FitchRatings

Banks

Azerbaijan
Full Rating Report

AccessBank

Ratings

Foreign Currency	
Long-Term IDR	BB+
Short-Term IDR	B
Individual Rating	D
Support Rating	3
Sovereign Risk	
Long-Term Foreign-Currency IDR	BBB–
Long-Term Local-Currency IDR	BBB–
Country Ceiling	BBB–

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Financial Data

AccessBank

	30 Sep 2010[a]	31 Dec 2009
Total assets (USDm)	459.2	373.9
Total assets (AZNm)	369.3	300.3
Total equity (AZNm)	68.8	53.0
Operating profit (AZNm)	20.5	19.9
Published net income (AZNm)	20.5	19.9
Comprehensive income (AZNm)	n.a.	19.9
Operating ROAA (%)	8.2	8.1
Operating ROAE (%)	44.9	46.1
Internal capital generation (%)	38.6	37.6
Eligible capital/ weighted risks (%)	n.a.	20.3
Tier 1 ratio (%)	23.3	21.3

[a] Managerial accounts

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Related Research

Applicable Criteria

- *Global Financial Institutions Rating Criteria (August 2010)*
- *Short-Term Ratings Criteria for Corporate Finance (November 2010)*

Rating Rationale

- The Long- and Short-Term Issuer Default Ratings (IDRs) and Support Rating of AccessBank (AB) are underpinned by potential support from shareholders if needed. The Individual Rating reflects the risks of rapid asset growth in a challenging operating environment. However, it also takes into account the bank's resilient reported asset quality, strong performance, significant liquidity cushion and solid capitalisation.
- AB continued its rapid growth during 2010. The loan book increased by 19% from end-2009 to end-Q310. AB focuses on micro- and small-business loans (up to USD20,000 and USD100,000, respectively). These loans comprised 79% of its loan book at end Q310 (2009: 81%).
- Reported non-performing loans (NPLs; loans overdue by more than 90 days) accounted for only 0.3% of the loan book at end Q310 (2009: 0.6%), while total overdue and rolled-over loans amounted to 1.3% at end-Q310 and at end-2009. The total overdue and rolled over loans are 2x provisioned for. However, Fitch Ratings notes that extremely fast growth in a weak operating environment, combined with a high proportion of foreign-currency (FC) lending (a high 63% at end-Q310), could be sources of asset quality weakness.
- The share of international funding remains significant, in Fitch's view, despite decreasing from 71% of total liabilities at end-2009 to 57% at end-Q310. AB intends to replace maturing international funding with local deposits, which are growing rapidly (increase of 78% to end-Q310 from end-2009) and comprised 39% of non-equity funding at end-Q310. The bank projects that the split between interbank funding and local deposits will be 50:50 by end-2011.
- Capitalisation remains strong, with Basel Tier 1 and total capital adequacy ratios (CARs) of 23.3% and 26.8% at end-Q310, respectively (2009: 21.3% and 25.8%). Approximately 75% of AB's earnings for 2009 were retained, and ROAA has been strong, at around 8.2% during 2009 and 2010.

Support

- In Fitch's opinion, AB's international shareholders would have a high propensity to provide support, if needed. However, given the absence of a single, controlling shareholder, Fitch believes that timely support cannot be relied upon in all circumstances.

Key Rating Drivers

- Any significant changes in the shareholder structure or other events that could lead to Fitch reassessing shareholders' willingness to provide support would be likely to have an impact on AB's IDRs and Support Rating. Upside potential for the Individual Rating is limited, given the challenging operating environment.

Profile

AB, formerly Micro Finance Bank of Azerbaijan, was established in 2002 as a bank specialising in microfinance lending. The bank is owned by KfW, ('AAA'; 20% stake), the European Bank for Reconstruction and Development (EBRD) ('AAA'; 20%), the International Finance Corporation (IFC) (20%), the Black Sea Trade and Development Bank (BSTDB) (20%), Access Microfinance Holding (AMH; 16.5%) and LFS Financial Systems GmbH (LFS; 3.5%).

- Focus on micro- and small-business lending
- Strong market position in micro-lending segment

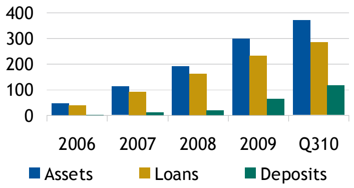
Table 1: Shareholder Structure

	(%)
KfW	20.00
IFC	20.00
EBRD	20.00
BSTDB	20.00
AMH	16.53
LFS	3.47

Source: AB

Chart 1: AB's growth

in AZNm



Source: AB

Profile

Ownership and Management

AB was set up in 2002 by a group of recognised international investors to offer a full range of banking services to micro and small businesses in Azerbaijan. KfW, the EBRD, the BSTDB, the IFC and LFS have been shareholders since the bank's foundation.

