

Securitisation in Kazakhstan

Securitisation as an emerging funding tool for growing retail market

VII Almaty Interbank Conference – September 2006

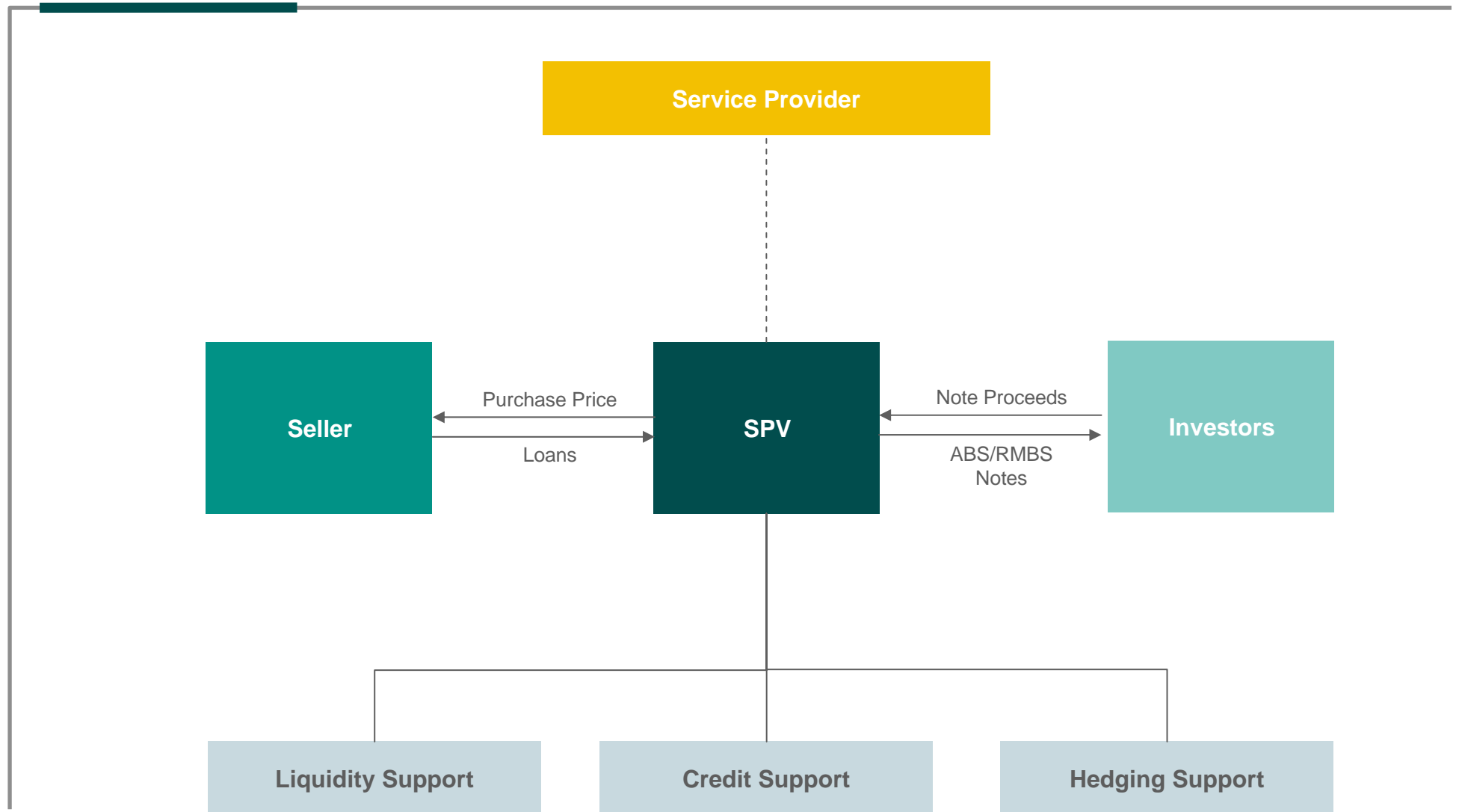
1

Using Securitisation as funding tool

What is Securitisation?

