



# ALLIANCE BANK

**Presentation**

**H1 2007**



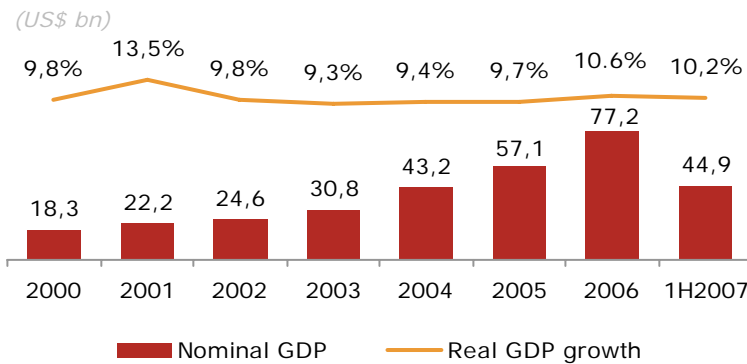
# Kazakhstan - Rich in natural resources, trustworthy investment environment



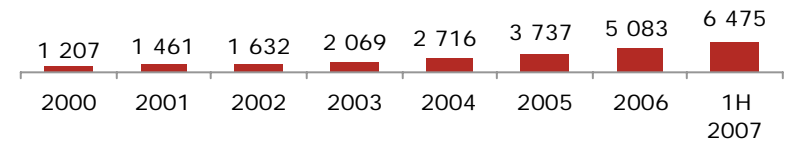
## Kazakhstan general information

- Area – 1.052 million square miles
- Population – 15.2 million
- Confirmed oil reserves – 2.8 billion tons
- Confirmed gas reserves – 1.8 billion m<sup>3</sup>

## Kazakhstan GDP development



## GDP per capita



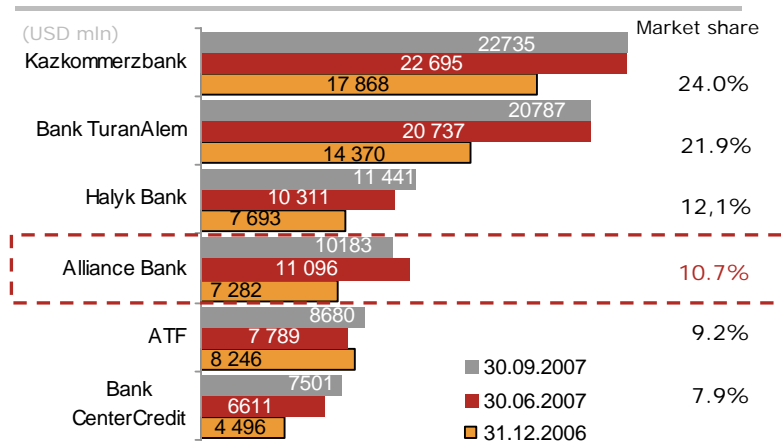
Source: EIU



# Banking sector remains strong despite the volatility on the international capital markets

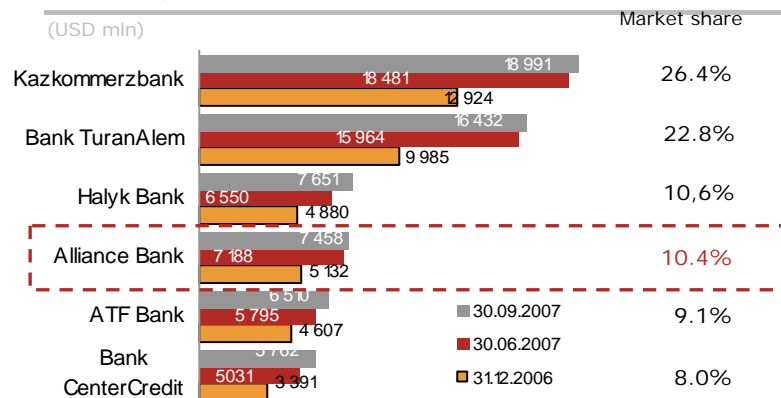
As of 30 September 2007

## Assets



Banking sector total: 94,812

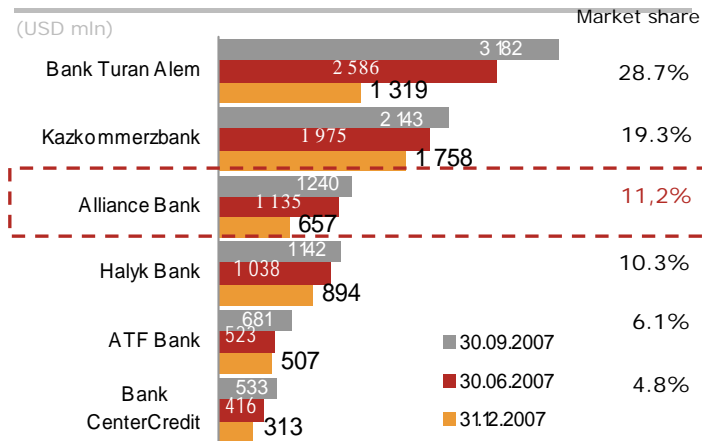
## Loan portfolio \*



Banking sector total: 65,577

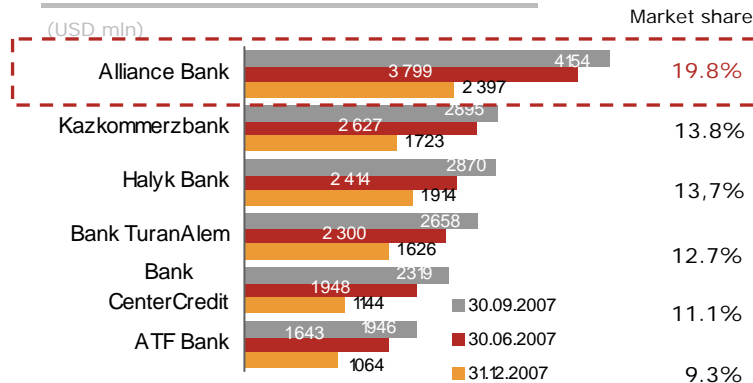
\*Excluding allowance for impairment losses

