Temirbank

Investors presentation

July 2008

ABBYY PDF Transformer 2.0 Click here to buy www.ABBYY.com

TEMIRBANK

TEMIRBANK

Investment highlights

Attractive market

- Growing commodity-driven economy
- Real GDP growth estimated at 6.1% in the next three years
- Under-penetrated retail banking market

Top six retail bank

- Sixth largest retail bank
- US$1.7bn loan book – 7.8% retail market share
- Strong all-round market position ranking 7th by assets, deposits and capital

Large distribution network

- Strong and growing distribution platform:
  - 21 head branches, 119 branches
  - servicing 40% of Kazakh population
  - planned expansion approved by NBK
- Ongoing roll-out of 341 ATMs (260 in operation already)

Scalable platform

- Enabling quick market entry with strong future expansion opportunity
- Implemented advanced IT solutions
- Formalised decision-making delegation procedures

Experienced management

- Management team with proven track record
- Committed to future development of the bank

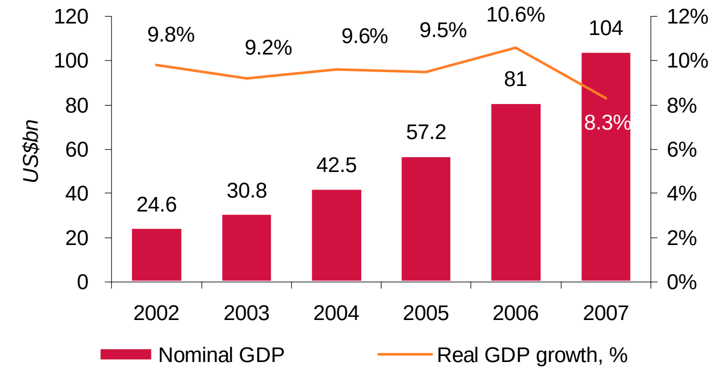
TEMIRBANK

ABBYY PDF Transformer 2.0
Click here to buy
www.ABBYY.com

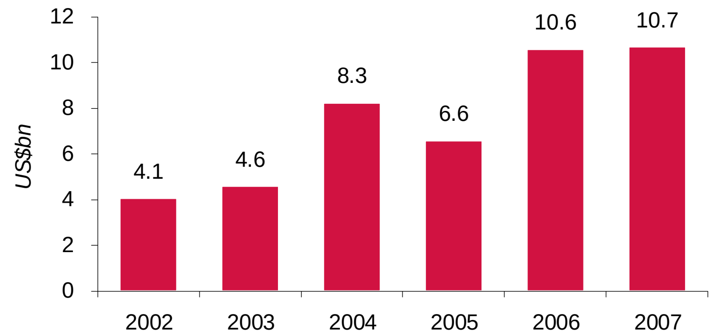
TEMIRBANK

Macroeconomic and banking industry fundamentals

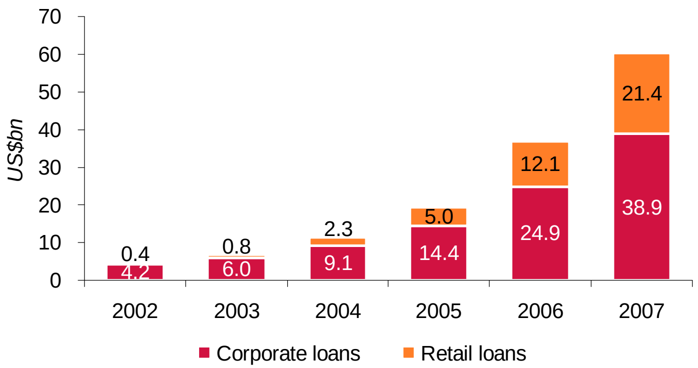
GDP growth



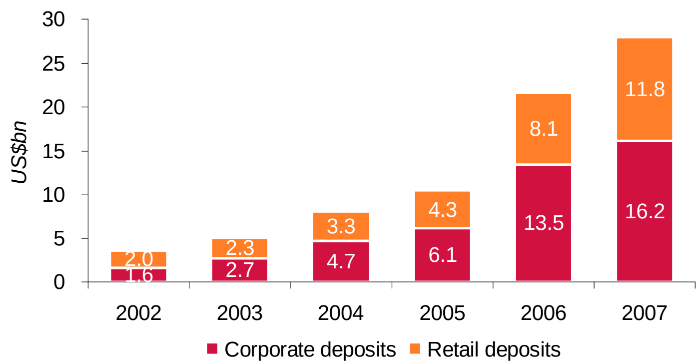
FDI flows



Loan growth



Deposit growth



TEMIRBANK

History

1992 – 1995

- JSC 'Temirbank' is founded in March 1992. The bank initially operated as a specialised railway bank

1995 – 1998

- Temirbank is one of the first banks in the country to adopt IFRS accounting standards
- Temirbank shares are included in the 'A' list of the Kazakh Stock Exchange (KASE)
- Thomson BankWatch assigns a 'B' credit rating (at the time equal to the sovereign rating)

1999 – 2000

- Control over the Bank is acquired by the shareholders of the BTA Bank
- Temirbank implements the SME lending programme with EBRD
- The Bank joins the Kazakhstan Deposit Insurance Fund

2001 – 2002

- Temirbank becomes active on the international debt markets with 4 syndicated loans
- The Bank creates a leasing subsidiary JSC 'Temirleasing'
- In the first move towards retail clients the bank becomes the associated member of VISA and starts issuing debit cards

2003 – 2004

- Temirbank acquires 46% of Kyrgyz 'Ineximbank' to participate in the rapid growth of the Kyrgyz SME sector
- Temirbank commences express and mortgage lending in cooperation with the Kazakh Mortgage Company (KMC)

2005

- A turning point in the Bank's strategy: a new management team develops and launches a new retail-focused strategy
- Cooperation with ICICI Bank and 3I Infotech to Implement Triton retail lending technology

2006

- Temirbank launches US$150m Eurobond issue underwritten by Dresdner Kleinwort
- Temirbank sells control of its subsidiary JSC 'Temirleasing' to BTA[(a)]

2007 – 2008

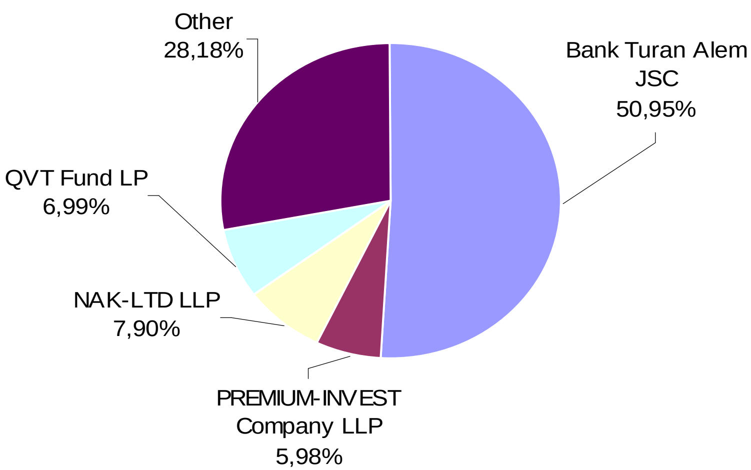
- BTA Bank consolidates a controlling stake in Temirbank under direct ownership
- The Bank captures the explosive growth of retail lending to achieve the No 7 rank in Kazakhstan
- Temirbank issues US$500m worth of Eurobonds
- Temirbank disposes of its subsidiaries: Ineximbank and Temir Capital BV[(a)]