LFS, a strategic investor and technical partner of AB, is a leading German consultancy specialising in the field of micro- and small-business financing. As well as providing lending technologies and functioning as AB's strategic manager, it also acts as an investor. AMH is a new strategic equity holder. Established in 2006 by LFS and owned by an international group of private and public investors (including the IFC, KfW and the European Investment Bank, which together own over 50% of its equity), it is considered to be LFS's investment arm, and focuses on equity finance.

Initially AB's activity was largely supported by LFS, which provided the bank with key managerial staff (mostly expats), in conjunction with consulting services, software maintenance and general institutional support. LFS continues to provide technical assistance. However, with the exception of the general manager — who is an expat with extensive banking experience in the Commonwealth of Independent States (a grouping of former Soviet republics) and Central and Eastern Europe — all other management positions have been gradually filled by local employees.

Strategy and Franchise

AB pursues a strategy of maintaining a leading position in microfinance lending and becoming one of Azerbaijan's leading full-service banks. The bank has grown rapidly (see Chart 1), underpinned by the similarly paced expansion of the Azerbaijani economy. Until 2006, the bank's growth was primarily financed through capital injections and shareholders' loans, while its performance was supported by subsidies (management services, charged to various technical assistance grants). Since 2006, management costs have been fully borne by AB, and the bank has shifted to special microfinance funds and borrowings from international financial institutions to finance growth. Growth has been underpinned by the bank's reputation as the country's only foreign-owned and foreign- managed bank.

Since 2009, AB has been trying to increase the share of local funding from customers in its funding structure. One of the reasons for replacing funding from international institutions, the bulk of which is FC-denominated, by local-currency deposits is the bank's intention to shift gradually from foreign- to local-currency lending. Lending to micro businesses (loan values from USD100 to USD20,000) and small enterprises (USD20,000 to USD100,000) will remain the primary focus in the long term. Loans to medium-sized companies (USD100,000 and above) will be kept under 30% at least until end-2015.

At end-2010, AB's network comprised 28 branches, half of which are located in regional districts across the country. The bank ranked 7th by total assets and 6th by total loans, with a 3% share of sector loans, at end-December 2010.

Presentation of Accounts

The analysis below is based on audited IFRS financial statements for 2009 and preliminary management accounts for Q310.

- High interest margin from lending operations
- Low fee-generating capacity

Performance

Profitability

AB derives the bulk of its revenues from lending operations: interest income comprised 97.6% of total revenues originated by the bank in 2009. Fee income, sourced mainly from cash operations, and gains from FC trading, which is primarily used as a hedge for FX risks, contributed the rest.

AB's high historical profitability (see Table 2) is underpinned by high margins on lucrative credit products such as small and micro lending, where competition remains weak. The financial crisis did not put significant downside pressure on the bank's profitability metrics. AB's high cost/income ratio is typical for a small-scale microfinance business model. However, rapid asset growth, accompanied by the scale effect, helped to improve cost efficiency: in Q310, the cost/income ratio fell to 54% from 97% in 2006. In Fitch's view, AB's profitability should remain strong in the medium term, assuming no material deterioration in asset quality.

Table 2: AB's Historical Performance

	Q310	2009	2008	2007	2006
Net interest margin	22.1	22.5	20.9	19.6	17.4
Loan yield	n.a.	32.5	31.1	30.2	26.5
Cost of funds	n.a.	9.2	9.6	9.4	8.5
Cost/average assets	10.1	11.3	11.4	12.6	16.4
Cost/income	54.4	55.3	53.6	63.1	96.6
Operating ROAA	8.2	8.1	8.6	6.0	-0.6
Operating ROAE	44.9	46.1	54.7	48.5	-3.3
Equity/assets	18.6	17.7	17.2	12.3	12.4
Assets (USDm)	459.2	373.9	242.1	133.2	55.4

Source: AB's managerial accounts for Q310 and audited IFRS financials for 2006-2009, adapted by Fitch

Risk Management

The main risk that AB faces is credit risk arising from the rapid growth of its loan portfolio. Credit risk is managed according to guidelines developed by LFS, and was strengthened in 2005 by the creation of a head-office credit-management unit (consisting of a credit manager and heads for micro businesses, SMEs and training). Senior loan officers were also excused from direct lending duties to concentrate on management, training and control of loan officers in the branches.