## Total capital



Banking sector total: 11,077

## Retail loan portfolio \*\*



Banking sector total: 18,278

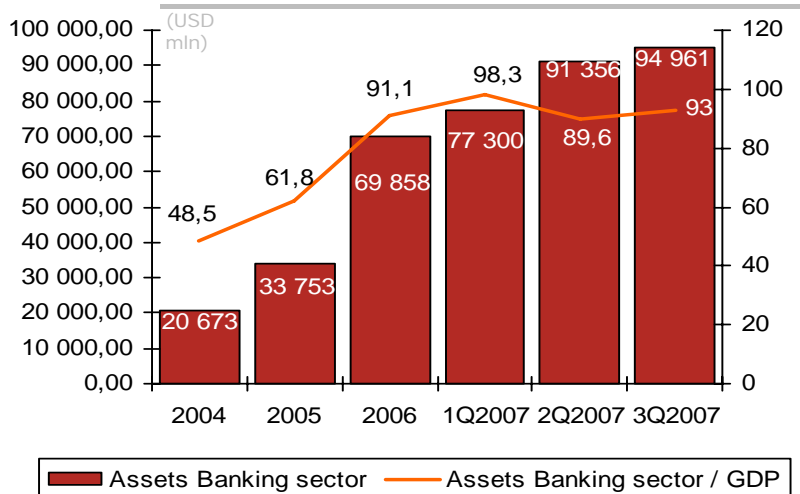
\*\*Including sole proprietors

Source: Alliance Bank, KAS

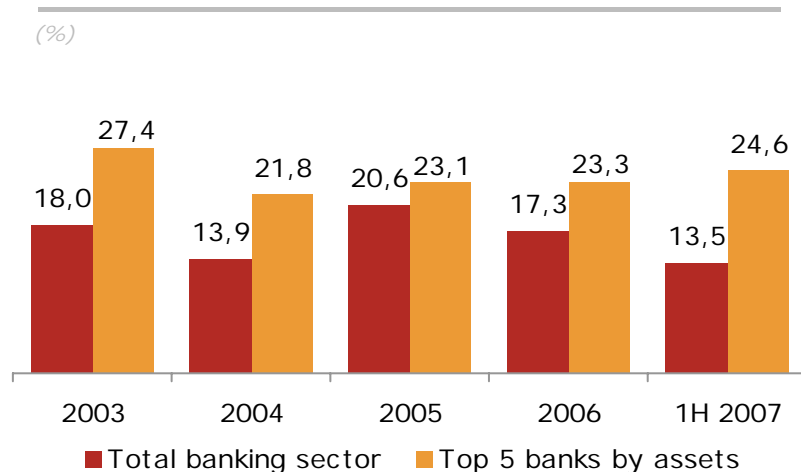


# More stable growth with focus on the quality of business activities

*Banking Sector / GDP*

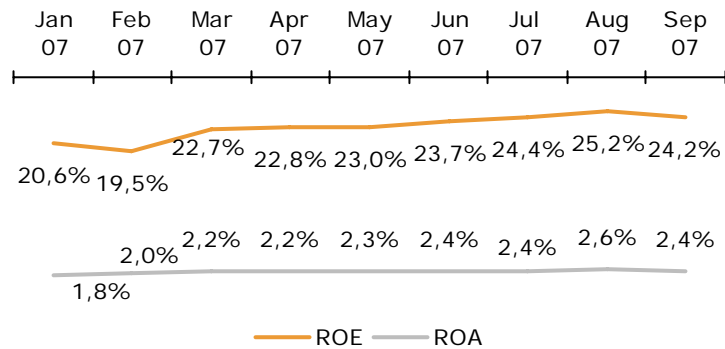


*Sector RoE*



- Banks performed very well throughout the first 3 quarters
- Returns on equity and assets are steadily growing

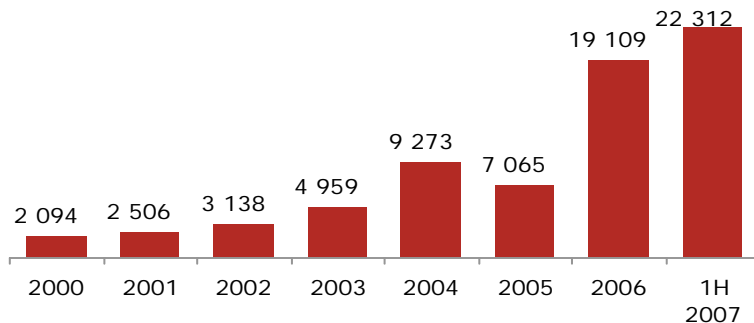
*Top 5 Banks RoE & RoA evolution 2007*



# Government ready to support the banking sector

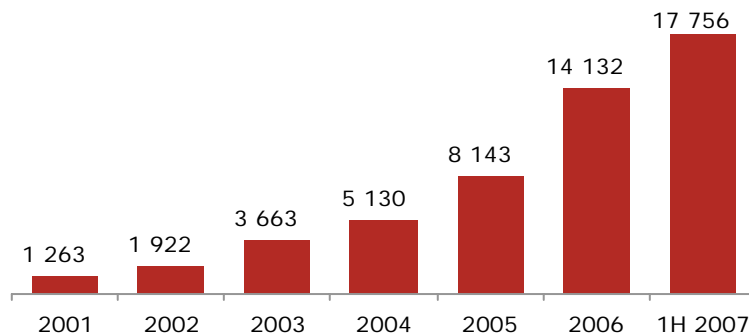
## Gold reserves of NBK

(US\$ m)



