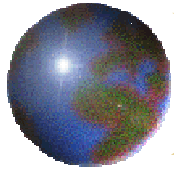


The development of financial services by Kazakhstani Post



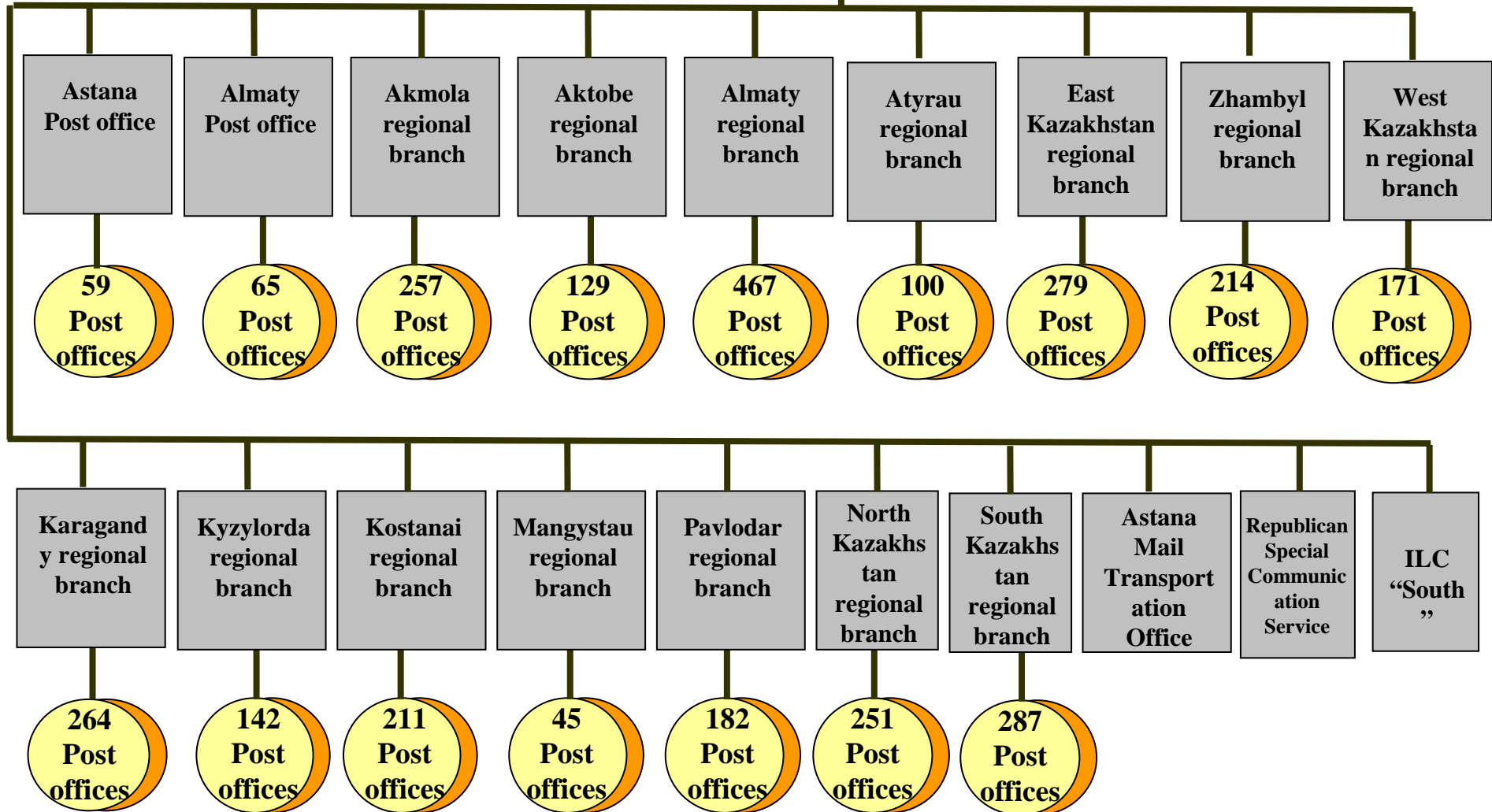


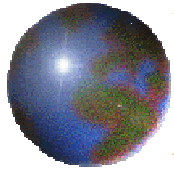
The main advantage of postal system - the largest network in any country