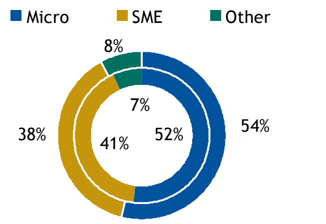
Credit Risk

- Well-managed credit risk
- High share of foreign currency loans
- Sound asset quality

AB divides its business lending operations into two major segments: micro lending (the maximum exposure limit was raised to USD20,000 from USD10,000 in early 2008) and SME lending (all total exposures in excess of USD20,000). The respective heads of these departments report to the director of business banking. All micro loans are approved by branch-level credit committees of at least two people (loan officer and senior loan officer). Small loans (USD20,000–100,000) at branch level have to be approved by the branch manager and the branch's head of SME. All exposures above USD100,000 are approved by head-office credit committees.

Chart 2: Loans, Composition

Inner ring: 2009; Outer ring: Q310



Source: AB

Loan-portfolio growth has slowed down, but remains quite high at 20%. Management expects it to slow further. The composition of the loan book (see Chart 2) has not changed significantly during 2010. At end-Q310, concentration by customer was low, due to the nature of the business: the 20 largest loans comprise just 4% of the gross loan book. The business loan book split by industry shows a large concentration in the trade sector (end-Q310: 53%), which is typical for a microfinance business model, followed by services (19%), agriculture (14%) and manufacturing (6%).

Although the share of loans denominated in Azerbaijani manat is constantly increasing, the share of FC-denominated loans is still very high (approximately 65% of the gross loan book at end-Q310). The bank therefore bears indirect credit risk should the US dollar appreciate against the manat. The risk is somewhat mitigated by the historical stability of manat exchange rates, even during recent turbulence in global markets.

Table 3: Asset Quality

(%)	End-Q310	End-2009
>1 day overdue	0.91	0.97
>90 days overdue (NPLs)	0.58	0.83
(LIRs)/NPLs (x)	2.8	2.8

Source: AB

The success of AB's business model is largely dependent on the quality of its loan portfolio. Asset quality appears to have remained sound (see Table 3) and resilient through the crisis. NPLs are sufficiently covered by loan impairment reserves (LIRs). With average NPL rates in the sector estimated at 10%-15%, the bank clearly outperforms the market in SME lending. Management believes that the key reasons for this is the short-term average tenor of the loan book, AB's Western style of corporate governance, implementation of collection procedures and the correlation of loan officers' salaries with the quality of loans issued rather than with volumes.

Other Risks

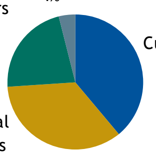
AB is not exposed significantly to market risk, as it holds only few central-bank securities (approximately 3.6% of total assets at end-Q310) for liquidity-management purposes on its balance sheet. Currency risk is moderate, and managed through matching issued loans to dollar-denominated funding attracted; however, the share of dollar-denominated instruments is gradually reducing on both sides of the balance sheet. Interest-rate risk is quite low, considering AB's sound interest margins and predominantly fixed-rate structure of assets and liabilities.

Operational risk is still a challenge to manage for a fast-growing emerging-market bank. The internal audit has developed and grown in parallel with the bank. Each branch and head office is audited at least twice annually, reporting weaknesses through the audit committee to the supervisory board on a quarterly basis. The bank prefers to hire young staff (mostly university graduates) and provides them with several months' intensive training and testing, after which candidates take up entry-level positions

Funding and Capital

Funding and Liquidity

Chart 3: Non-Equity Funding



Source: AB, Managerial accounts at Q310

AB's non-equity funding (see Chart 3) mainly consists of customer accounts, which are split 65:35 between retail and corporate, loans from shareholders, and funding from special microfinance funds and other international development institutions, including an AZN8.2m subordinated loan. The cost of funding is not cheap (ranges from 4% to 11%), but is acceptable given the very high interest rates that the bank charges on loans to customers. Funding is mostly dollar-denominated, but is well diversified by tenor, volume and creditor. These sources are currently being replaced by local manat-denominated funding from customers; this funding more than doubled during 9M10.