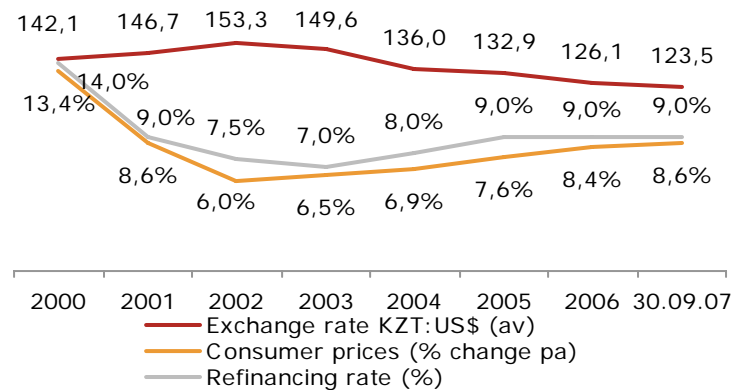
Source: NBK

## National fund reserves



- The state reserves are close to USD 40 billion
- Stable economy continues to grow
- More oil revenues expected in the forthcoming years

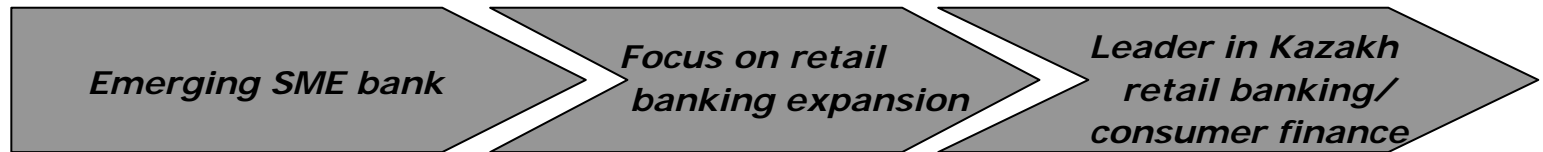
## Inflation, interest rates and exchange rate



Source: EIU, Factset



# Historical development



**1993**

- IrtyshBusinessBank – one of the first regional banks established in Pavlodar, northern Kazakhstan

**1999**

- IrtyshBusinessBank merges with Semipalatinsk City Bank

**2001**

- Seimar Investment Group purchases a 37% stake in IrtyshBusinessBank

**2002**

- The Bank changes its name to Alliance Bank and relocates to Almaty

**2005**

- ALB gains access to customers through Kazpost's 4,000 postal outlets
- ALB wins the "Leading Bank in Corporate Governance" and "The Best Retail Bank in Kazakhstan" awards from EUROMONEY

**2007**

- ALB has most extensive distribution network
- Major shareholder SAFC offers a 17.4% of the shares during an IPO on LSE
- ALB becomes the leading bank in retail lending
- ALB was recognized as a Best Retail Bank in Kazakhstan by EUROMONEY



# Widespread and well diversified distribution platform

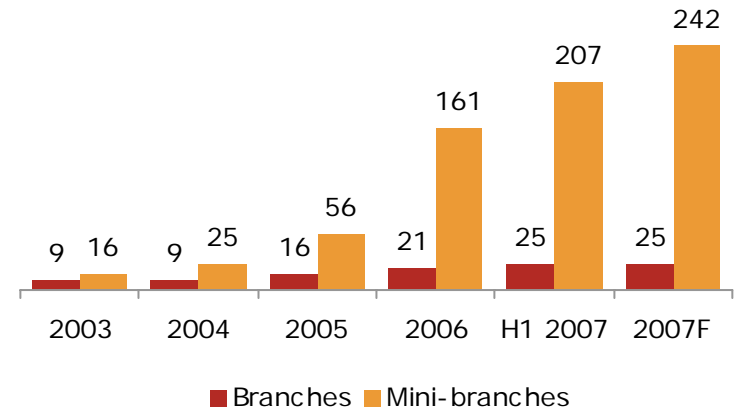
## Alliance Bank branch distribution network (as of today)