- Debt funding supported by predictable cash flows arising from an asset pool
- Recourse is limited to the assets (or receivables) and not to the originator
- The assets (or receivables) are sold to a bankruptcy-remote SPV
- The SPV finances the purchase of the assets through the issuance of debt securities
- Originator typically retains the equity exposure in the underlying assets
- Originator maintains all customers and contractually obliged to service the securitised portfolio
- Most frequently effective when...
 - ✓ Balance sheet management is important (regulatory capital, legal lending limits)
 - ✓ Assets are of high quality and predictable quantities
 - ✓ Diversifying from traditional funding sources
 - ✓ Incorporated as a strategic funding source

Typical Securitisation Structure



Rising Issuance Volumes

Balance Sheet Management

- Reduce Gearing
- Drive Key Financial Ratios (NPL)
- Regulatory Capital Relief
- Match Funding to Asset
- Monetize Illiquid Assets

Economics

- Lower Financing Cost
- Extension of Tenor
- Less Covenants
- Diversified Funding Source
- More Stable Spread compared to Eurobonds

Strategic

- Create Publicity
- Capital Markets Presence
- Acquisition Financing
- Tax Advantages
- No Dilution of Corporate Funding

Financial Institutions Asset Considerations

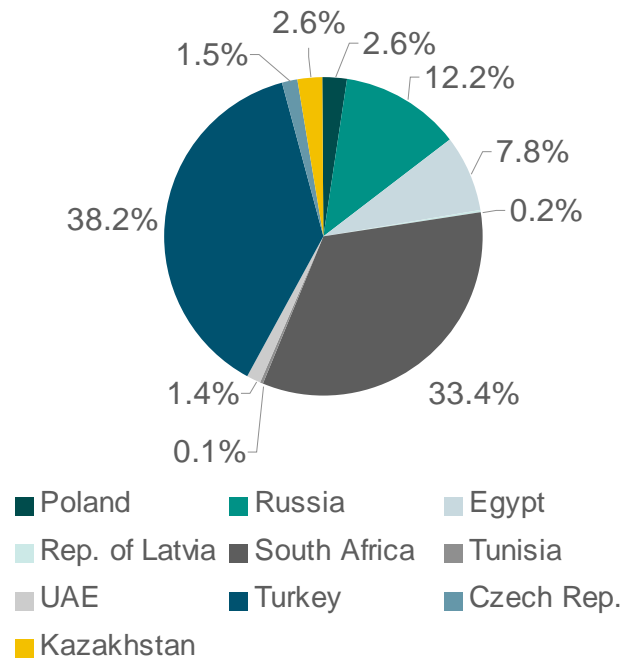
	Asset	Observations
USD/EUR	Credit Card Merchant Vouchers	<ul style="list-style-type: none"> Deal size limited by spend of offshore visitors
	MT100 Payment Traffic	<ul style="list-style-type: none"> Scope for largest deal size
	Foreign currency mortgage loans	<ul style="list-style-type: none"> Simplifies hedging
	Leases	<ul style="list-style-type: none"> Sector or obligor concentration is main challenge
Local Currency	Credit Card Receivables	<ul style="list-style-type: none"> Minimal historic data required Control over collections process essential
	Consumer Assets Auto/Personal Loan	<ul style="list-style-type: none"> Straightforward tested structures Need stable historical performance for 3-5 years
	Mortgages	<ul style="list-style-type: none"> Enforcement issues and estimating recoveries are main issues
	Loans/Bonds	<ul style="list-style-type: none"> Large asset pool. Need for consistent terms Basle II opportunities

