

## Management comment

**George Iosifyan, Managing Director**

"Some Russian publications state that the banking sector in Kazakhstan faces the prospect of collapse.

When reading such sensational but irresponsible and groundless articles unintentionally the question arises – what are they about?

The fact that "BTA Bank" JSC has easily repaid \$530 mln. of debts and faced no liquidity problems is the proof that there is no financial collapse and no serious problems on Kazakhstan financial market. It is necessary to understand the banks are transferring from the rapid growth to stable and normal growth rate that will be supported by internal economic growth. The time when financial institutions were able to bring in cheap funds is over. Now, money became very expensive and it's unprofitable for banks and the economy to attract them at high rates. "BTA Bank" JSC adheres to a conservative policy in this area and creates its own development model in a way to avoid borrowing at high rates. Despite that we have certain offers from potential creditors we don't actively work on them. This year we are planning to structure the credit portfolio – a partial sale or a securitization. One of the portfolios is in the process of securitization. It's enough to attract nearly \$500 mln. to maintain BTA growth higher than the market. It won't be a refinancing rather a securitization or one or two transactions with funding. They need to understand that international capital market is not closed, merely the limits have decreased for Kazakhstan and the cost of financing has increased. Nevertheless, western financial institutions are still willing to cooperate with the certain local banks to which they trust and understand their development model".

## BTA News

**"BTA Bank" JSC has repaid \$530.9 mln.**

On March 13, 2008 "BTA Bank" JSC has repaid USD 530.9 mln representing the first tranche of USD 1,111 mln. Global syndicated loan facility and USD 15 mln accrued interest thereon. The facility was attracted in 13.09.2006 and arranged by Bank of Tokyo-Mitsubishi UFJ, Ltd., Commerzbank Aktiengesellschaft and Standard Chartered Bank and named tranche beared 0.35% margin.

The second tranche of this facility USD 580.1 mln will be paid out in three equal parts till the end of September 2009 - in September 2008, March 2009 and September 2009.

**"Bank TuranAlem" JSC re-registered into "BTA Bank" JSC**

In connection with rebranding "Bank TuranAlem" JSC passed the procedure of re-registration in Registration Committee of Ministry of Justice of the Republic of Kazakhstan and received respective certificate #3903-1900-AO. Thus, "Bank TuranAlem" JSC has changed its name to "BTA Bank" JSC.

Bank launched rebranding campaign in November, 2007. It is a milestone in its development strategy which provided for creation of prosperous international banking conglomerate. So, the members of the banking conglomerate will be conjoined not only by brand but also by unitary standards of business conduct and unified approach to the customers. Today, the Bank initiated the process of signing the new brand runtime license with members of conglomerate and partner banks in CIS.

"Now we initiate the full-scale rebranding in Kazakhstan and in countries of our presence", - said Roman Solodchenko, the Chairman of the Management Board of "BTA Bank" JSC.

**"BTA Bank" JSC Launches First Unit with New Logo**

On March 19 Zhambyl branch of BTA Bank JSC launches new unit #05-03 under a refurbished logotype of the Bank. TuranAlem Bank JSC has registered its new name, BTA Bank JSC, within the rebranding campaign.

## Investor Focus

**As at March 20, 2008 the amount deposited to finance the completion of construction in Astana was KZT 6.501 bln.**

Thus 100% funds obtained from Kazyna Sustainable Development Fund ("Kazyna") to BTA in the frameworks of the realization of an action plan on provision of stability to the socio-economic development of Kazakhstan were used by bank.

The deposit is used in a strict accordance - to finance the completion of the construction projects approved by the state committee. Kazyna is entitled to require the BTA whether the funds are used appropriately, and BTA provides the package of certain documents confirming duly allocation of funds.

The funds are placed with BTA under condition that the Bank and construction companies will have to co-finance not less than 15% of the project value, i.e. 85% will be provided by Kazyna Sustainable Development Fund, 10% - by the second-tier banks, 5% - by the construction companies.

There is no restriction imposed on the bank's loans interest rates originated to the construction companies through utilization of Kazyna's deposit as well as on the banks general strategy.

In accordance with the agreement between BTA and Small Entrepreneurship Development Fund BTA has obtained in additional KZT 12.2 bln. (approximately US\$ 100 mln.) as a part of SME support program, from which 81.7% were used (KZT 9.965) as at March 14 (the last day established by Small Entrepreneurship Development Fund). The funds were used to finance 1073 projects for the total amount of KZT 9 965 855 530.

Within this program where BTA is participating as an agent there were created more than 500 new workplaces. Currently continuation of cooperation between BTA and government is working over, to be exact - providing the next tranche of USD 100mln.

## About BTA

### Global Finance Names "BTA Bank" JSC the Best Bank in Kazakhstan

"BTA Bank" JSC has scored the Best Bank in Kazakhstan in Global Finance's 'Best Emerging Market Banks in Asia 2008.'