**Branches: 25**  
**Mini-branches: 219**



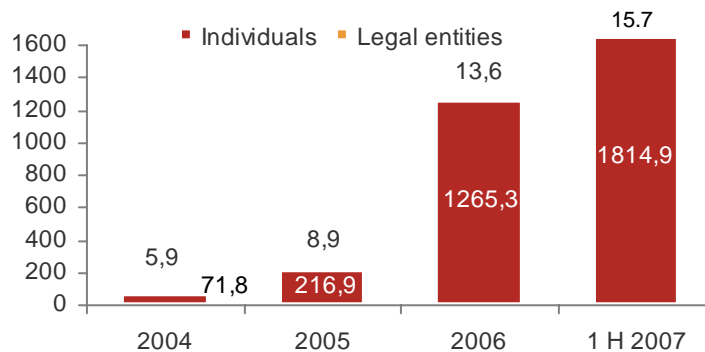
Source: Alliance Bank

## Expanding branch network



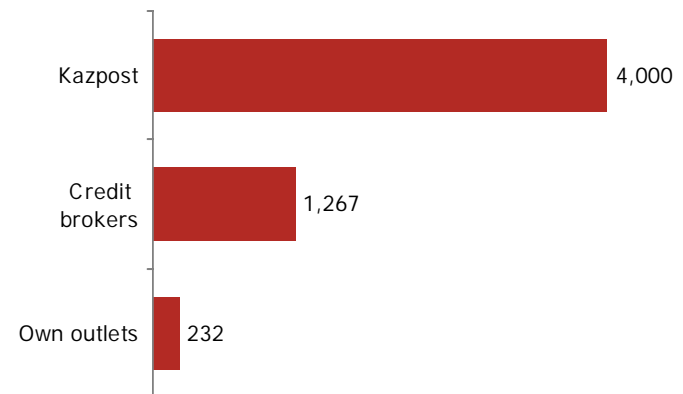
Source: Alliance Bank

## Expansion of ALB's client base



Source: Alliance Bank

## Composition of distribution network (H1 2007)

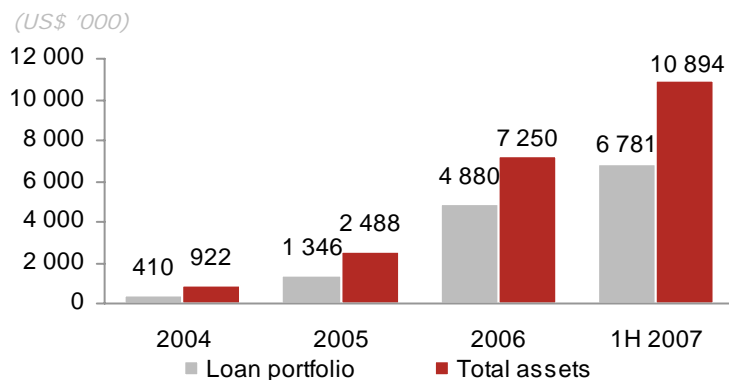


Source: Company information



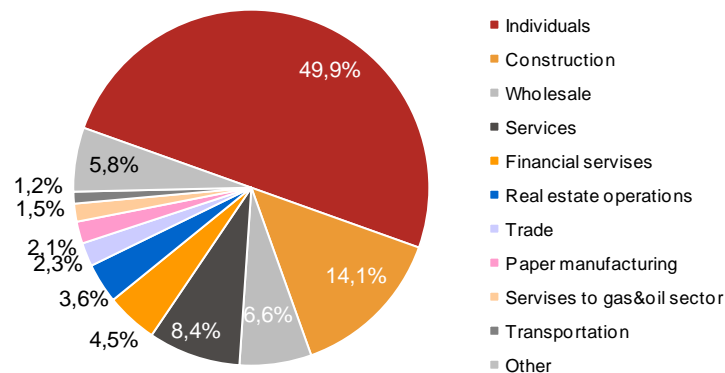
# ALB's growth in lending with low direct exposure to the construction sector and with terms of short duration

## Strong loan portfolio and assets growth



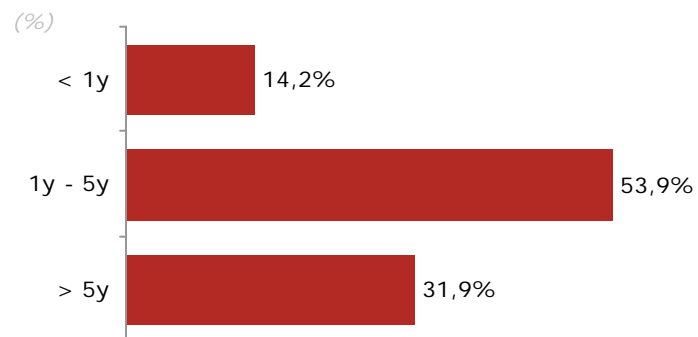
Source: Company IFRS financials

## Loan portfolio sectoral diversification as at 30 June 2007



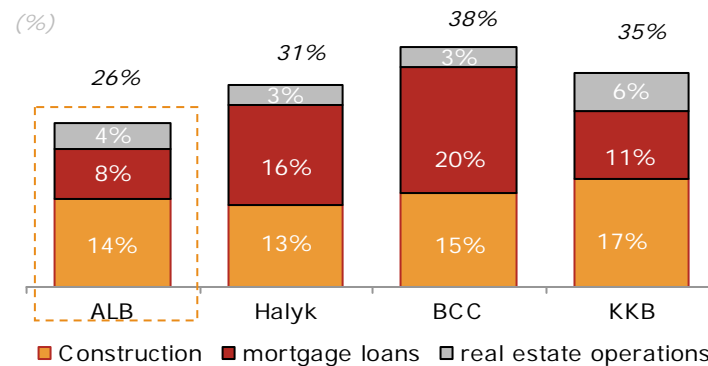
Source: Company IFRS financials

## Loan maturity profile (H1 2007)



Source: Company IFRS financials

## Exposure to real estate related industries



Source: Company IFRS financials

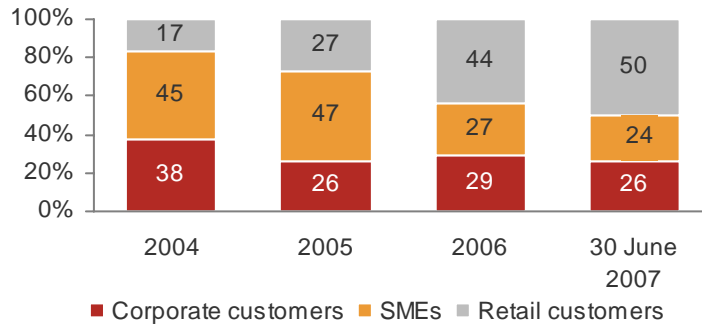
Note: Calculated as percentage of total liabilities; including mortgage loans, construction and real estate operations