Beyond

By 2010 achieve:
- 11% market share in retail loans (maintain 75:25 retail: corporate ratio)
- 9% market share in retail deposits
- ROA of at least 3%
- 1.4 million cards (both debit and credit in the proportion 70:30)
- 46% Net Income CAGR 07 -10

Ownership structure

Shareholder structure as at 1 July 2008



Ownership

- BTA holds 50.95% of Temirbank's shares outstanding, with the remainder floating on the KASE stock exchange
- Other shares are owned by various legal entities associated with BTA
- Temirbank historically focused on retaining earnings to boost capitalization

Relationship with BTA

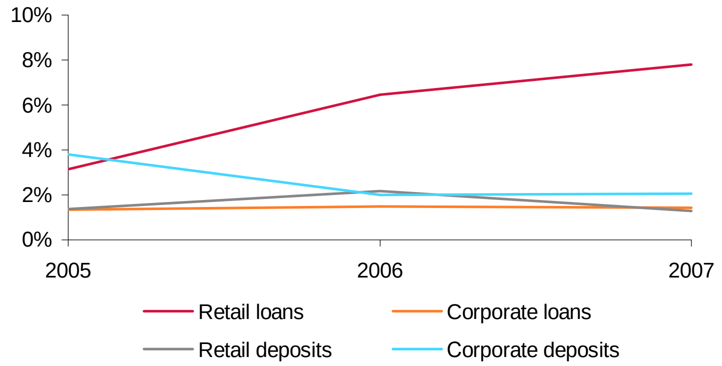
- BTA has held direct or indirect control over Temirbank since the mid-1990s
- Temirbank sells the mortgage products of BTA Ipoteka, BTA's mortgage subsidiary
- Temirbank receives short-term funding from BTA

TEMIRBANK Temirbank positioning in the Kazakh banking market

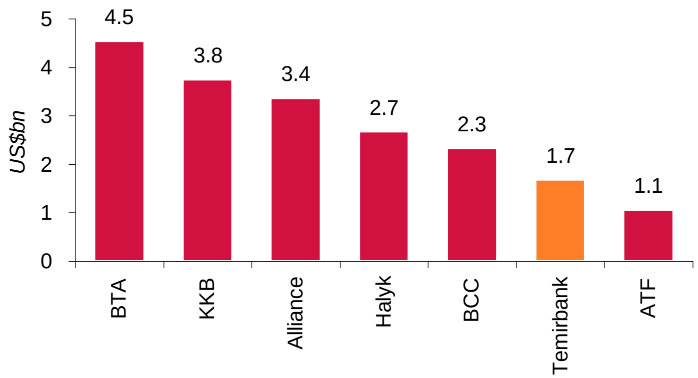
Ranking amongst top ten Kazakh banks (1-Apr-08)

Bank	Assets	Loans	Deposits
BTA Bank	1	2	3
KKB	2	1	2
Halyk	3	3	1
Alliance	4	4	6
ATF	5	5	4
Center Credit	6	6	5
Temirbank	**7**	**7**	**12**
Caspian	8	8	9
Nurbank	9	9	8
Eurasian Bank	10	10	11

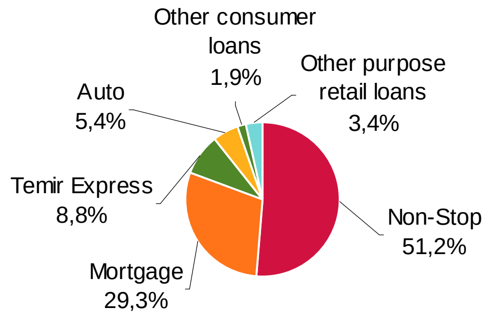
Market shares



Top banks by retail lending (31-Dec-07)



Retail loan structure (July 2008)



Total: US$1,513.0m

Source: Banks' IFRS accounts, AFN

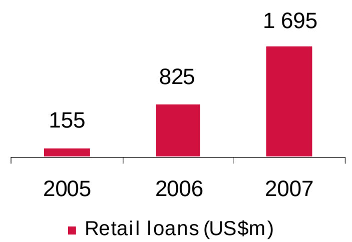
Temirbank successfully re-positioned itself as a leading player in retail and SME markets in recent years

TEMIRBANK

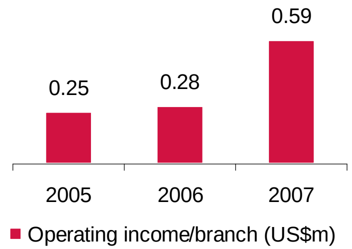
Temirbank: retail focus franchise with strong growth potential

Strong retail franchise

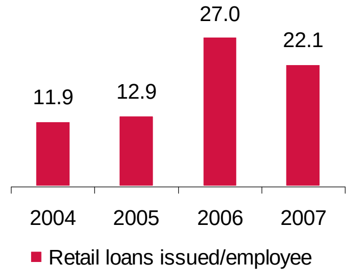
Retail loans growth



Operating income per branch

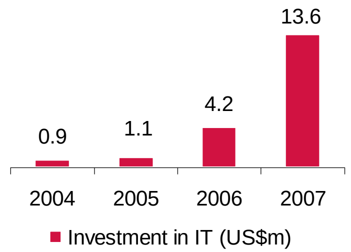


Retail loans per employee

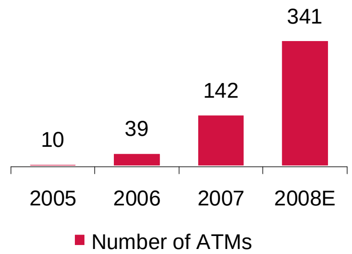


Investment for future growth

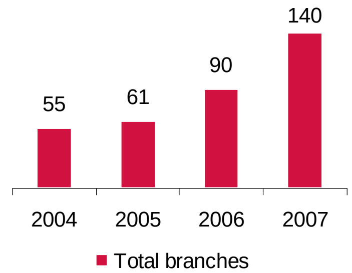
Capex in IT



Acquiring network

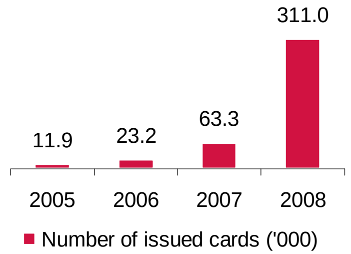


Number of branches

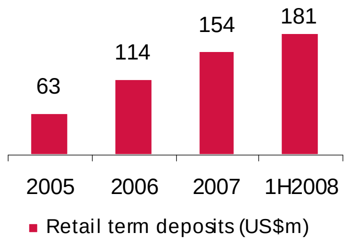


Creating a solid base for deposit funding

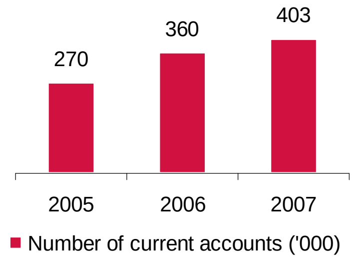
Number of plastic cards issued



Retail term deposits



Number of retail current accounts



TEMIRBANK

From universal to retail focus banking: key success factors

Organization

- Industrial approach to the organisational structure
- Matrix management system
- Organization of work through specialised committees
- Focus on productivity (ARIS, Cognos, BSC)
- Aggressive growth of branch network