The exclusive survey of Global Finance editors with input from industry analysts, corporate executives and banking consultants selected the best emerging market bank in the region and in 20 countries.

Criteria for choosing "BTA Bank" JSC the winner in Kazakhstan included growth in assets, profitability, strategic relationships, customer service, competitive pricing, and innovative products.

## Financial Statistics

### National Bank Data

	01.02.08	01.03.08	Chg, %
NBK Reserves, \$ mln.	19 155.1	19 040.4	-0.6
Reserve money, \$ mln.	12 556.1	13 067.8	4.1
CPI (MoM), %	1.1	0.8	-0.3
CPI (YoY), %	18.7	18.8	0.1
Exchange rate (USD/ KZT)	120.22	120.87	0.5
Trading Volume (KASE) over a period, \$ mln.	2 603.4	1 331.0	-48.9
Kazprime, %	11.3	11.1	-0.2

## Macroeconomic Outlook

### Statistic Agency of RK, %

	2002-2006	2007	2008*	2009*
Real GDP growth	9.8	8.7	6.2	7.2
Inflation (CPI, end year)	7.2	18.8	10.9	7.3
Trade balance (% GDP)	14.4	15.3	15.8	14.3
Current account	-1.7	-5.0	-5.0	-3.9
FDI net (% GDP)	8.1	4.5	5.4	4.7

### Quantitative indicators

Number of employees	7 138
Number of branches	312
Representative offices	4
Partner banks	11
Number of ATMs	688
Number of POS terminals	1 852
Number of issued cards from Feb1	44 982
Number of cards in circulation	970 250

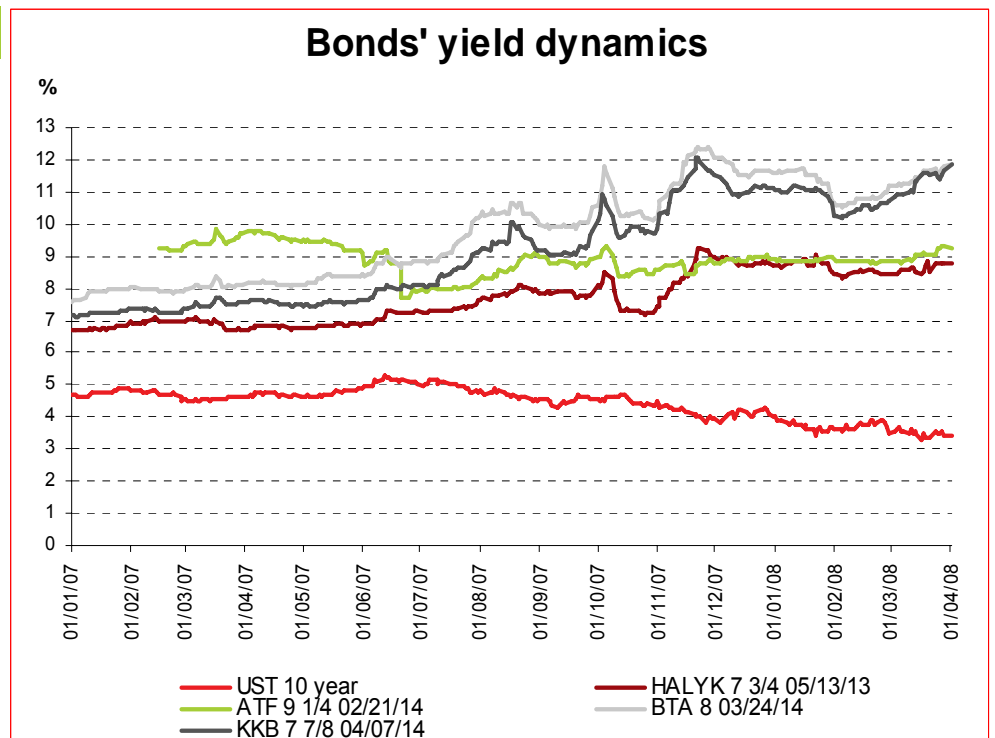
## Financial Highlights

### Banking Statistics

	Banking Sector		BTA Bank	
	01.03.2008*	1M Change	01.03.2008*	1M Change
<b>Assets</b>	<b>96,574</b>	<b>-0.60%</b>	<b>22,611</b>	<b>1.00%</b>
Gross Loans	71,896	-0.20%	17,479	0.30%
- corporate	50,807	0.10%	14,993	0.60%
- retail	21,089	-1.10%	2,486	-1.50%
<b>Liabilities</b>	<b>84,532</b>	<b>-0.80%</b>	<b>19,224</b>	<b>1.20%</b>
Amounts due to customers	32,982	0.80%	4,711	-3.90%
- corporate	20,765	0.80%	2,488	-9.80%
- retail	12,217	0.70%	2,223	3.80%
<b>Owned Capital</b>	<b>12,042</b>	<b>0.90%</b>	<b>3,387</b>	<b>0.10%</b>

\* Data is given in mln, USD.

### Bank's Bonds



## Background

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