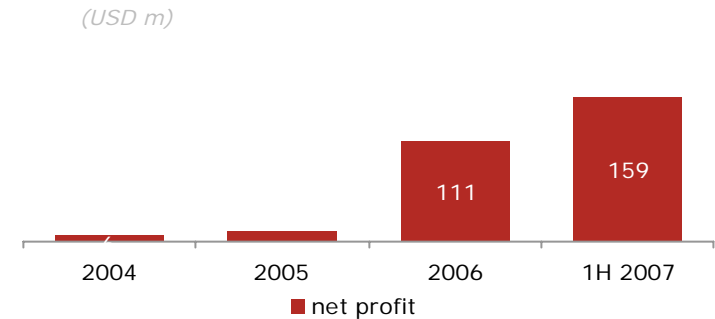
# Portfolio of high margin consumer finance products ensures a high level of profitability

*Break down of loan portfolio*



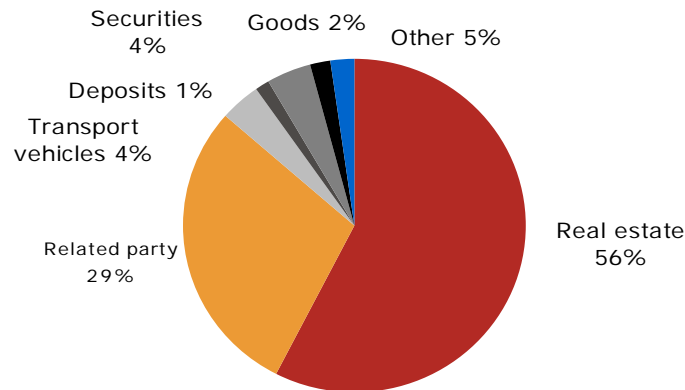
Source: Alliance Bank, KAS

*Strong growth of retail borrowers leads to high profitability*



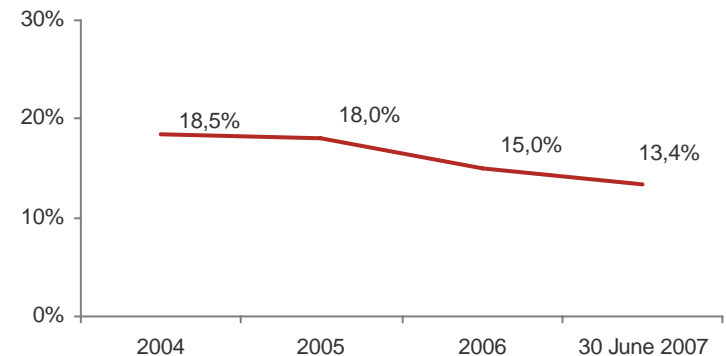
Source: Company IFRS financials

*Break down by type of collateral , 1H 2007*



Source: Company IFRS financials

*Loan portfolio concentration—Top 10 borrowers as % of the total loan portfolio*

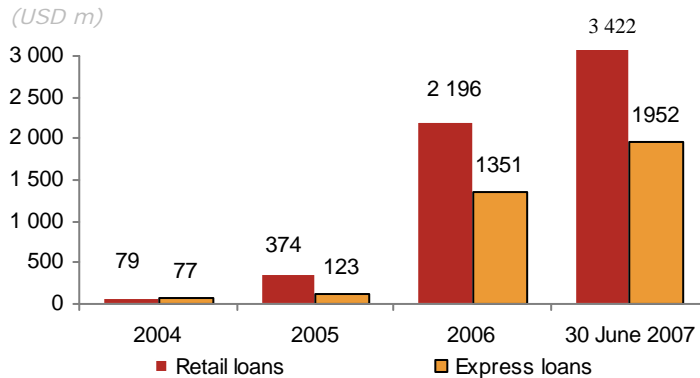


Source: Alliance Bank



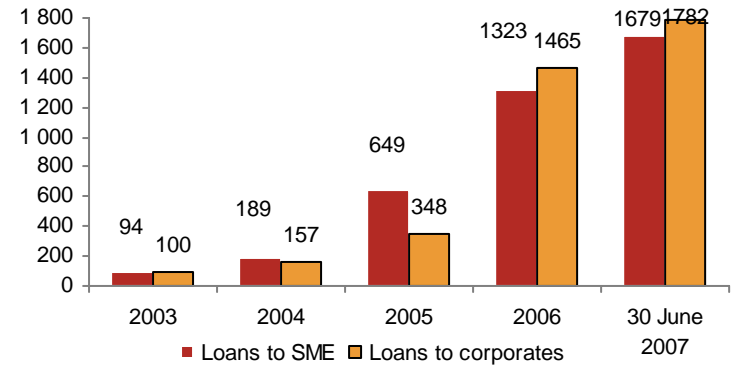
# Momentum in ALB's retail business keeping SME and corporate sectors stable

## Rapidly growing retail loan portfolio\*



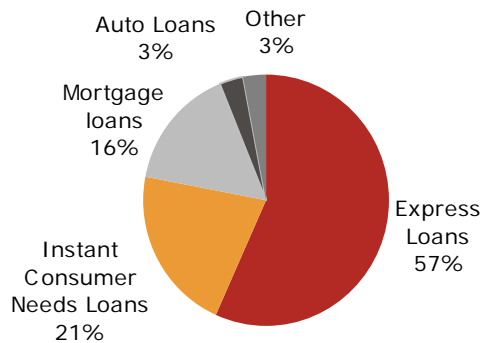
Source: Alliance Bank, KAS

## Stable growth in SME and corporate financing



Source: Alliance Bank, KAS

## Breakdown of retail loans



Total: = KZT 418 bn

Source: Alliance Bank, KAS

## Average loan maturity by products

- Express loan – 2.5 years;
- Autoloans – 4.2 years;
- Instant Consumer Needs Loans – 8 years;
- Mortgage – 16.3 years;
- Other retail loans – 7.9 years;
- SME loans – 6 years;
- SME EBRD loans – 4 years;
- Corporate – 3 years;