Banking products

- Standardisation of products (built-in risks)
- Streamlined sales process (from idea to market research to production to sales)
- Ongoing analysis of market and innovative approach to marketing
- Product automation (Triton retail lending suite)

TEMIRBANK

From universal to retail focus banking: key success factors

IT development

- Scalable retail banking system (RBO can support 10X expansion of business)
- Cards processing centre
- Internet/tele/mobile banking
- Centralised accounting and reporting
- Extensive acquiring network

Human resources

- Continuous recruitment
  - Business plan commands recruitment
  - Trial periods/Tests
- Rigours training test and development
  - Obligatory and optional trainings (training centre)
  - Product trainings
- Promotion and compensation schemes
  - Financial motivation tied to performance/sales
  - Rating and promotion systems

TEMIRBANK

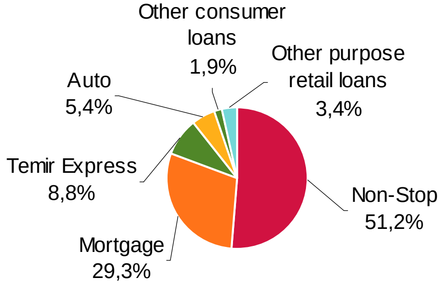
Retail bank with a solid corporate platform

Temirbank

Retail		**Corporate**	
■ 164,848 clients ■ 87,638 bank cards ■ 7.8% market share	■ Secured and mortgage lending ■ Car loans ■ Deposit banking ■ Bank debit and credit cards ■ Money transfers ■ Internet banking	■ 35,752 corporate clients ■ 179,000 corporate accounts ■ 2.6% loans market share	■ Corporate lending ■ Deposit banking ■ Cash settlement ■ Payroll service ■ Factoring ■ Bank guarantee