As the major part of the loan book (micro loans mature in seven to eight months on average, and SME exposures in 14-16 months) is short-term, while 87% of interbank funding at end-Q310 matures in more than one year, AB's liquidity is comfortable. At end-Q310, the bank maintained a significant cash cushion (approximately 20% of total liabilities)

Capitalisation

AB's capitalisation since its foundation has been regularly supported by its shareholders through equity injections; the latest occurred in H108. Since 2008, AB's internal capital-generation capacity has strengthened enough to maintain capital adequacy at a high level, as the bank retains most of its profit.

The statutory Tier 1 and total capital ratio were 15.2% and 25.3%, respectively, at end-Q310 (2009: 11.3% and 22.5%), compared to regulatory minimums of 6% and 12%. The Basel capital ratios are even higher, at 23.3% and 26.8%, respectively. In Fitch's view, AB's capitalisation is sound, and should remain so in the near to medium term, as previous triple-digit asset growth rates are unlikely to be repeated. Capitalisation may come under pressure only if material unexpected problems occur in the loan book.

AccessBank
Income Statement

	31 Dec 2009			31 Dec 2008		31 Dec 2007		31 Dec 2006	
	Year End USDm Unqualified	Year End AZNm Unqualified	As % of Earning Assets	Year End AZNm Unqualified	As % of Earning Assets	Year End AZNm Unqualified	As % of Earning Assets	Year End AZNm eport not seen	As % of Earning Assets
1. Interest Income on Loans	82.6	66.3	25.49	42.2	23.73	20.8	20.35	7.7	17.62
2. Other Interest Income	2.0	1.6	0.62	0.3	0.17	0.1	0.10	0.0	0.00
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	**84.5**	**67.9**	**26.11**	**42.5**	**23.90**	**20.9**	**20.45**	**7.7**	**17.62**
5. Interest Expense on Customer Deposits	23.2	18.6	7.15	12.5	7.03	6.6	6.46	2.4	5.49
6. Other Interest Expense	**n.a.**	**n.a.**	**-**	**0.0**	**0.00**	**0.0**	**0.00**	**0.0**	**0.00**
7. Total Interest Expense	**23.2**	**18.6**	**7.15**	**12.5**	**7.03**	**6.6**	**6.46**	**2.4**	**5.49**
8. Net Interest Income	61.4	49.3	18.95	30.0	16.87	14.3	13.99	5.3	12.13
9. Net Gains (Losses) on Trading and Derivatives	0.5	0.4	0.15	0.4	0.22	0.1	0.10	-0.1	-0.23
10. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	0.7	0.6	0.23	2.6	1.46	1.3	1.27	0.5	1.14
14. Other Operating Income	n.a.	n.a.	-	0.6	0.34	0.3	0.29	0.1	0.23
15. Total Non-Interest Operating Income	**1.2**	**1.0**	**0.38**	**3.6**	**2.02**	**1.7**	**1.66**	**0.5**	**1.14**
16. Personnel Expenses	20.4	16.4	6.31	10.3	5.79	5.3	5.19	2.6	5.95
17. Other Operating Expenses	14.2	11.4	4.38	7.7	4.33	4.8	4.70	3.0	6.86
18. Total Non-Interest Expenses	**34.6**	**27.8**	**10.69**	**18.0**	**10.12**	**10.1**	**9.88**	**5.6**	**12.81**
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	**28.0**	**22.5**	**8.65**	**15.6**	**8.77**	**5.9**	**5.77**	**0.2**	**0.46**
21. Loan Impairment Charge	3.2	2.6	1.00	2.1	1.18	1.1	1.08	0.4	0.92
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
23. Operating Profit	**24.8**	**19.9**	**7.65**	**13.5**	**7.59**	**4.8**	**4.70**	**-0.2**	**-0.46**
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Pre-tax Profit	**24.8**	**19.9**	**7.65**	**13.5**	**7.59**	**4.8**	**4.70**	**-0.2**	**-0.46**
30. Tax expense	n.a.	n.a.	-	3.0	1.69	1.2	1.17	n.a.	-
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	**24.8**	**19.9**	**7.65**	**10.5**	**5.91**	**3.6**	**3.52**	**-0.2**	**-0.46**
33. Change in Value of AFS Investments	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Fitch Comprehensive Income	**24.8**	**19.9**	**7.65**	**10.5**	**5.91**	**3.6**	**3.52**	**-0.2**	**-0.46**
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interests	24.8	19.9	7.65	10.5	5.91	3.6	3.52	-0.2	-0.46
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate		USD1 = AZN0.80310		USD1 = AZN0.80100		USD1 = AZN0.84530		USD1 = AZN0.87140	