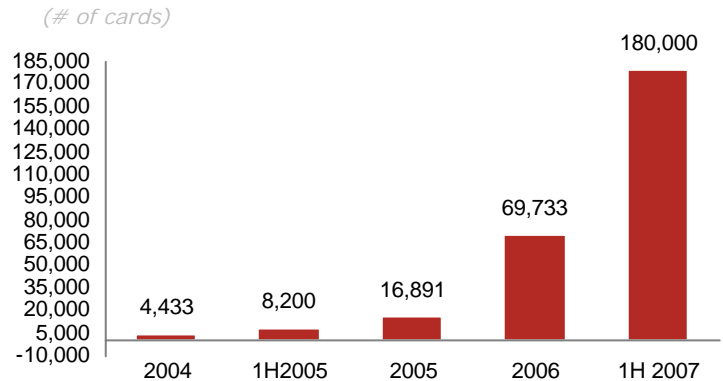


# Plastic cards expected to drive future growth

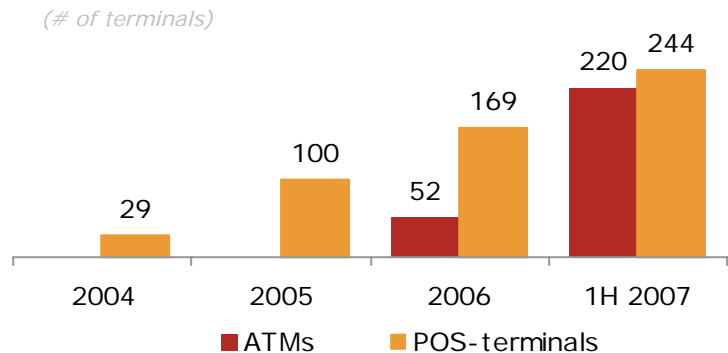
## Comments

- The Bank was one of the first banks in Kazakhstan to start issuing chip payment cards, doing so in 2004
- Principal membership with MasterCard and VISA
- Though its current number of issued cards is relatively low, the Bank is planning aggressive expansion of this business
  - Card limits based on Express Loan payment experience
  - Revolving cards for best customer profiles
- The main focus will be on using cards for unsecured lending
- The plastic cards business strategy will be supported by the development of the ATM network which the Bank started to grow in 2006

## ALB payment card issuance since launch of the card project in March 2004



## ATM Network Development

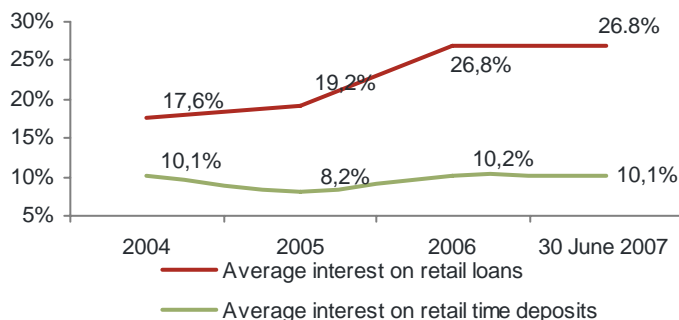


Source: Company IFRS financials



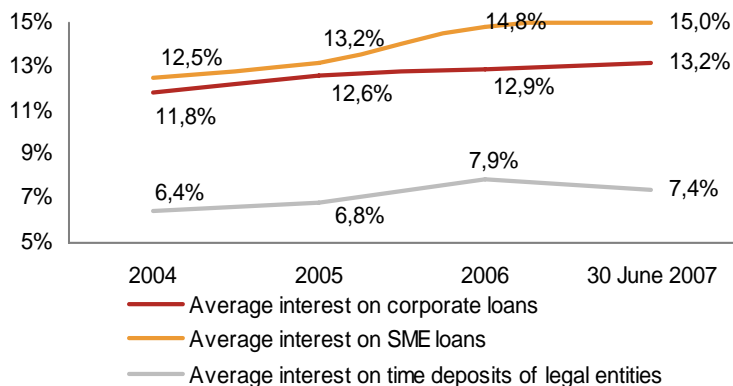
# Focus on retail and SME businesses delivers high margins

## Interest rates in retail



Source: Alliance Bank, KAS

## Interest rates in corporate and SME



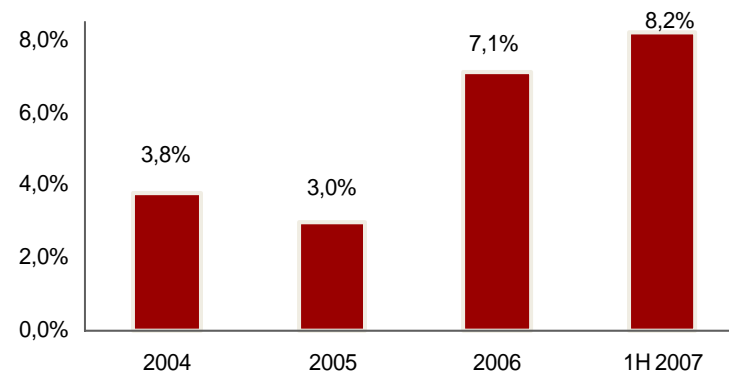
Source: Alliance Bank, KAS

## Banking sector average lending margins

	2004		2005		2006		30 June 2007	
	SecA	ALB	SecA	ALB	SecA	ALB	SecA	ALB
Retail loans	17,8%	17,6%	17,5%	19,2%	17,6%	26,8%	16,3%	26,8%
SME loans	15,0%	12,5%	14,7%	13,2%	14,3%	14,8%	14,0%	15,0%
Corporate loans	12,3%	11,8%	12,3%	12,6%	12,1%	12,9%	11,9%	13,2%