Retail loans

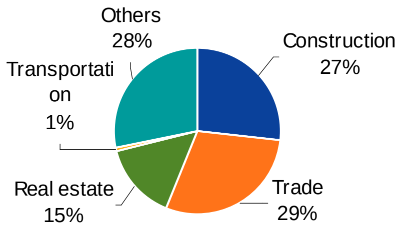
July 2008



Total: US$1,513.0m

Corporate loans

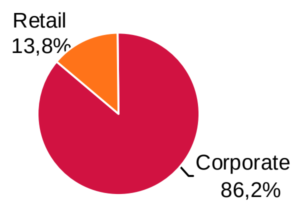
July 2008



Total: US$586.2m

Deposits

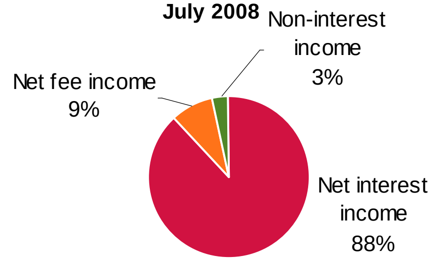
July 2008



Total: US$1,520.3m

Operating income

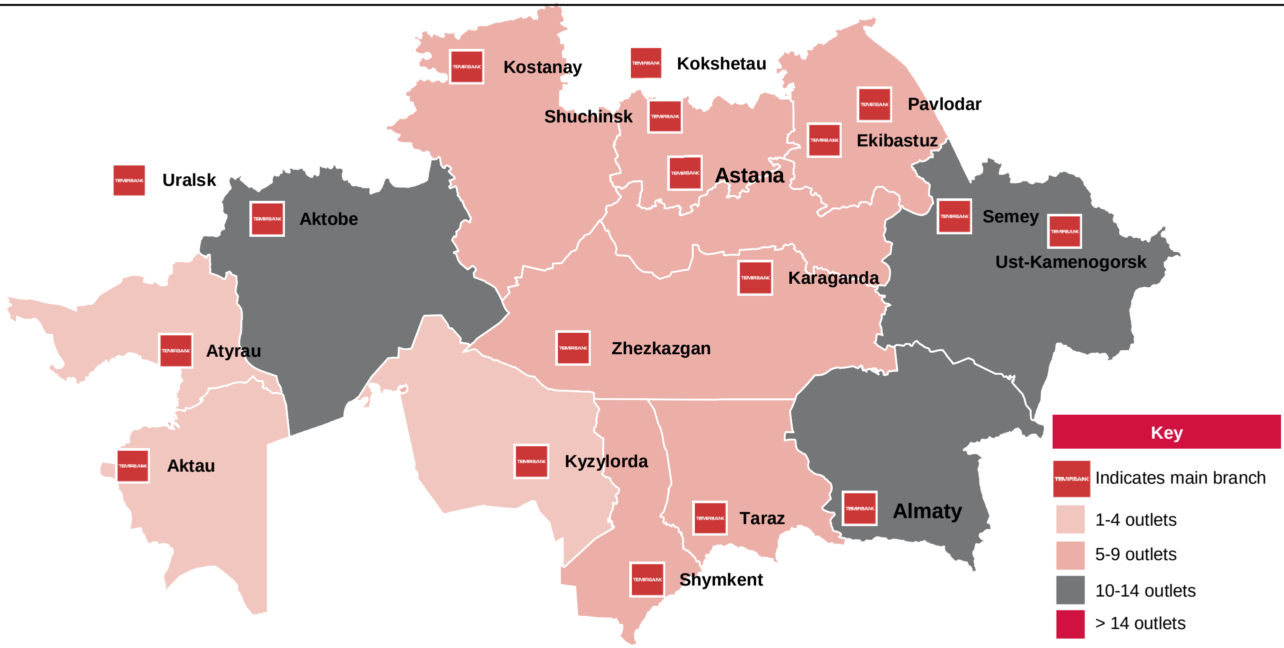
July 2008



Total: US$73.5m

Nationwide branch network

Overview of Temirbank's branch network

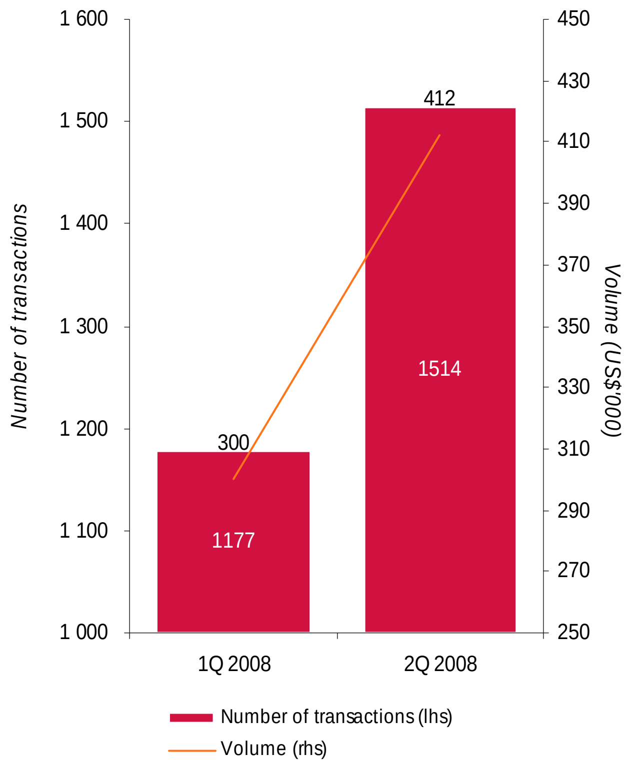


Branch network of top Kazakh banks

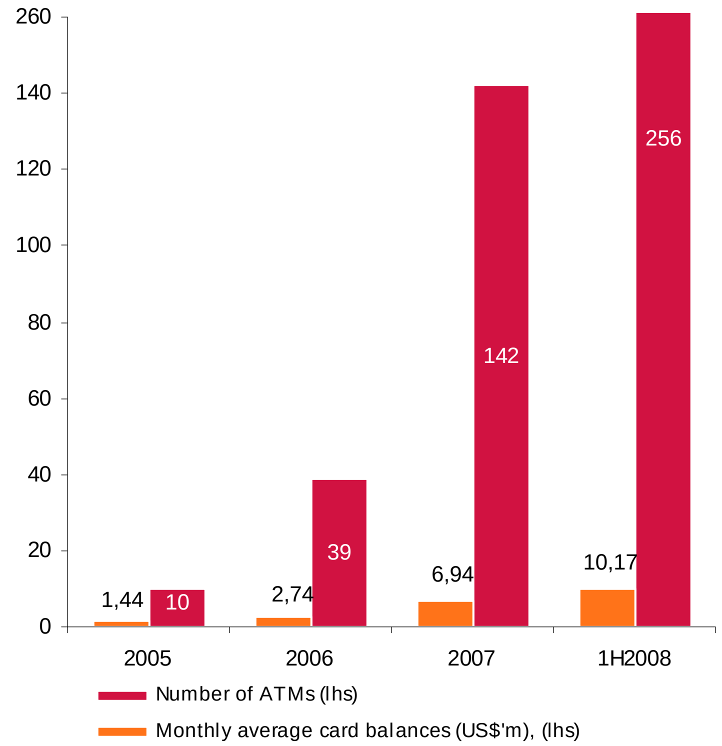
Bank	Branches	Outlets	Total
Halyk	21	577	598
BTA Bank	22	289	311
Alliance	25	220	254
CentreCredit	20	177	197
KKB	25	161	186
Caspian	38	108	146
Temirbank	**21**	**119**	**140**
ATF Bank	19	19	38

Growing distribution platform – ATMs and online banking

Online banking



ATMs and average balances



TEMIRBANK

Established corporate franchise with strong potential of cross-selling

Description

Key highlights

- 35,751 corporate clients
- 179,000 corporate accounts
- 2.0% market share in corporate deposits

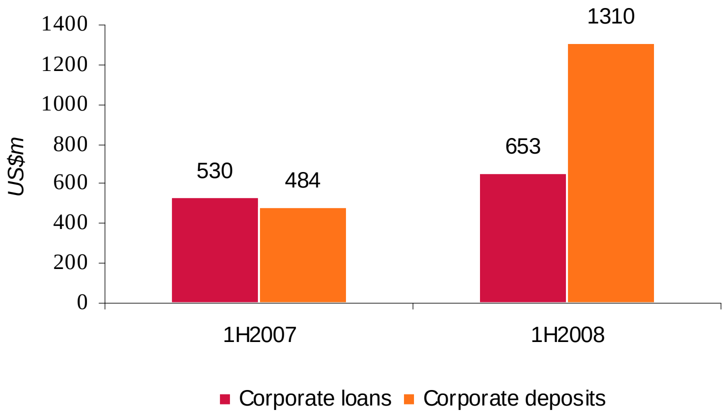
Key products

- Corporate lending
- Deposit banking
- Cash settlements
- Trade and project finance
- Payroll services
- Factoring
- Bank guarantees
- Leasing via 'Temirleasing'

Cross-selling retail bank products

- Payroll projects
- Consumer loans, credit cards to the employees
- SMEs – existing customers of the bank
- Mortgage loans to the customers of developers – existing corporate clients of the bank
- Acquiring services

