



# **BTA PRESENTATION**

## **Weathering Crisis**

**JUNE 2008**

# Layoffs in Banking Sector triggered by Financial Crisis

From Tokyo to London to New York financial in companies announced plans to shed more than 83,000 jobs since last July as revenue and compensation pools evaporated, according to figures compiled by Bloomberg.

	2007	2008 projections
Citigroup	15 900	20 000
UBS		1 500
Morgan Stanley	900	3 540
Goldman		1 500

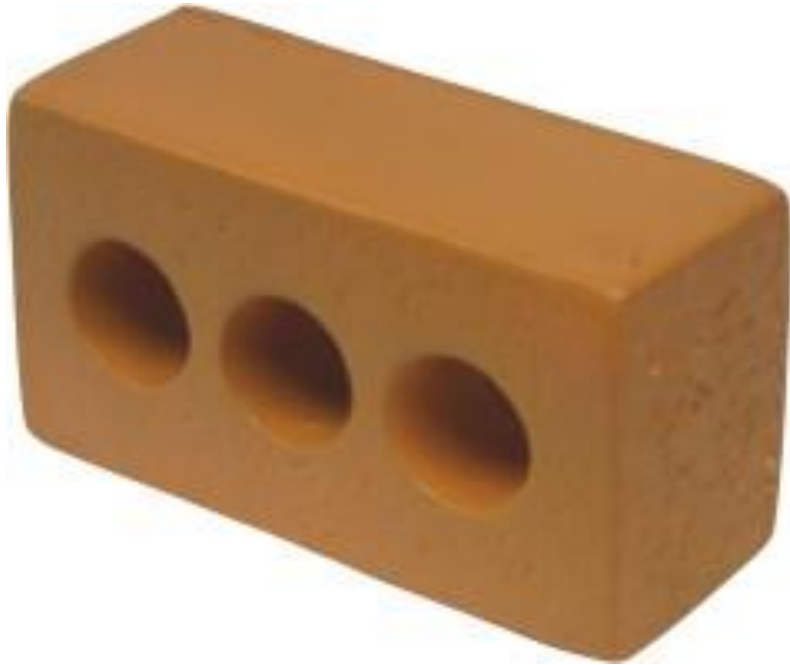
- **New York will suffer 33,300 financial job cuts and 19,225 financial jobs will be cut in London in 2008**
- **In the meantime Banks will be adding more banking jobs in emerging markets such as Dubai, China, India and Russia.**

## Will RK be adding or shedding?



**“You’ve got to ask yourself one question: “Do I feel lucky? Well, do ya?”**

# Goldman Sachs spelling error



**After all, how do you spell it – BRICK or BRIC  
Why do they missed on K ?  
Will the error ever be corrected?**

# Plans for 2008: Rebranding and consolidation



The World is Not Enough

	1Q2008	2007	2006
<b>Assets, mln.USD</b>	<b>26,219.2</b>	<b>25,474.8</b>	<b>16,339.7</b>
<b>Loans to customers, net, mln. USD</b>	<b>19,896.5</b>	<b>19,782.3</b>	<b>10,578.1</b>
% of Assets	75.89	77.65	64.74
<b>Liabilities, mln.USD</b>	<b>22,382.5</b>	<b>21,717.3</b>	<b>14,807.3</b>
<b>Customer accounts, mln. USD</b>	<b>5,557.5</b>	<b>5,424.0</b>	<b>4,159.0</b>
% of Liabilities	24.83	24.98	28.09
<b>Due to banks, mln. USD</b>	<b>7,156.3</b>	<b>6,943.5</b>	<b>4,922.4</b>
of which: over 1 year, %	61.27	69.40	55.34
<b>Debt securities, mln. USD</b>	<b>9,174.6</b>	<b>9,014.5</b>	<b>5,567.7</b>
of which: over 1 year, %	86.30	93.83	98.10
<b>Liabilities with maturity over 1 year, mln. USD</b>	<b>14,229.8</b>	<b>14,915.9</b>	<b>8,873.0</b>
% of Liabilities	63.58	68.68	59.92
% of Assets	54.27	58.55	54.30
<b>Equity, mln. USD</b>	<b>3,836.7</b>	<b>3,757.5</b>	<b>1,532.4</b>
% of Assets	14.63	14.75	9.38
Long-term liabilities & Equity % Assets	68.91	73.30	63.68
<b>Ratios</b>			
BIS Tier 1 CAR	16.66	16.93	12.12
BIS Total CAR	17.26	17.57	17.49