Population of the RK – 16 million people
City – 8,6 million people in 87 cities
village– 7,4 million people in 7,5 thousand villages

Kazpost JSC

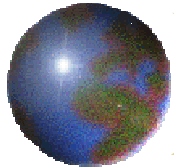
Branches, total - 19
Post offices, total - 3318



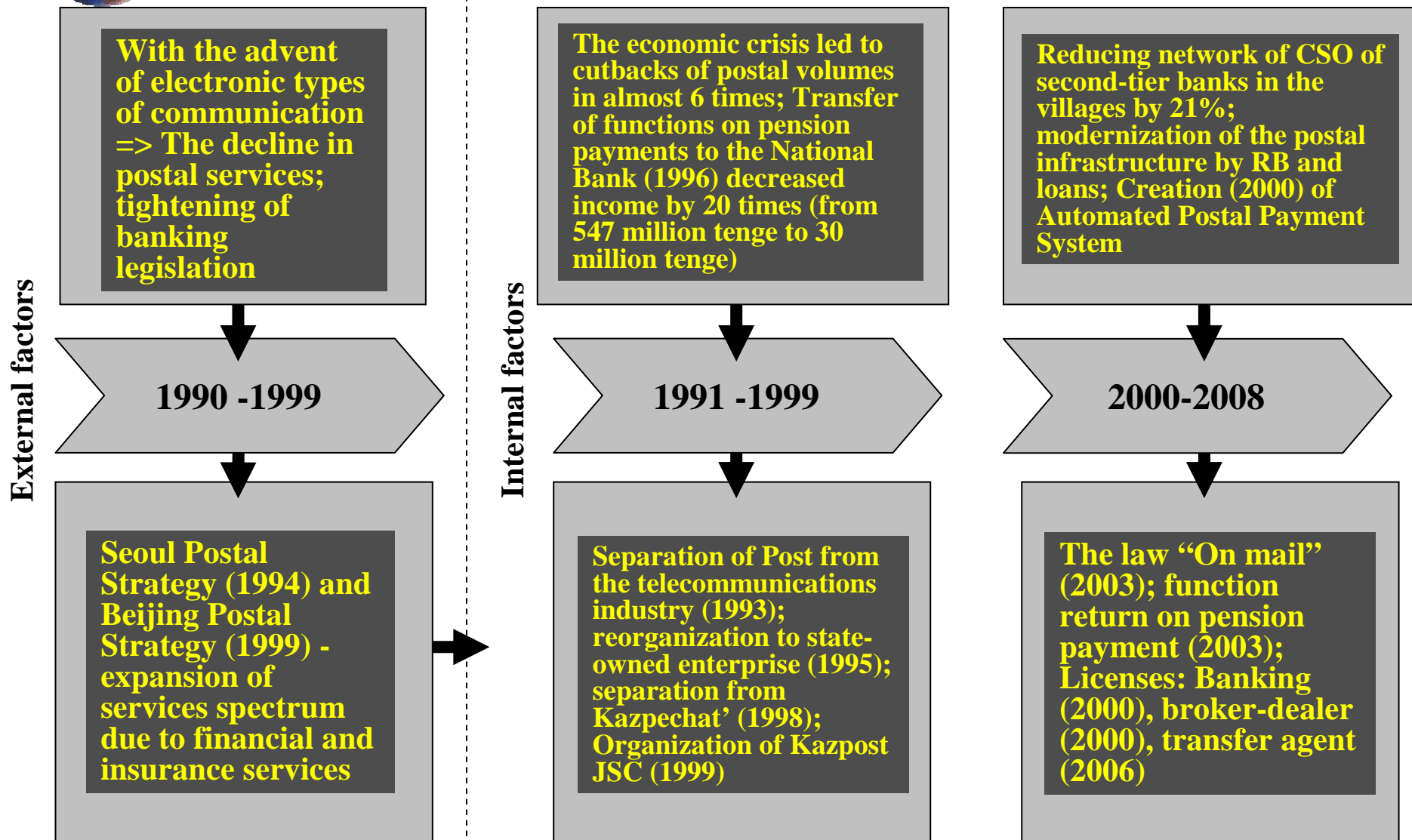


Branch network of second tier banks and post offices

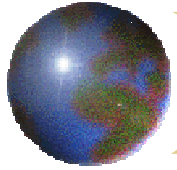
Name	As at 1.10.2009			
	Total	including		
		In cities	Regional center	In villages
<i>Banking sector</i>				
The number of second tier banks	33			
The number of branches of second-tier banks	375	375		
The number of cash-settlement offices (CSO) of second-tier banks	2 320	2 080	231	61
<i>Postal sector</i>				
Number of branches of Kazpost JSC	19	19		
Number of Post Offices	3 318	633	156	2 529



Key stages in the reformation of Kazpost



Key stages in the development of Kazakhstani Post



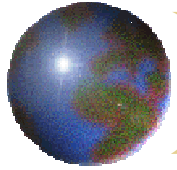
Licenses for provision of financial services by Kazpost

License of National Bank on conducting certain types of banking transactions in 1999:

- 1) accept deposits of individuals,
- 2) cash transactions: reception, conversion, exchange, barter, sorting, packaging and storage of banknotes and coins,
- 3) transfer operations: compliance of orders of individuals and legal entities on money orders,
- 4) collection and sending of banknotes, coins and values,
- 5) organization of exchange transactions with foreign currency.

License to engage in broker-dealer activities in the securities market with the right to manage customer accounts as a nominal holder is issued by the Agency for Regulation and Supervision of Financial Market and Financial Institutions in 2004

