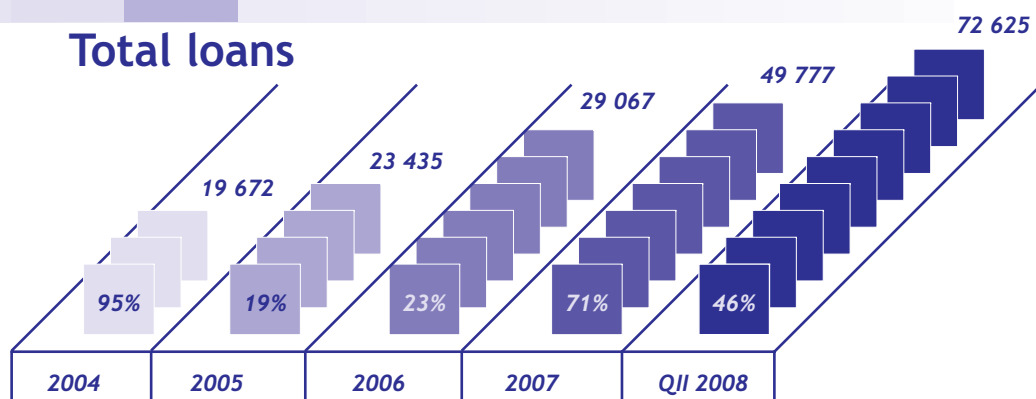
# Structure of Assets and Liabilities

Structure of Assets	As of 30.06.08
Cash and balances with NBA	10 854
Nostro accounts	1 132
Securities avlb for sale	1 424
Loans to financial sector	2 536
Loans to customers	72 051
Capital investment	300
Fixed assets	5 938
Other assets	4 414
<b>Total assets</b>	<b>98 649</b>

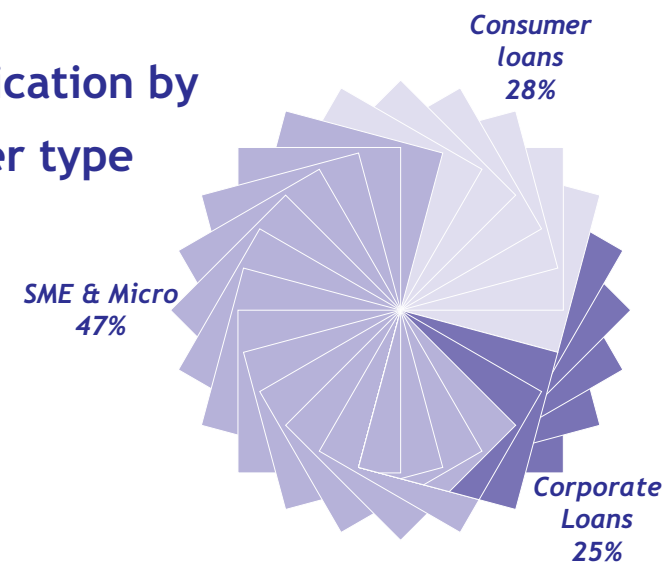
Structure of Liabilities	As of 30.06.08
Time deposits	29 395
Call deposits	14 357
Due to banks	17 075
Due to other financial institutions	15 353
Other liabilities	8 197
	<b>84 378</b>
Capital	14 271
<b>Total Liabilities and Capital</b>	<b>98 649</b>



# Credit Portfolio



**Diversification by customer type**



in thousand AZN	2004	2005	2006	2007	QII 2008
Total loans	19 672	23 435	29 067	49 777	72 625
Consumer loans	6 295	7 031	7 849	15 017	20 423
SME loans	7 188	8 716	11 163	19 964	34 157
Corporate Loans	6 189	7 688	10 055	14 796	18 045

# Credit Portfolio

## Industry diversification of loans 2008/QII

Sector	Amount	%
Production	9 223	12.7%
Agriculture	2 687	3.7%
Construction	3 922	5.4%
Trade	22 369	30.8%
Communication	2 469	3.4%
Consumer credits	20 423	28.1%
Other Sectors	11 532	15.9%
<b>Total</b>	<b>72 625</b>	<b>100%</b>

## Portfolio quality 2008/QII

Overdue loans	2.3%
10 biggest loans to credit portfolio	20.9%
Related party exposure	2.5%