Corporate loans and deposits

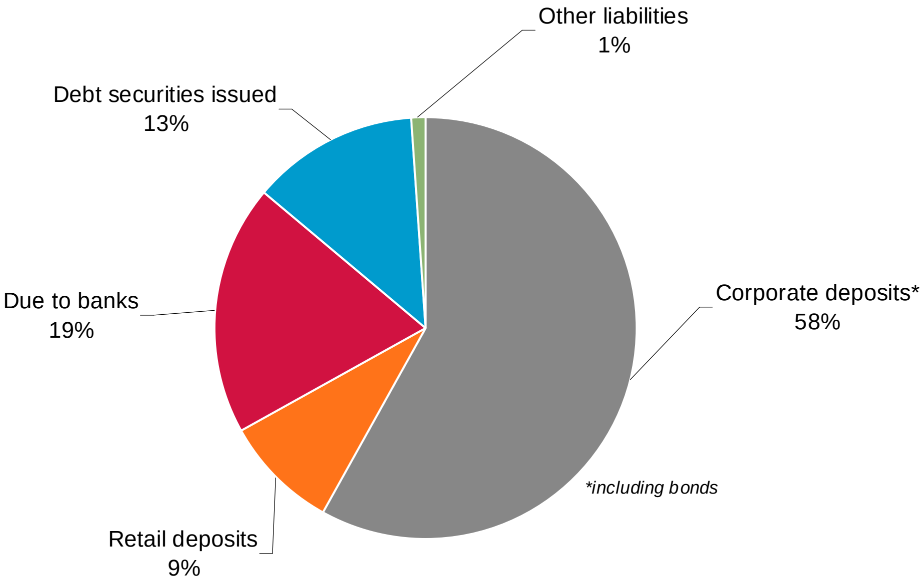


TEMIRBANK

TEMIRBANK

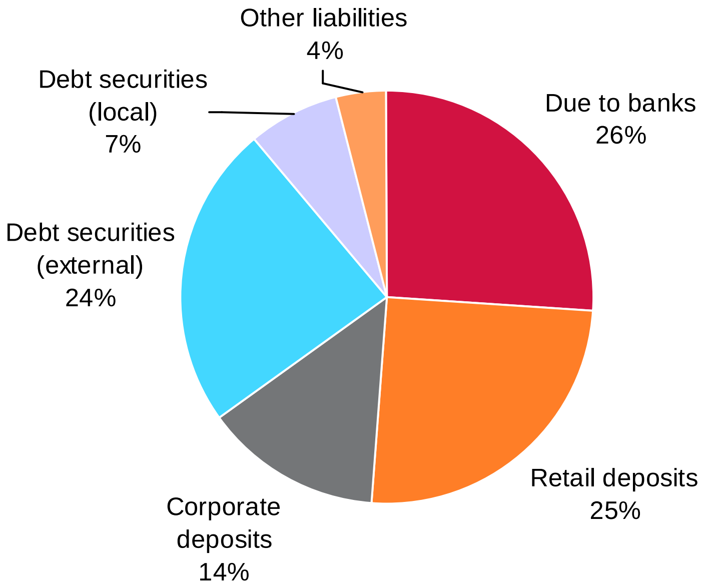
Funding structure and strategy

Funding structure 1H 2008



Total US$2,242.3m

Funding structure 2010E



Total US$3,147.2m

TEMIRBANK

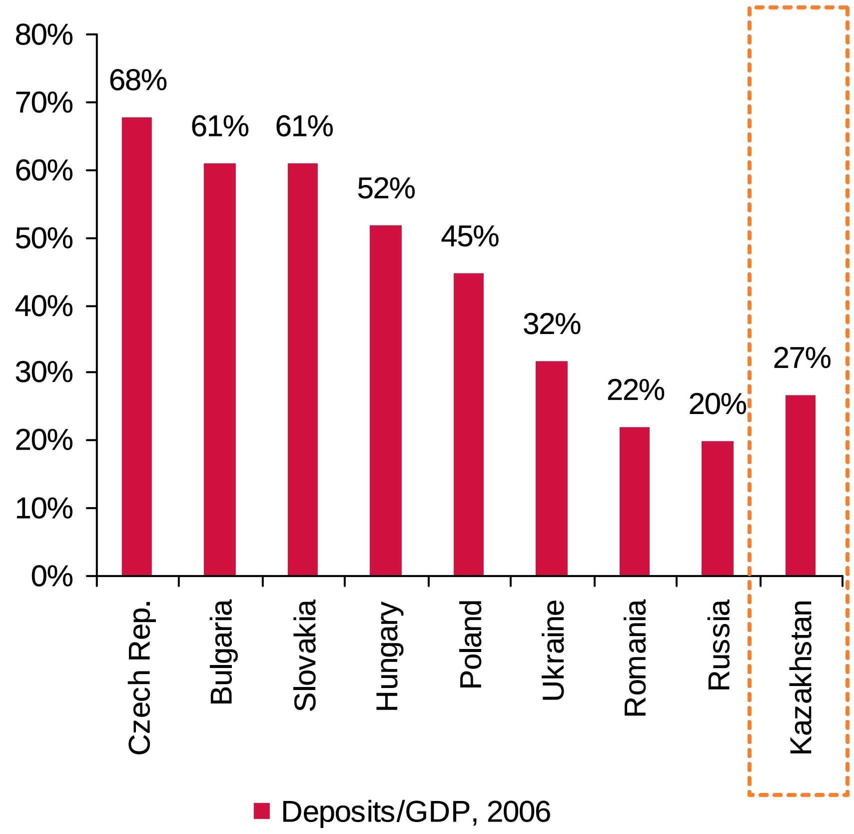
Funding structure and strategy (continued)

Retail deposit strategy

- Attracting first time depositors
- Loyalty programs to retain customers
- Deposits are becoming an attractive investment
- Target pension funds
- Attract government and national companies

  (i.e. Kazatomprom)

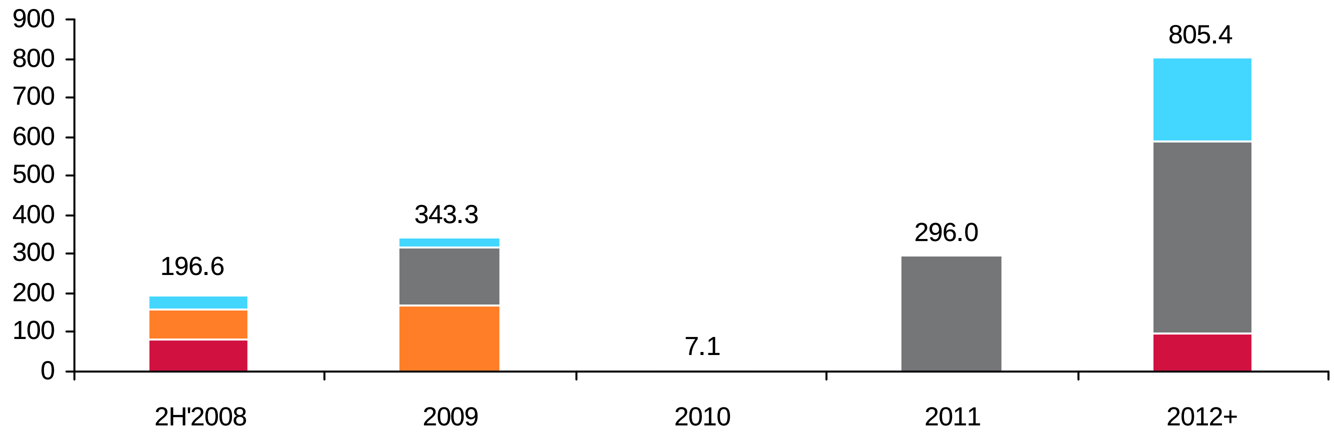
Deposit penetration in CIS and CEE



TEMIRBANK

Liquidity analysis

Debt repayment profile 2008 – 2012



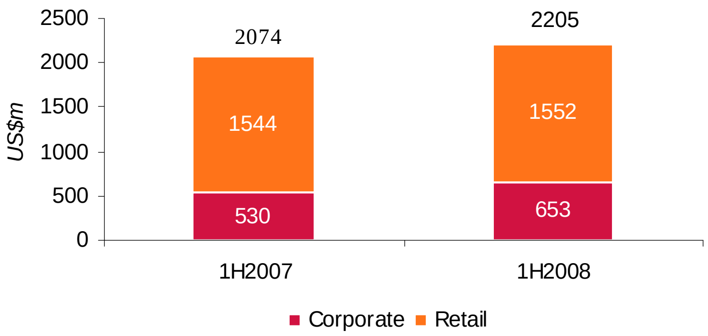
	2H'2008	2009	2010	2011	2012+	Total
Interbank (ex BTA)	80.5	–	–	–	95.8	**176.3**
Interbank BTA	79.2	169.0	–	–	–	**248.2**
Eurobonds	0.0	148.2	–	296.0	490.5	**948.7**
Local bonds, sub debt and other loans	36.8	26.1	7.1	–	219.0	**289.0**
Total	**196.6**	**343.3**	**7.1**	**296.0**	**805.4**	**1,662.2**