AccessBank
Balance Sheet

	31 Dec 2009			31 Dec 2008		31 Dec 2007		31 Dec 2006	
	Year End USDm	Year End AZNm	As % of Assets	Year End AZNm	As % of Assets	Year End AZNm	As % of Assets	Year End AZNm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	20.7	16.6	5.53	13.4	6.91	9.8	8.70	2.3	4.76
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	278.5	223.7	74.49	154.4	79.63	86.2	76.55	39.3	81.37
6. Less: Reserves for Impaired Loans/ NPLs	8.2	6.6	2.20	4.1	2.11	2.0	1.78	0.9	1.86
7. Net Loans	**291.0**	**233.7**	**77.82**	**163.7**	**84.42**	**94.0**	**83.48**	**40.7**	**84.27**
8. Gross Loans	**299.2**	**240.3**	**80.02**	**167.8**	**86.54**	**96.0**	**85.26**	**41.6**	**86.13**
9. Memo: Impaired Loans included above	2.5	2.0	0.67	0.4	0.21	0.1	0.09	0.2	0.41
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	32.9	26.4	8.79	8.1	4.18	2.9	2.58	3.0	6.21
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Available for Sale Securities	n.a.	n.a.	-	5.9	3.04	5.3	4.71	n.a.	-
6. Held to Maturity Securities	n.a.	n.a.	-	0.1	0.05	n.a.	-	n.a.	-
7. At-equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	**n.a.**	**n.a.**	**-**	**6.0**	**3.09**	**5.3**	**4.71**	**n.a.**	**-**
10. Memo: Government Securities included Above	n.a.	n.a.	-	6.0	3.09	5.3	4.71	n.a.	-
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Earning Assets	**323.9**	**260.1**	**86.61**	**177.8**	**91.70**	**102.2**	**90.76**	**43.7**	**90.48**
C. Non-Earning Assets									
1. Cash and Due From Banks	37.4	30.0	9.99	9.3	4.80	5.8	5.15	2.5	5.18
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	8.8	7.1	2.36	5.1	2.63	3.5	3.11	1.5	3.11
5. Goodwill	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
6. Other Intangibles	n.a.	n.a.	-	1.0	0.52	0.1	0.09	0.1	0.21
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.1	0.21
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	3.9	3.1	1.03	0.7	0.36	1.0	0.89	0.4	0.83
11. Total Assets	**373.9**	**300.3**	**100.00**	**193.9**	**100.00**	**112.6**	**100.00**	**48.3**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	11.1	8.9	2.96	4.8	2.48	3.3	2.93	0.9	1.86
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	73.3	58.9	19.61	16.9	8.72	8.8	7.82	2.4	4.97
4. Total Customer Deposits	**84.4**	**67.8**	**22.58**	**21.7**	**11.19**	**12.1**	**10.75**	**3.3**	**6.83**
5. Deposits from Banks	210.6	169.1	56.31	116.6	60.13	75.6	67.14	39.0	80.75
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Deposits and Short-term Borrowings	**n.a.**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**
8. Total Deposits, Money Market and Short-term Funding	295.0	236.9	78.89	138.3	71.33	87.7	77.89	42.3	87.58
9. Senior Debt Maturing after 1 Year	n.a.	n.a.	-	0.0	0.00	0.0	0.00	n.a.	-
10. Subordinated Borrowing	10.2	8.2	2.73	19.7	10.16	10.4	9.24	n.a.	-
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Total Long Term Funding	**10.2**	**8.2**	**2.73**	**19.7**	**10.16**	**10.4**	**9.24**	**n.a.**	**-**
13. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	**305.2**	**245.1**	**81.62**	**158.0**	**81.49**	**98.1**	**87.12**	**42.3**	**87.58**
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Current Tax Liabilities	n.a.	n.a.	-	1.8	0.93	0.5	0.44	n.a.	-
5. Deferred Tax Liabilities	n.a.	n.a.	-	0.0	0.00	0.0	0.00	n.a.	-
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	2.7	2.2	0.73	0.8	0.41	0.2	0.18	n.a.	-
10. Total Liabilities	**307.9**	**247.3**	**82.35**	**160.6**	**82.83**	**98.8**	**87.74**	**42.3**	**87.58**
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
G. Equity									
1. Common Equity	66.0	53.0	17.65	33.3	17.17	13.8	12.26	6.0	12.42
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
6. Total Equity	**66.0**	**53.0**	**17.65**	**33.3**	**17.17**	**13.8**	**12.26**	**6.0**	**12.42**
7. Total Liabilities and Equity	**373.9**	**300.3**	**100.00**	**193.9**	**100.00**	**112.6**	**100.00**	**48.3**	**100.00**
8. Memo: Fitch Core Capital	63.5	51.0	16.98	32.3	16.66	13.7	12.17	5.8	12.01
9. Memo: Fitch Eligible Capital	63.5	51.0	16.98	32.3	16.66	13.7	12.17	5.8	12.01
Exchange rate		USD1 = AZN0.80310		USD1 = AZN0.80100		USD1 = AZN0.84530		USD1 = AZN0.87140	