### Comments

- Assets grew by 2.92% in USD terms in the 1Q 2008
- During the 1Q 2008 loans to customers increased by 0.58% with a share in Assets of 75.89% by the end of 1Q 2008
- The Bank actively develops high-yield SME and Retail
- Provisioning ratios increased from 5.4% in 1Q 2007 to 6.3% in the 1Q 2008
- Assets growth was accompanied with the proportional growth of total liabilities which by the end of 1Q 2008 increased by 3.1%
- Total Shareholder's Equity grew by 2.11% and was caused by the the growth of retained earnings by 11.35%
- Tier I Capital Adequacy Ratio is at 16.66% high

# Strong growth of profitability

	1Q 2008	1Q 2007
<b>Operating income</b> , mln. USD	<b>460.7</b>	<b>297.9</b>
% of avg. Assets	2.02	2.12
<b>Net interest income</b> , mln.USD	<b>361.0</b>	<b>195.2</b>
Interest income on loans % avg. Loans	4.30	4.76
Interest expense % of avg. Liabilities	2.00	2.22
Spread, %	5.50	4.10
Net Interest Margin, %	6.3	4.80
<b>Net commission income</b> , mln. USD	<b>68.9</b>	<b>43.9</b>
<b>Non-interest income</b> , mln USD	<b>30.8</b>	<b>58.8</b>
Core non-interest income, mln. USD	23.0	3.2
<b>Operating expenses</b> , mln. USD	<b>109.2</b>	<b>83.4</b>
% of avg. Assets	0.48	0.59
<b>Cost to Income ratio</b>	<b>23.54</b>	<b>27.60</b>
<b>Net operating income</b>	<b>351.5</b>	<b>214.5</b>
of which Net core operating income, mln USD	343.7	158.9
% of Net operating income	97.8	74.1
<b>Net income</b> , mln. USD	<b>129.07</b>	<b>103.37</b>
RoAA, %	2.00	2.30
RoAE, %	13.60	25.70

## Comments

- Strong growth of profitability was observed in the 1Q 2008
- Net income for the 1Q 2008 grew 25% in USD terms in comparison with the 1Q 2007
- Net interest income at the end of 1Q 2008 is 85% higher compared to 1Q 2007 and was caused by the increased interest income on loans as well as by the slowing down in the growth rate of interest expenses
- Translation differences item caused noninterest income to decrease
- Due to the significant growth of operating income cost to income ratio reduced from 27.6% to 23.54 %
- The decrease in RoAA and RoAE can be explained by significant capital injections from shareholders in the 3Q 2007