Debt repayment is not concentrated in a single year. Over 37% is due beyond 2009

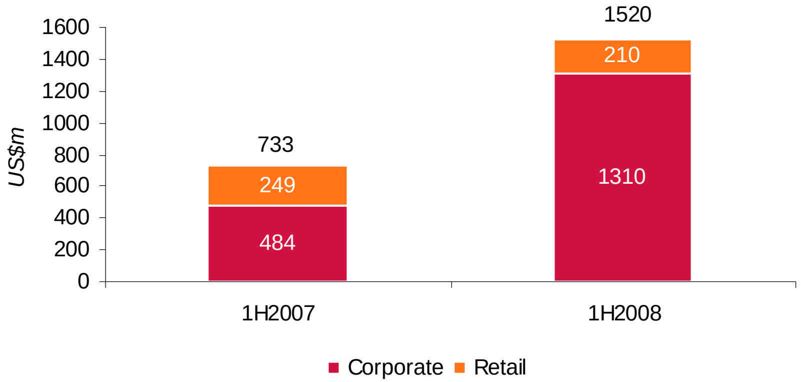
TEMIRBANK

Financial performance

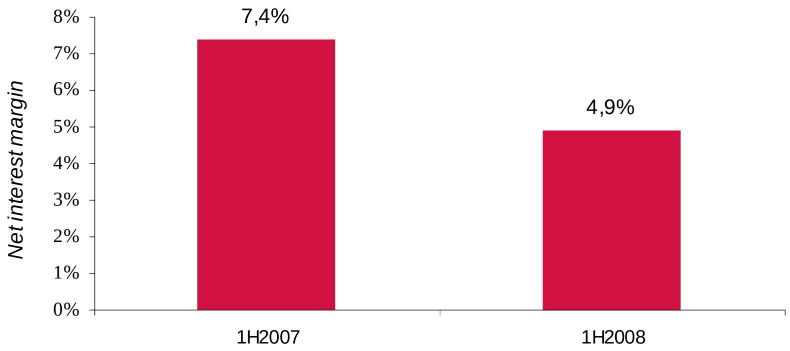
Loan growth



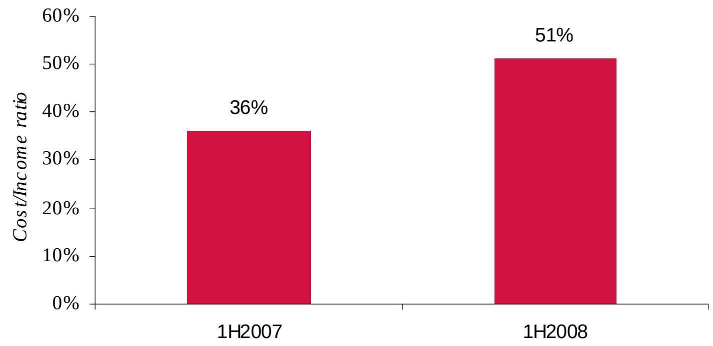
Deposit growth



Net interest margin



Cost to income ratio



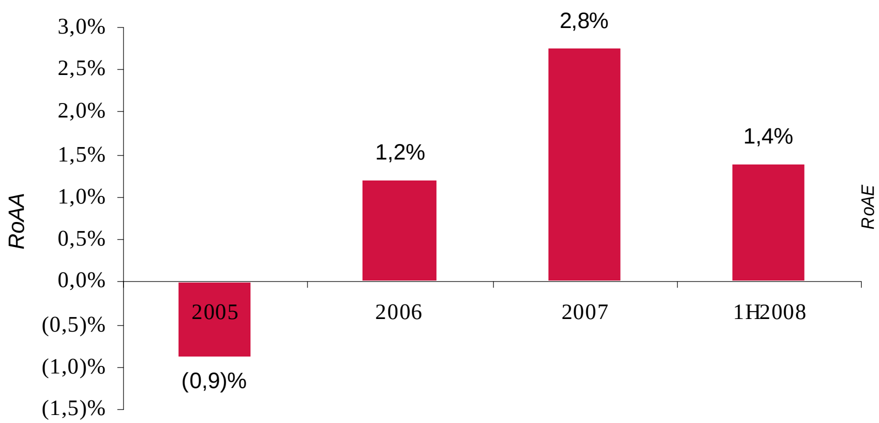
(a) Numbers adjusted for the gains on sale of subsidiaries

ABBYY PDF Transformer 2.0
Click here to buy
www.ABBYY.com

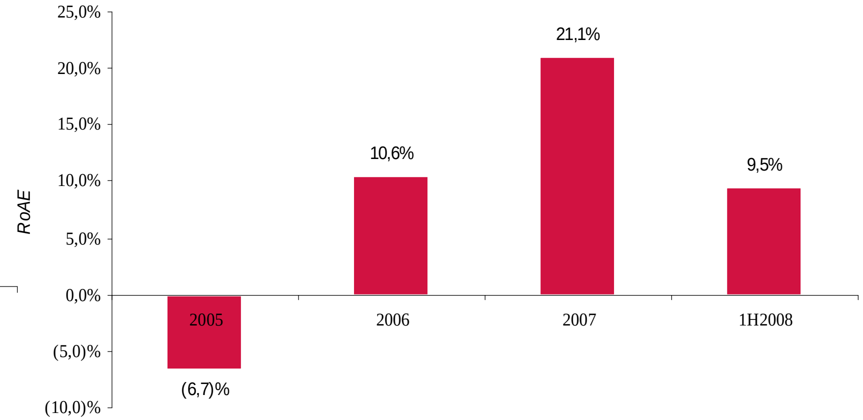
TEMIRBANK

Financial performance (continued)