AccessBank
Summary Analytics

	31 Dec 2009 Year End	31 Dec 2008 Year End	31 Dec 2007 Year End	31 Dec 2006 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	32.48	31.05	30.23	26.46
2. Interest Expense on Customer Deposits/ Average Customer Deposits	41.52	70.22	85.71	120.00
3. Interest Income/ Average Earning Assets	31.00	29.58	28.63	25.25
4. Interest Expense/ Average Interest-bearing Liabilities	9.23	9.56	9.40	8.54
5. Net Interest Income/ Average Earning Assets	22.51	20.88	19.59	17.38
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	21.32	19.42	18.08	16.07
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	22.51	20.88	19.59	17.38
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	1.99	10.71	10.63	8.62
2. Non-Interest Expense/ Gross Revenues	55.27	53.57	63.13	96.55
3. Non-Interest Expense/ Average Assets	11.25	11.44	12.55	16.37
4. Pre-impairment Op. Profit/ Average Equity	52.08	63.16	59.60	3.28
5. Pre-impairment Op. Profit/ Average Total Assets	9.11	9.91	7.33	0.58
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	11.56	13.46	18.64	200.00
7. Operating Profit/ Average Equity	46.06	54.66	48.48	-3.28
8. Operating Profit/ Average Total Assets	8.05	8.58	5.96	-0.58
9. Taxes/ Pre-tax Profit	n.a.	22.22	25.00	n.a.
10. Pre-Impairment Operating Profit / Risk Weighted Assets	8.97	8.79	5.90	0.45
11. Operating Profit / Risk Weighted Assets	7.94	7.61	4.80	-0.45
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	46.06	42.51	36.36	-3.28
2. Net Income/ Average Total Assets	8.05	6.67	4.47	-0.58
3. Fitch Comprehensive Income/ Average Total Equity	46.06	42.51	36.36	-3.28
4. Fitch Comprehensive Income/ Average Total Assets	8.05	6.67	4.47	-0.58
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	7.94	5.92	3.60	-0.45
7. Fitch Comprehensive Income/ Risk Weighted Assets	7.94	5.92	3.60	-0.45
D. Capitalization				
1. Fitch Core Capital/Weighted Risks	20.34	18.20	13.70	12.95
2. Fitch Eligible Capital/ Weighted Risks	20.34	18.20	13.70	12.95
3. Tangible Common Equity/ Tangible Assets	17.65	16.74	12.18	12.06
4. Tier 1 Regulatory Capital Ratio	21.30	18.76	13.60	13.30
5. Total Regulatory Capital Ratio	25.80	24.56	20.40	13.30
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	17.65	17.17	12.26	12.42
8. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	n.a.	n.a.	n.a.
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Net Income - Cash Dividends/ Total Equity	37.55	31.53	26.09	-3.33
E. Loan Quality				
1. Growth of Total Assets	54.87	72.20	133.13	140.30
2. Growth of Gross Loans	43.21	74.79	130.77	150.60
3. Impaired Loans(NPLs)/ Gross Loans	0.83	0.24	0.10	0.48
4. Reserves for Impaired Loans/ Gross loans	2.75	2.44	2.08	2.16
5. Reserves for Impaired Loans/ Impaired Loans	330.00	1,025.00	2,000.00	450.00
6. Impaired Loans less Reserves for Imp Loans/ Equity	-8.68	-11.11	-13.77	-11.67
7. Loan Impairment Charges/ Average Gross Loans	1.27	1.55	1.60	1.37
8. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	1.03
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	0.83	0.24	0.10	0.48
F. Funding				
1. Loans/ Customer Deposits	354.42	773.27	793.39	1,260.61
2. Interbank Assets/ Interbank Liabilities	15.61	6.95	3.84	7.69
3. Customer Deposits/ Total Funding excl Derivatives	27.66	13.73	12.33	7.80