**“Strong core revenues and tight cost control provides good profitability”**

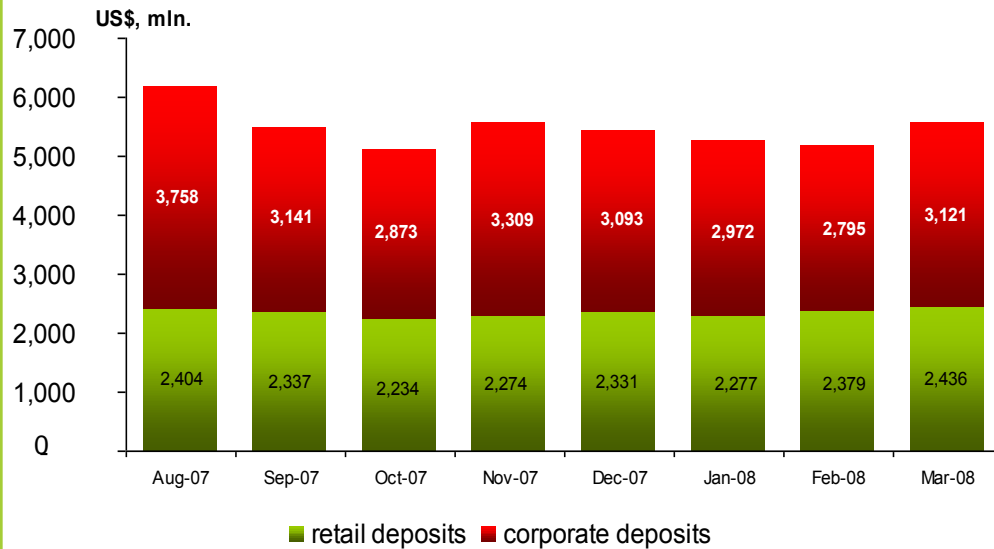
*Standard and Poor's April 2008*



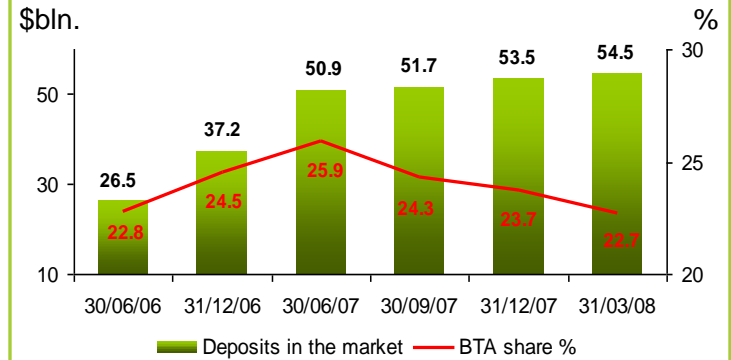
B T A BANK

# BTA group: Deposit dynamics

## Deposit Dynamics



## Market share by deposits



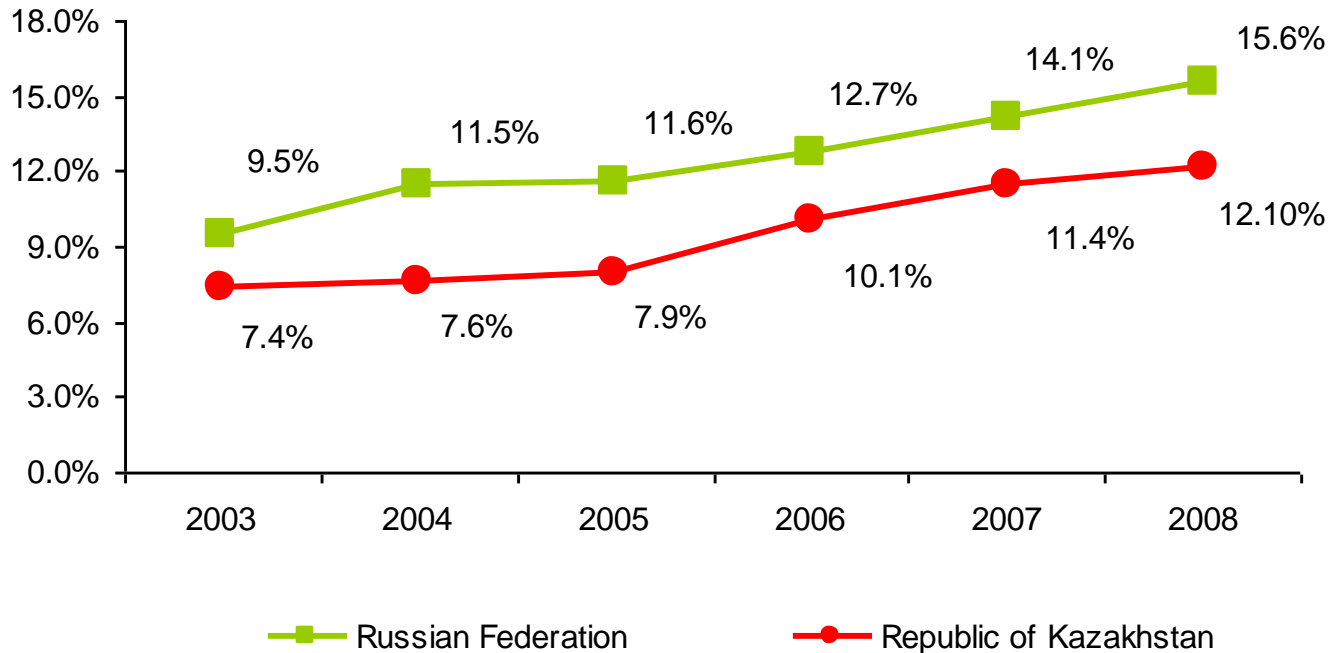
## Comments

- Despite the decline in market share by 1% total deposits grew by 2.46% from the beginning of 2008
- Corporate deposits outflows stopped in February 2008 and by March 2008 grew by 11.68%
- Retail deposits growth dynamics maintained in the 1Q 2008 (growth rate 4.51% compared to the beginning of 2008) which is the fact of trust recovery from investors
- 2008 deposit growth projected at 40%

“With its wide branch network, BTA has a large base of relatively stable retail customers deposits”