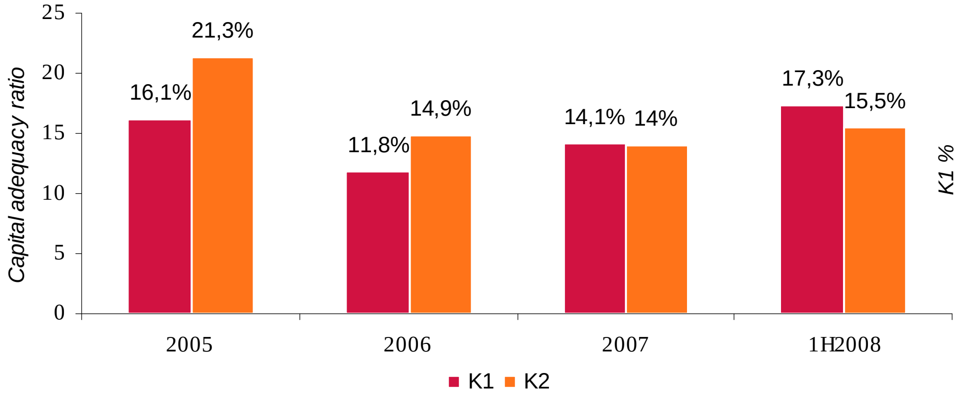
RoAA



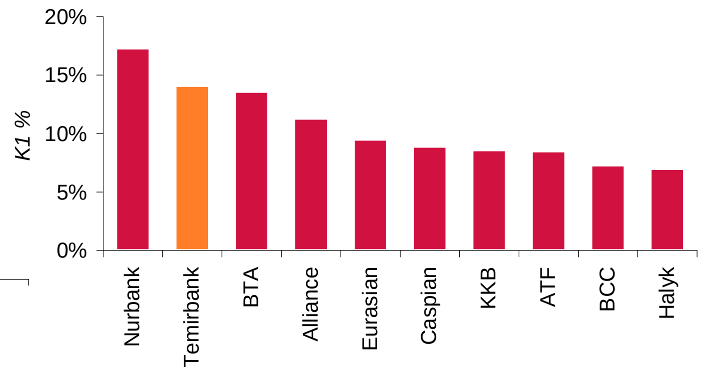
RoAE



Capital adequacy (K1 &K2)



Capital adequacy of major Kazakh banks (K1), 2007



(a) Numbers adjusted for the gains on sale of subsidiaries

ABBYY PDF Transformer 2.0
Click here to buy
www.ABBYY.com

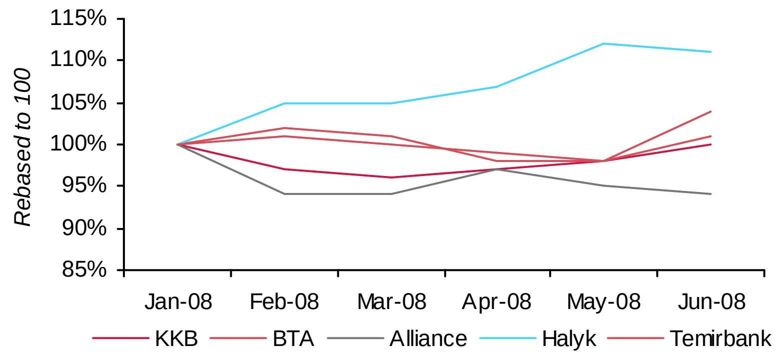
TEMIRBANK

Recent financial performance

First half 2008 highlights

- In spite of difficult conditions in the Kazakh banking market during the first half, Temirbank performed in line with its peers
  - balance sheet growth has been broadly in line with that of the leading Kazakh banks
  - Temirbank's net interest margin has remained relatively stable over the quarter, particularly in comparison with its peers
  - deposits have fallen less than in most major Kazakh banks
  - the loans to deposits ratio has begun to fall

Relative change in deposits since 1-Jan-08



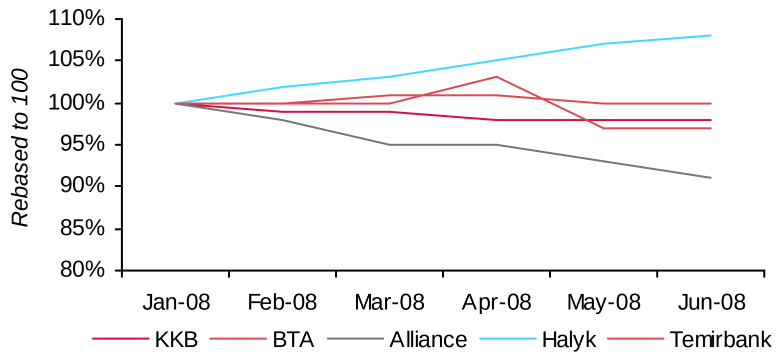
Source: AFN

Key figures (IFRS,US$m)

	1H 07	1H 08
NII	77.5	64.7
Net income	34.3	19.4
Total assets	2,693.5	2,661.6
Equity	313.4	419.3
NIM	7.4%	4.9%
C/I ratio	36.0%	51.0%
RoAE	28.14%	9.45%
RoAA	3.18%	1.43%
LtoD ratio	274.4%	370.0%

Note: 1H 08 figures are preliminary and have not been audited
Source: Company reports

Relative growth in lending since 1-Jan-08



Source: AFN

During the first half 08, despite the difficult market conditions Temirbank performance was in line with the market

ABBYY PDF Transformer 2.0 Click here to buy www.ABBYY.com

TEMIRBANK

Balance sheet, IFRS

(US$m)	**2005**	**2006**	**2007**	**1H 2007**	**1H 2008**
Assets					
Cash and balances at NBK	30	248	235	364	202
Total securities	70	111	199	184	206
Due from banks	69	39	87	74	80
Loans and advances to customers					
Corporate	*231*	*371*	*590*	*530*	*653*
Retail	*155*	*825*	*1,695*	*1,544*	*1,552*
Total gross loans and advances to customers	386	1,196	2,284	2,074	2,204
Provision for loan impairment	(14)	(35)	(84)	(61)	(90)
Total loans and advances to customers	372	1161	2,200	2,013	2,115
Other assets	26	39	54	59	59
Total assets	**567**	**1,598**	**2,776**	**2,694**	**2,662**
Liabilities					
Due to other banks and government	113	358	603	446	427
Customer accounts					
Corporate	*236*	*279*	*354*	*484*	*1,310*
Retail	*74*	*142*	*179*	*249*	*210*
Total customer accounts	310	421	533	733	1,520
Debt securities issued	62	644	1,231	1,192	286
Other borrowed funds	1	1	0	0	0
Other liabilities	2	2	8	9	9
Total liabilities	**488**	**1,426**	**2,375**	**2,380**	**2,242**
Total shareholders' equity	**79**	**172**	**401**	**313**	**419**
Selected ratios					
Loan to deposit ratio	**124.3%**	**284.1%**	**412.9%**	**274.4%**	**139.1%**
Net loans as a % of total assets	*65.6%*	*72.7%*	*79.3%*	*74.7%*	*79.5%*
Loan loss provisions/gross loans	*3.6%*	*2.9%*	*3.7%*	*3.0%*	*4.1%*

Note: 1H 08 figures are preliminary and have not been audited

TEMIRBANK

Income statement, IFRS

(US$m)	**2005**	**2006**	**2007**	**1H 2007**	**1H 2008**
Total interest income	46.1	118.8	361.7	153.4	181.4
Total interest expense	29.6	65.3	189.5	75.9	116.7
Net interest income	**16.5**	**53.5**	**172.2**	**77.5**	**64.7**
Recovery of/(provision for) loan impairment	(12.4)	(24.4)	(45.3)	(23.7)	(5.9)
Net interest income after provision for loan impairment	**4.1**	**29.1**	**126.9**	**53.8**	**58.8**
Fee and commission income	7.7	13.3	20.7	12.2	6.7
Fee and commission expense	(0.4)	(0.7)	(0.7)	(0.4)	(0.3)
Net fee income	**7.3**	**12.7**	**20.0**	**11.8**	**6.4**
Gains on trading activities and other	23.0	15.9	3.7	9.4	2.4
Total operating expenses	18.9	36.4	84.9	35.9	37.8
Recovery of/(provision for) impairment of other assets	0.0	0.0	0.0	0.2	2.6
Profit before tax	**15.5**	**27.7**	**65.7**	**39.3**	**32.6**
Income tax expense	(0.1)	(0.7)	(5.4)	(5.0)	(13.2)
Net income	**15.4**	**27.0**	**60.3**	**34.3**	**19.4**
Selected ratios					
Return on average equity	*25.4%*	*21.4%*	*21.0%*	*28.3%*	*9.5%*
Return on average assets	*1.5%*	*2.4%*	*2.8%*	*3.2%*	*1.4%*
Net interest margin	*4.2%*	*5.7%*	*8.8%*	*7.5%*	*4.9%*