Source: National Bank of Kazakhstan for SecA, Alliance for ALB  
 Note: "SecA" stands for Kazakhstan's banking sector average

## Net interest margin

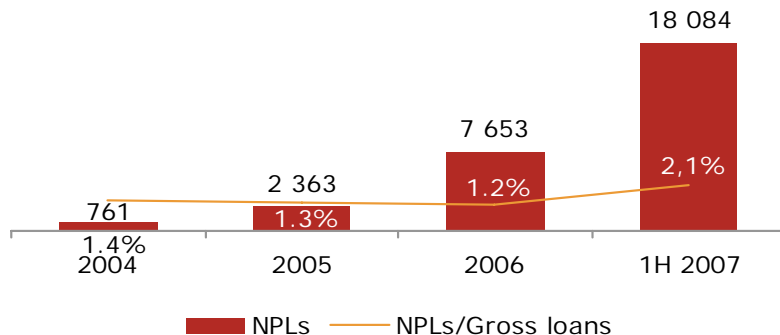


Source: Company IFRS financials



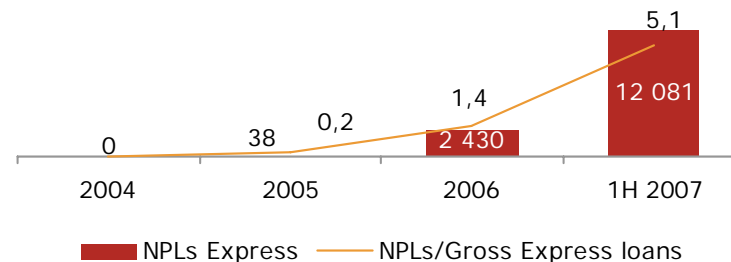
# Despite high growth, loan portfolio quality remains strong

## Non-performing loans



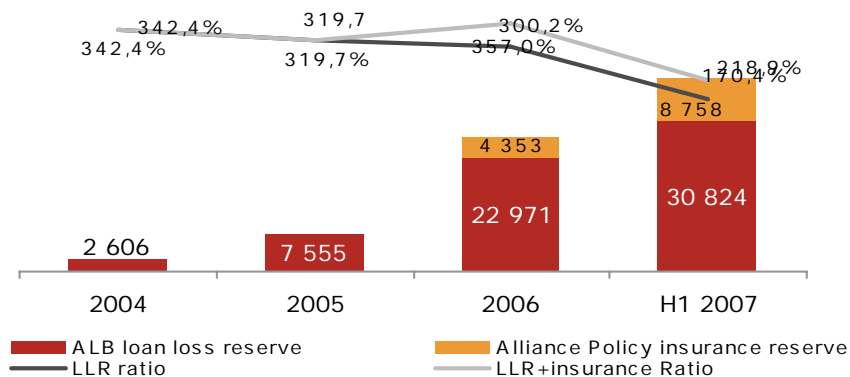
Source: Alliance Bank, KAS

## Non-performing Express loans



Source: Alliance Bank, KAS

## Reserves and NPL coverage ratio\*



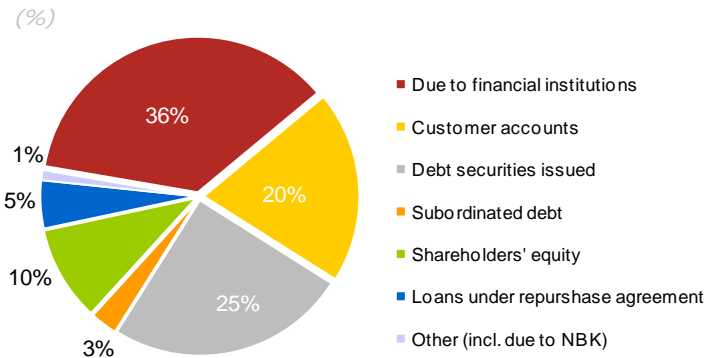
Source: Alliance Bank, KAS

- NPLs are calculated on non-accrual loans ("blocked loans") starting from the 120 days overdue for Express Loans and 90 days of delinquency for other retails, SME and corporate loans
- The bank is consistently improving its risk management system and benefit from the most extensive consumer credit data base in the country



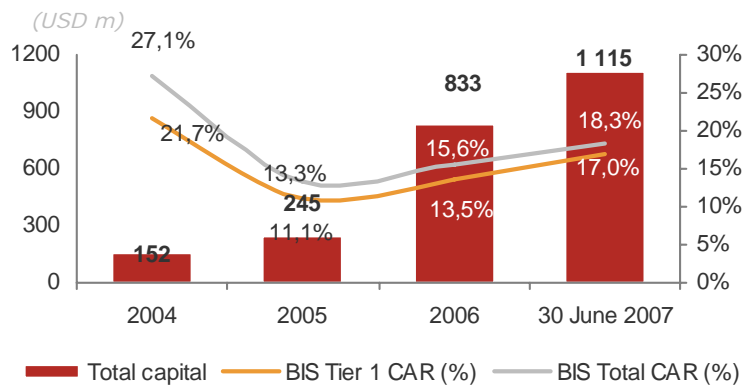
# Meanwhile, the Bank has actively diversified funding sources