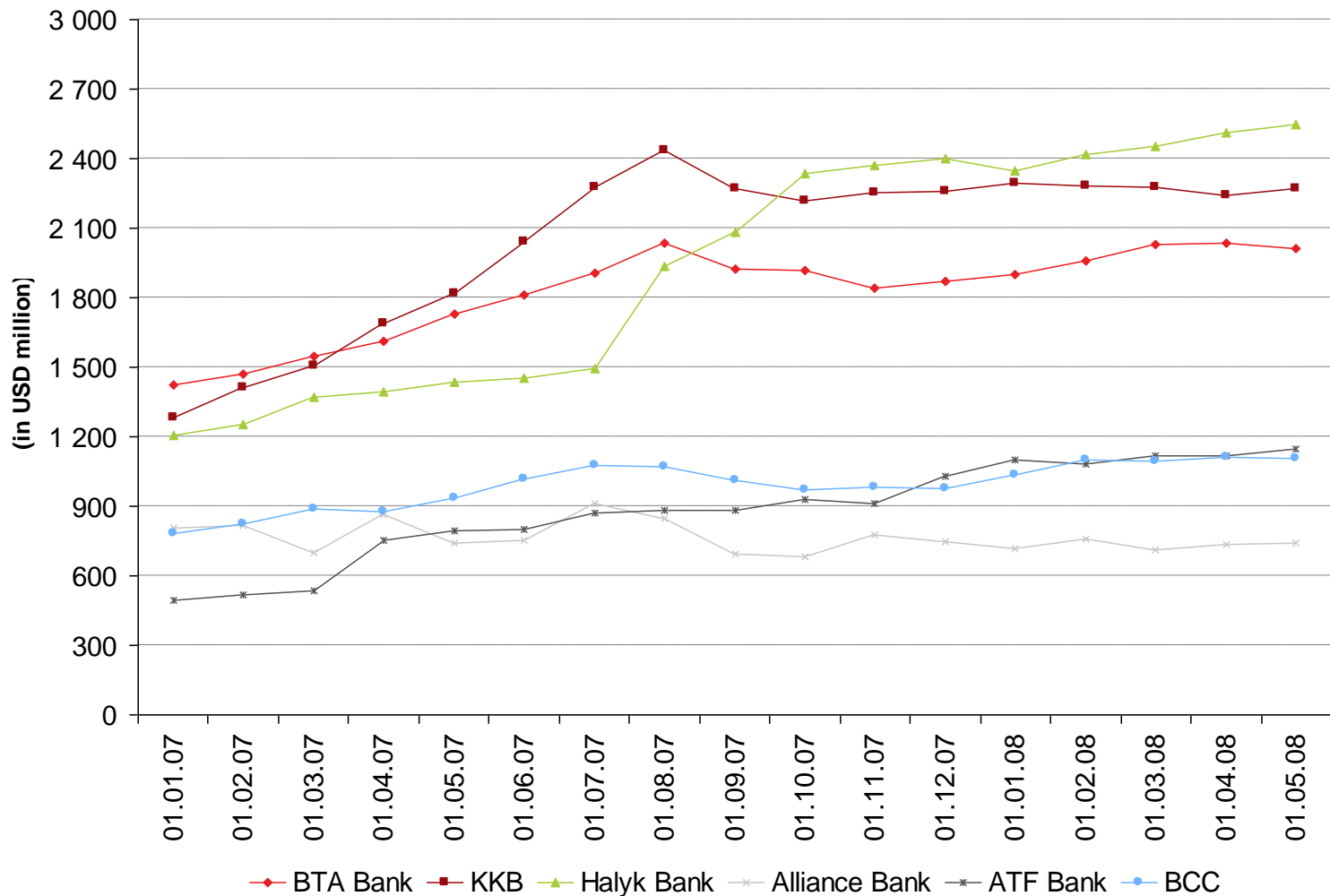
*Standard and Poor's April 2008*

## Deposits dynamics in Kazakhstan and Russia



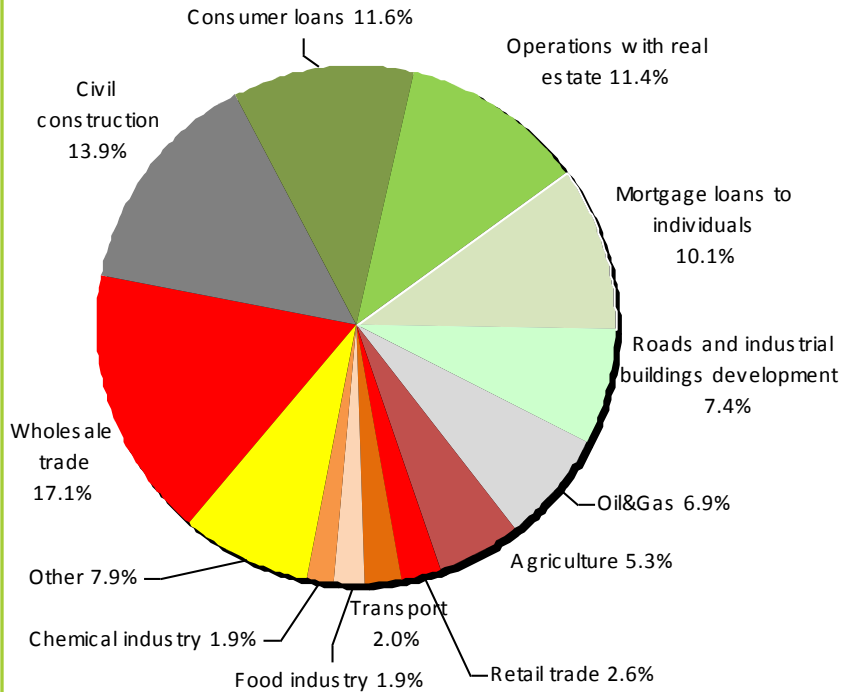
Difference of deposits dynamics between 2 countries in 2008 is 3.5 % that is approximately 4 billion US dollars which presents a potential increase in deposits base of Kazakhstan due to similar dynamics between two countries

Source: Annual Report of National Bank of RK for 2007 and Report of Development of Banking Sector and Banking Inspectorate of Central Bank of RF for 2007