Note: 1H 08 figures are preliminary and have not been audited

TEMIRBANK

ABBYY PDF Transformer 2.0 Click here to buy www.ABBYY.com

TEMIRBANK

Strategy

Strategic outcomes:

- Financial objectives:
- 3%+ ROA
- 25% ROE
- 11% market share in 2010

- Mission
- "to effectively satisfy the financial needs of individuals nationwide and at a fair price"

Product strategy:

- Standard products
- Built-in risks
- Continuous innovation

Internal processes

- Centralised
- Clear written procedures
- 'Mass production'- oriented

Personnel:

- Continuous recruitment
- Rigorous training and development
- Promotion/motivation

Key goals by business segment

Retail

- Achieve 11% market share in retail loans
- Achieve 9% market share in retail deposits

Corporate

- Maintain existing market share
- Cross sell retail products
- Aggressively attract corporate deposits

Funding

- Decrease loan to deposit ratio to 180%
- Attract first time retail depositors
- Decrease dependence on wholesale funding to one third of total liabilities

ABBYY PDF Transformer 2.0
Click here to buy
www.ABBYY.com

TEMIRBANK

Future economic outlook is bright

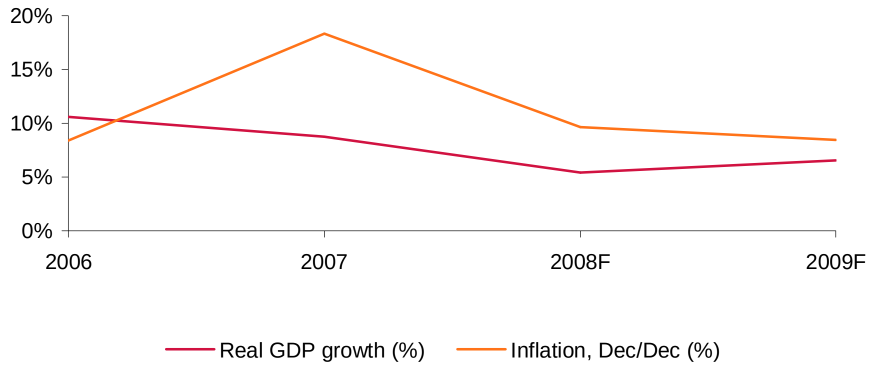
Economy in 2008 – 2010 – stabilise and resume growing

- Government injected US$4bn to support banks
- Real estate prices will stabilise, purchase of 20 – 30 thousand apartments in Astana is planned by the state
- Deposits with banks to finance construction projects
- The rest of the economy is doing well supported by the growth of commodity prices
- 6% YoY GDP growth in the 1st quarter 2008
- 1Q NBK reserves up US$4bn, National Oil Fund up US$3bn

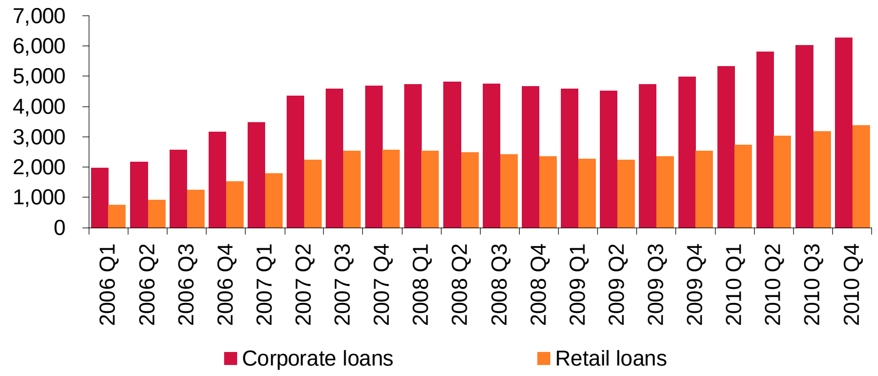
Banking sector in 2008-2010 – growth will return in 2H'09

- Most of the redemptions of 2008 have been successfully done in 1H'08
- During the rest of 2008 and the first half of 2009 growth is expected to be minimal
- Recovery expected to pick up in the second half of 2009

Economy in 2008 – 2010 – stabilise and resume growing



Banking sector in 2008-2010 – growth will return in 2H'09

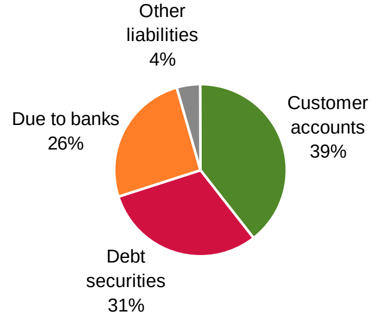


Key operating indicators

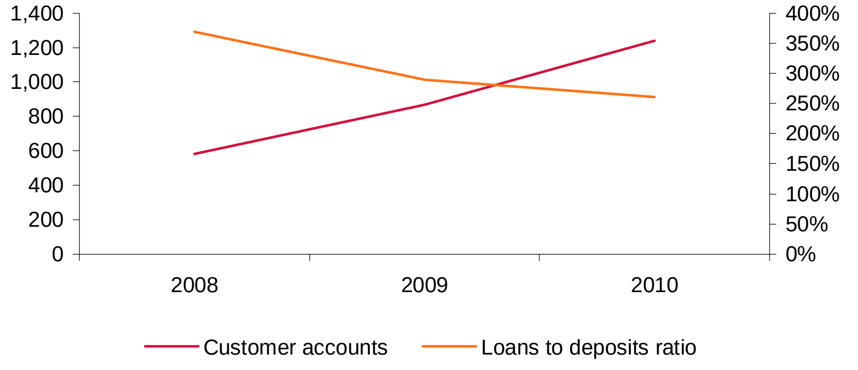
Retail loans by products, 2008 – 2010

	2008	2009	2010
Mortgage	499.0	628.2	841.5
Non-Stop	735.2	904.3	1,193.3
Consumer loans	94.7	68.0	74.1
Car loans	76.9	80.9	97.5
Other	181.2	208.2	263.6
Total	**1,587.1**	**1,889.5**	**2,470.0**

Funding structure, 2010



Total deposits and LtoD ratio, 2008 – 2010



Cost/income, costs per employee