

AccessBank Azerbaijan Conference Call

CLARET
CONSULTING_{LLC}

CASPIAN  BUSINESS
JOURNAL

January 21, 2010

AccessBank Success

- Assets increased from \$20m in 2005 to \$350m today
- Client accounts from 7K in 2005 to 100K today
- Fitch rating of BB+, highest in Azerbaijan

Background

- Founded by donors, led by EBRD
- Example of KMB Bank in Russia in 1998 – later soled to Italy's Banca Intesa now with more than \$1bn in assets
- AccessBank Tajikistan getting started
- EBRD involvement – 13 banks in Balkans under Procredit + Procredit Ukraine & Xacbank Mongolia

Management

- German company LFS Financial Systems GmbH chosen by tender to manage bank
- Later added equity, formed AccessHoldings, active in Africa (Liberia, Madagascar, Nigeria, Tanzania)
- Shareholders: EBRD, IFC, BSTDB, KfW, AccessHoldings, LFS

Macroeconomic Environment

- Azerbaijan oil exports
- Baku-Tbilisi-Ceyhan pipeline opened in June 2006
- GDP Growth 35% 2006, 24% 2007, 11% 2008, 7-8% 2009
- 21% inflation in 2009 now cooled to ~2%
- Manat appreciating 5%/year vs. USD

Azerbaijan Banking Sector

- Dominated by International Bank of Azerbaijan with share of sector assets at 40-47%
- Low penetration, low loan/GDP ratio even for region
- Lots of room for intermediation

AccessBank Performance

- Started as Microfinance Bank of Azerbaijan
- Still small business lender
 - 95% of loans < \$10,000, average < \$3,000
- Product expansion
 - Savings products
 - Money transfer services
 - ATM/debit cards
 - Term deposits

Andrew Pospelovsky

CLARET
CONSULTING_{LLC}

CASPIAN  BUSINESS
JOURNAL



Areas of Concern

- Funded from international borrowing
- Deposit/loan ratio at 25%
- Oil economy, pipeline boost
- Dollar rebound