## Funding mix (1H 2007)



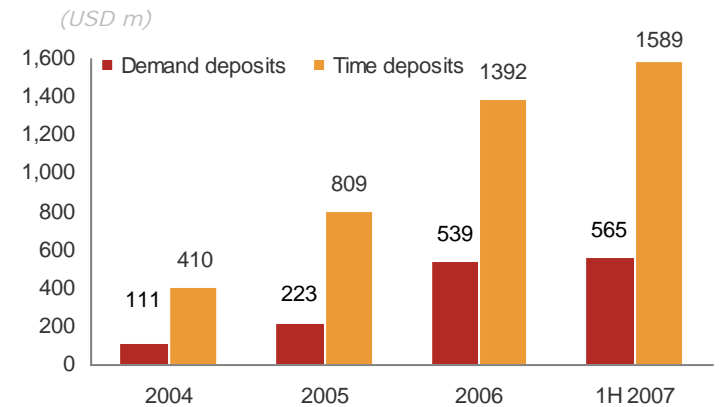
Source: Company IFRS financials

## Shareholder support comes in form of strong capitalization of the Bank



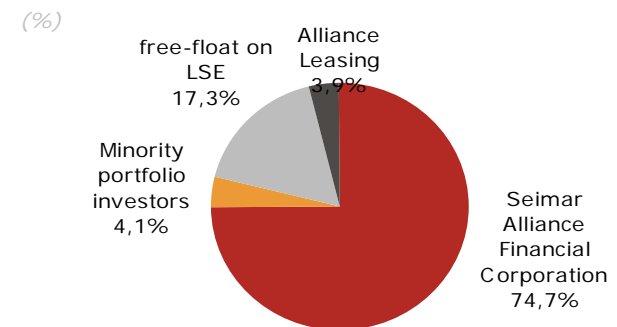
Source: Company IFRS financials

## Growth of customer accounts base



Source: Company IFRS financials  
1 Excluding loans under repurchase agreements

## Shareholder structure as of 12 September 2007

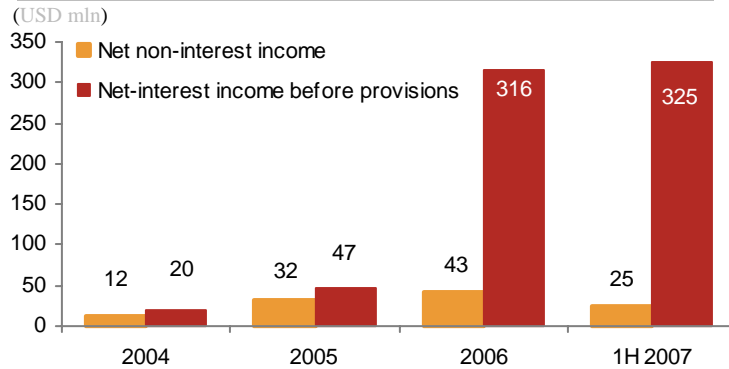


Source: Company



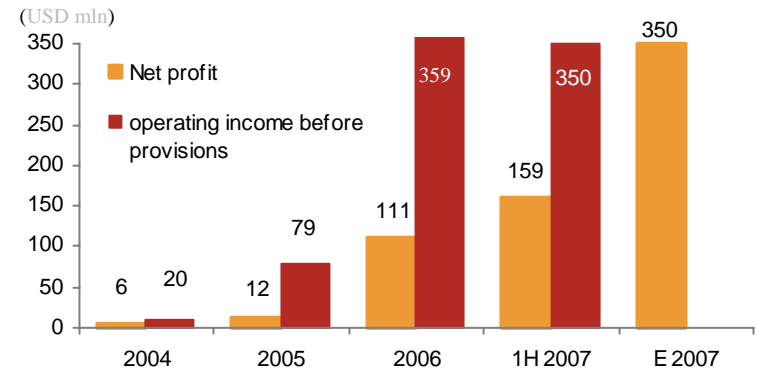
# Continuing strong profitability

## Income grew steadily



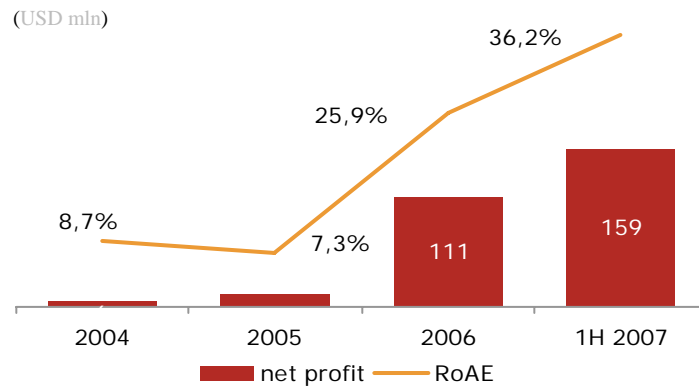
Source: Company IFRS financials

## Profit evolution



Source: Company IFRS financials

## Net income and profitability



Source: Company IFRS financials

## ALB's profitability continues to grow

	2004	2005	2006	1H 2007
<b>ROAA</b>	1.0%	0.7%	2.2%	3..5%
<b>ROAE</b>	8.7%	7.3%	25.9%	36.2%

Source: Company IFRS financials



# Contact Information

---

Investor Relations Division

Tel.: + 7 (727) 2584 040 (ext. 50320)

E-mail: [InvestorRelations@alb.kz](mailto:InvestorRelations@alb.kz)

Trade Finance Division

Tel.: + 7 (727) 2584 040 (ext. 50439)

E-mail: [tf@alb.kz](mailto:tf@alb.kz)

Financial Institutions Division

Tel.: + 7 (727) 2584 040 (ext. 50441)

E-mail: [fi@alb.kz](mailto:fi@alb.kz)

Fax: + 7 (727) 2596 787

[www.alb.kz](http://www.alb.kz)