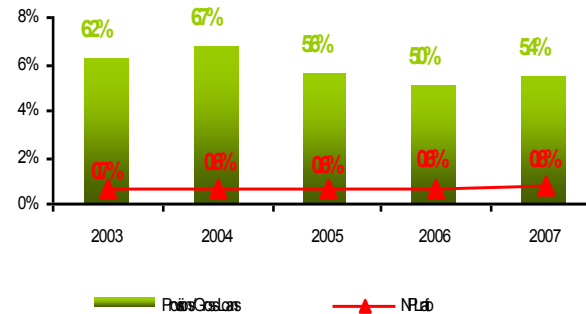


Source: BTA Bank Data

## Loan Portfolio Breakdown for 2007



## Provisioning Ratios (Group)



## Comments

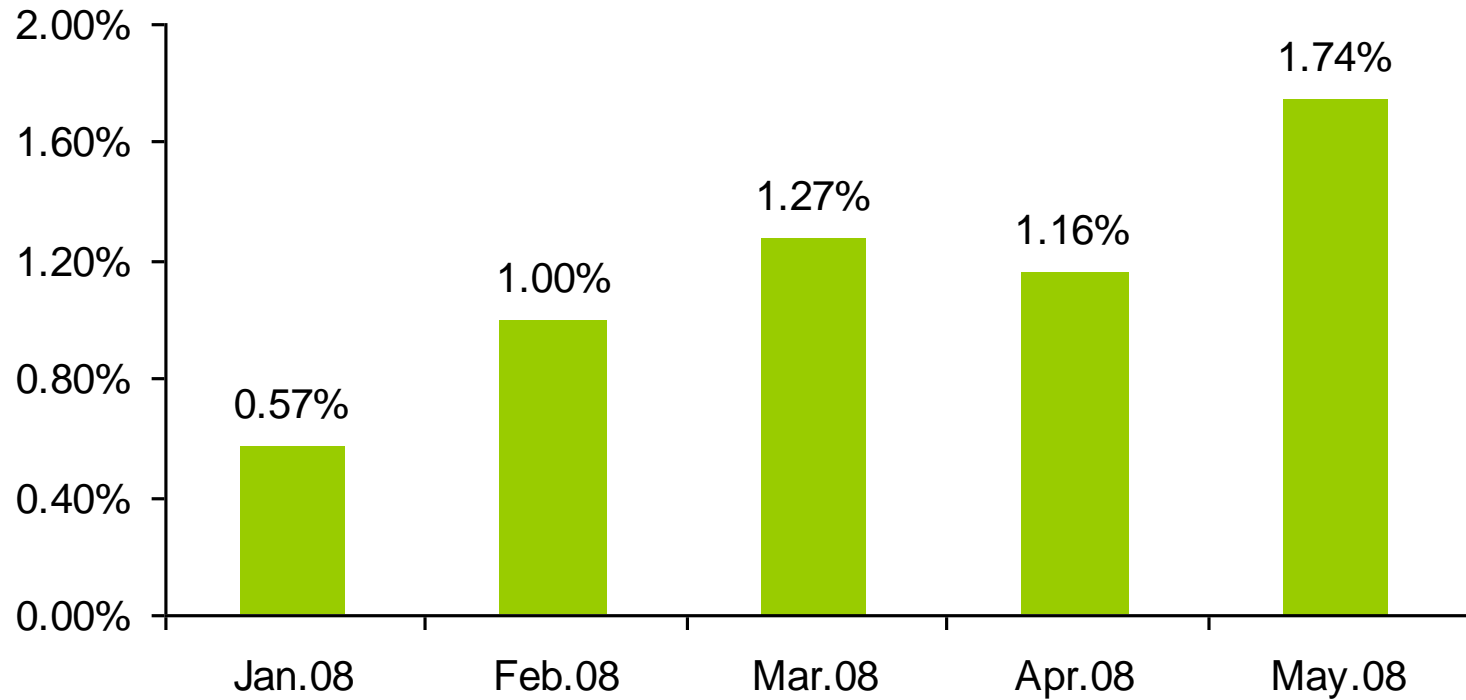
- Concentration of 10 Top Borrowers is 11% of Total loan portfolio
- Provisioning rate remains high at 5.4% total loans
- NPL ratio growth to 0.8% in 4Q 2007 was caused by 2 bad debts classified as non-performing, they have been repaid in January 2008