2

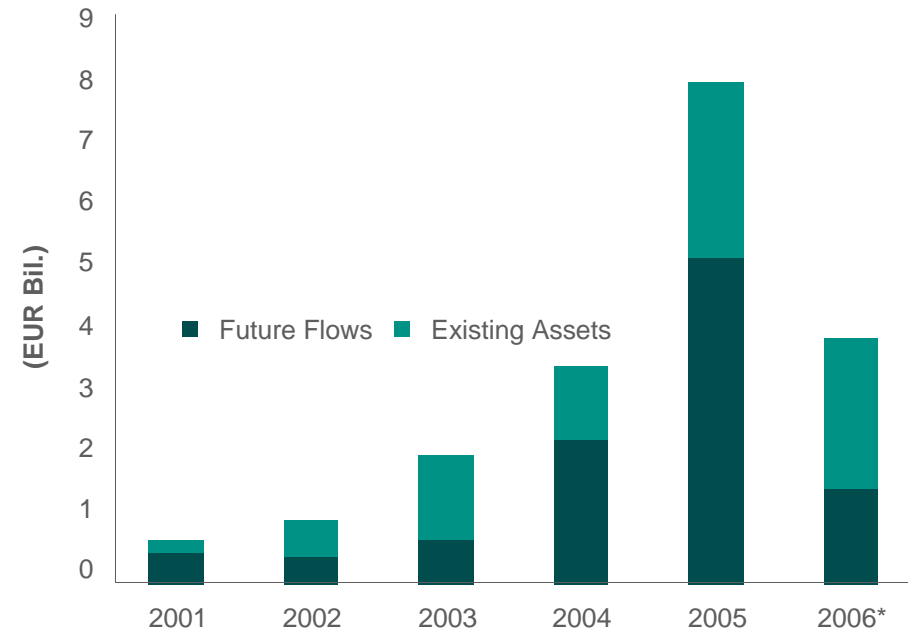
EEMEA Market

Market developments in EEMEA region

EEMEA ABS issuance volume by country 2001 – 2006*



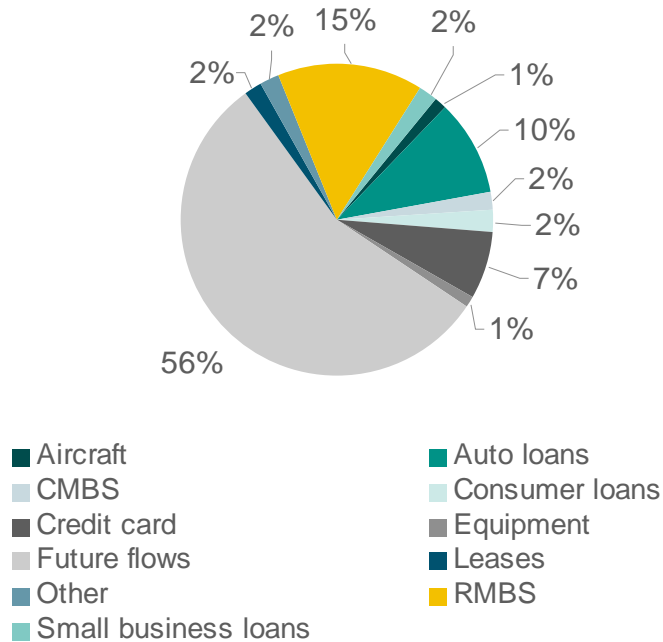
EEMEA ABS issuance 2001 – 2006*



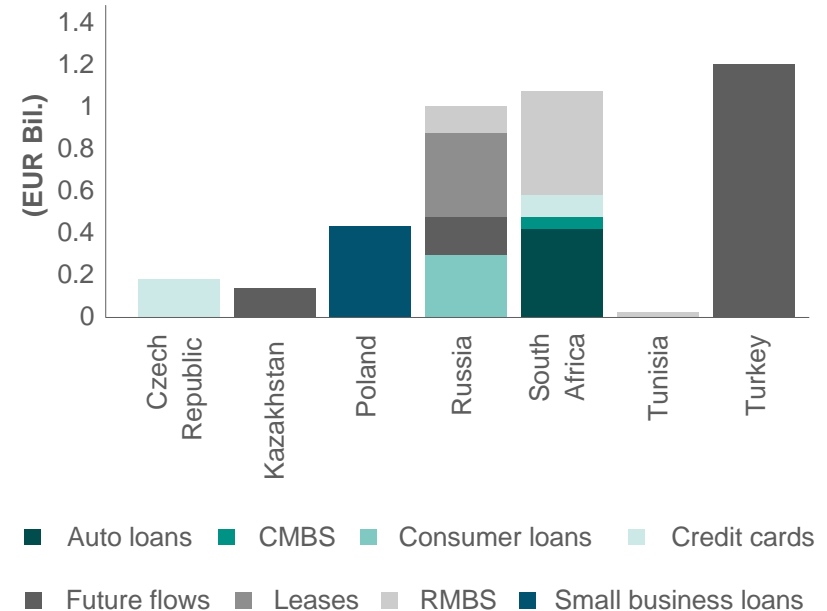
- ABS volumes are dominated by Turkey and South Africa
- In 2006 ABS issuance in EEMEA region approached 4.1bil (EUR) in the first 7 months compared to 181.1bil generated in European market
- Issuance evolves naturally from future flows to existing assets in positive credit cycle

Market developments in EEMEA region

EEMEA ABS issuance volume by asset type 2001 – 2006*



2006* EEMEA ABS issuance



- Residential mortgages (RMBS) expected to grow. Almost 80% of European market
- The first Russian true sale ABS transactions completed in 2005 and currently actively driven by leases, consumer loans, future flows and RMBS
- Kazakhstan has seen its first true sale securitisation of residential mortgages in February 2006
- In selected case, future flow remains cost effective

Market Developments in CIS

	Originator	Asset Class	Amount, mln	Country	Senior tranche rating	Senior tranche pricing
Sep-03	Halyk	Future Flows	\$100	Kazakhstan	Baa2	
Nov-04	Rosbank	Future Flows	\$225	Russia	Ba3/B+	9.75 (fixed)