# Lending Partners

IFC



Islamic Development Corporation



EBRD



State Entrepreneur Fund

State Mortgage Fund

Parex Bank

5 mln USD Bond issue in Latvia, arranger



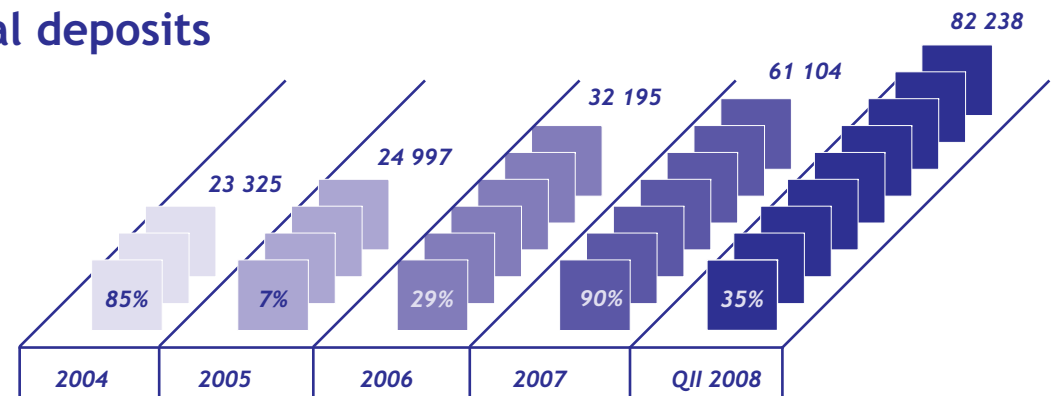
World Business Capital

OPIC supported loan



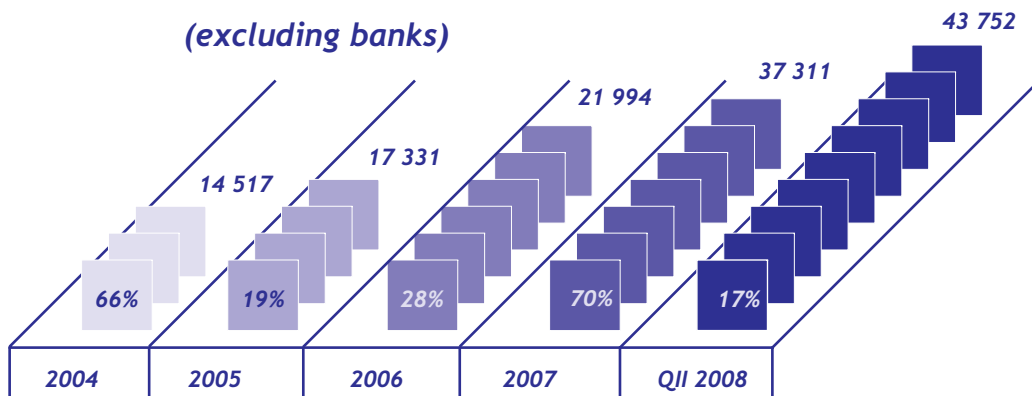
# Deposit Portfolio

Total deposits



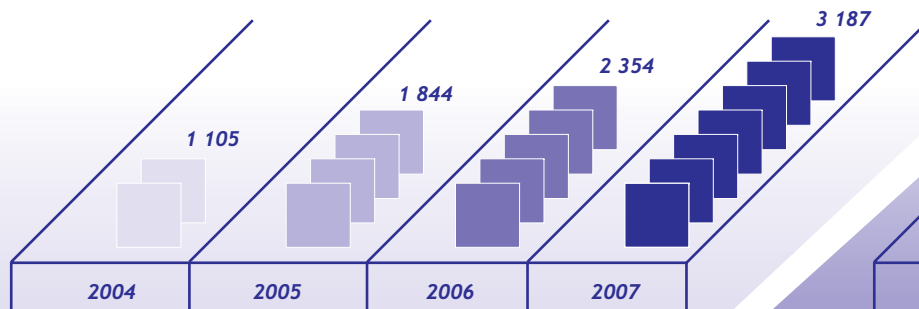
Deposits from customers

(excluding banks)

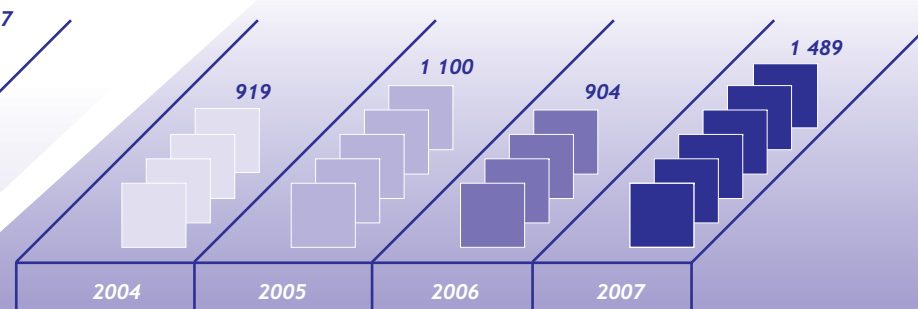


# Profitability

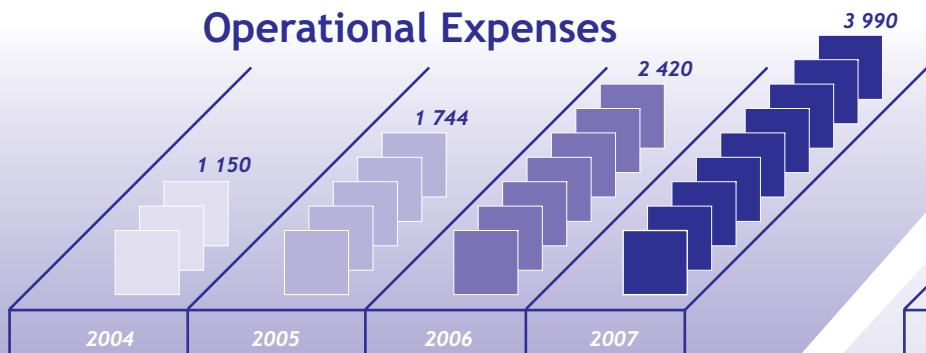
### Net Interest income



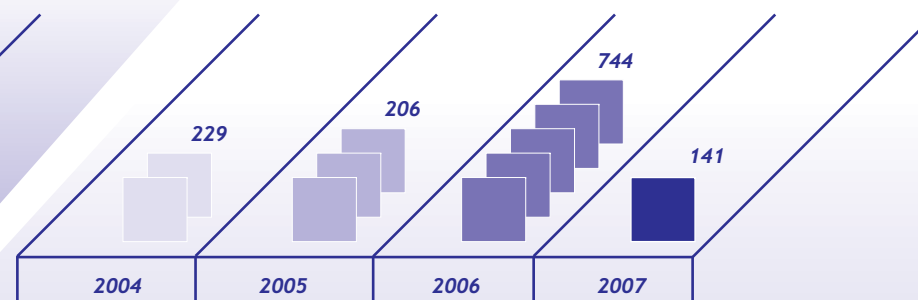
### Non-Interest Income



### 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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