**“Exposures are fairly diversified across different industries...”**

*Standard&Poors, April 2008*



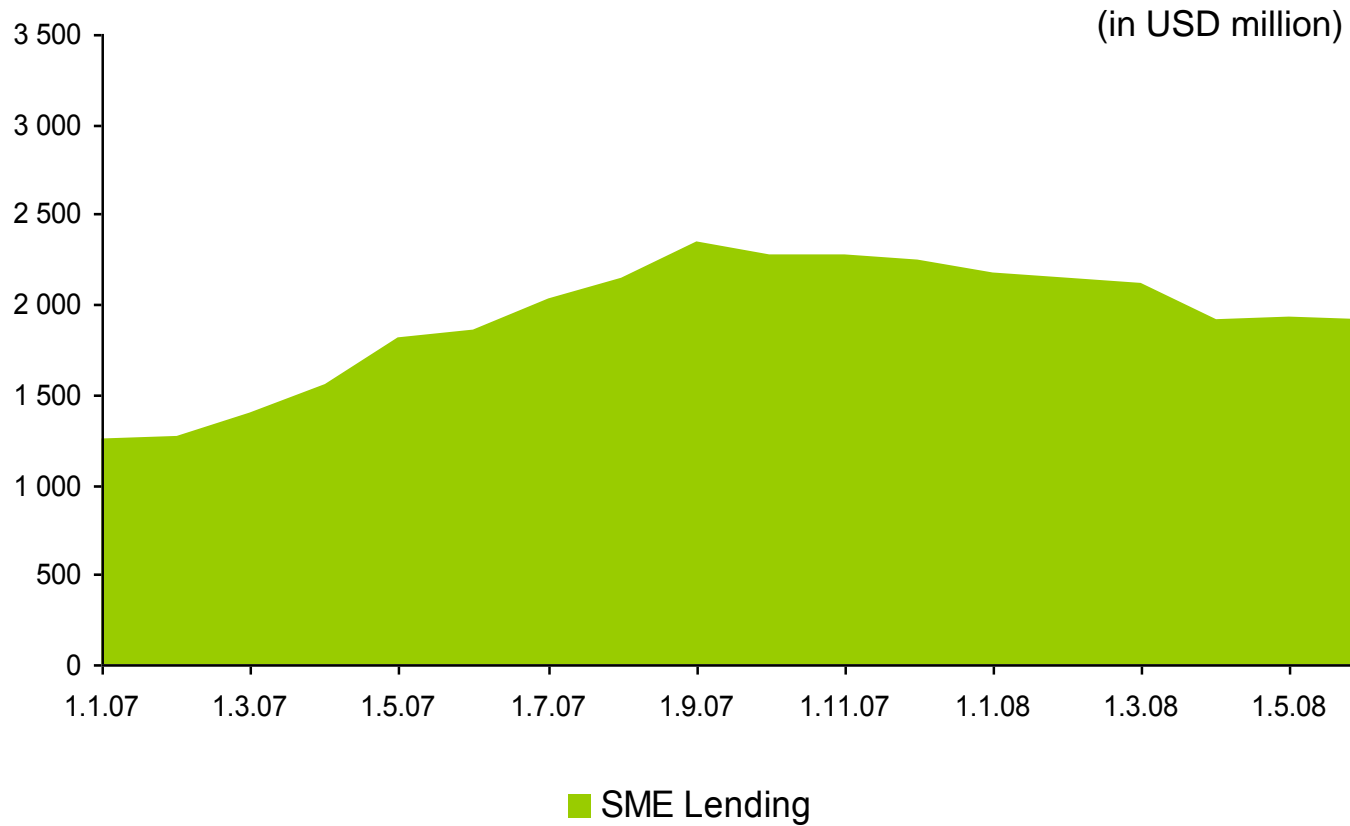
## BANK NPL Dynamics of JSC “BTA Bank”



Source: “AFN” Data.

Method of calculation: the loans of 90 days overdue on any payment from total credit portfolio.

## SME Lending Dynamics



600 thousands employees lost their jobs in SME in Kazakhstan as of 1 April 2008

# Plans for 2008: Strengthening Deposit Base



**Shift from corporate to SME and retail**

- BTA has the largest network in Kazakhstan
  - 22 branches
  - 283 retail units
  - 714 ATMs
- 420 “Faster” units in Kazakhstan and 211 in CIS
- 160 “Cash&Pay” 24-hours servicing terminals

**Help us help you**