Jul-04	Gazprom	Future Flows	\$1250	Russia	-/BBB-/BBB-	UST4.875 2012 +299
Dec-04	The Baltic American Enterprise Fund*	Existing Assets	\$64.9	Latvia	Aa2	LIBOR+75
Jul-05	Bank Souyz (NR)	Existing Assets	\$62	Russia	Baa3	
Dec-05	Home Credit & Finance Bank (Ba3, NP, D-)	Existing Assets	€ 126.5	Russia	Baa2	EURIBOR +250
Nov-05	JSC Russian Standard Bank	Existing Assets	€ 300	Russia	Baa2-/ BBB	EURIBOR + 165
Mar-06	Alfa Bank	Future Flows	\$350	Russia	Baa3	LIBOR+160
Apr-06	Russian Railways	Existing Assets	RUR 12.57 bn	Russia	Baa2	8-3/8% cpn, priced at 101.252
Feb-06	BTA Ipoteka	Existing Assets	\$150	Kazakhstan	-	225
Feb-06	KKB	Future Flows	\$200	Kazakhstan	Aaa	
Jul-06	Vneshtorgbank (VTB)	Existing Assets	\$88.3	Russia	A1/BBB+/-	1m LIBOR+100
Aug-06	Russian Interregional Bank for Development	Existing Assets	\$72.5	Russia	Baa2	3m LIBOR+160bps

*Has been included for comparison reasons

- Rapid expansion in consumer asset pool
- Legal, tax and regulatory environment is better understood
- Transactions are becoming an increasingly popular tool of funding in CIS and Kazakhstan
- Diversified funding source and improve cost of lending.
- Rating agencies are becoming more familiar with the legal framework, macroeconomic situation of underlying assets to be securitized.

Making more possible



ABN·AMRO