License to engage in transfer agent activities is issued by the Agency for Regulation and Supervision of Financial Market and Financial Institutions in 2006

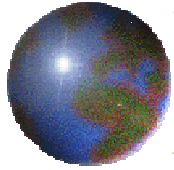


The Law “On mail”

The Law “On mail” passed in 2003, which recognized provision of certain banking operations by Kazpost.

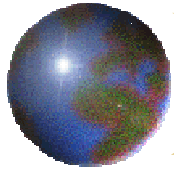
In February 2009, the Law “On mail” was supplemented with the rule that allows postal operator to conduct loan operations: credits in cash to the paying terms, maturity and repayment .

Safety of public deposits on deposits with fixed period is guaranteed by the state by its distribution in government securities and other liquid financial instruments.



Material and resource provision of financial services in the years 2002-2009

Name	Total	including recourses of:	
		Republican budget	Islamic Development Bank
Cash machines (counters, detectors, trucks)	982	778	204
Computer and telecommunications equipments	9 790	330	9 460
Banking equipments (ATM, POS-terminals)	1 568	1 372	196
Total:	12 340	2 480	9 860
Total (million tenge):	1 396,2	836,5	559,7



The range of services in Kazpost



Postal services

- letter post including public correspondences;
- parcels, including on catalogues;
- Express Mail Service;
- periodicals.



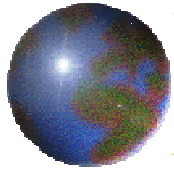
Financial services

- money orders;
- pension, allowances and wages;
- deposits;
- transfer-agent services;
- broker and dealer services;
- opening of accounts;
- payments accept, CSO;
- payment cards issuing;
- currency exchange operations.



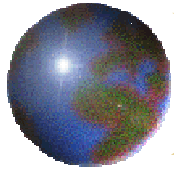
Agent services

- crediting;
- PM delivery;
- accounts delivery;
- realization of National consumption goods;
- servicing building savings;
- contracts of National Pension Fund and insurance companies.

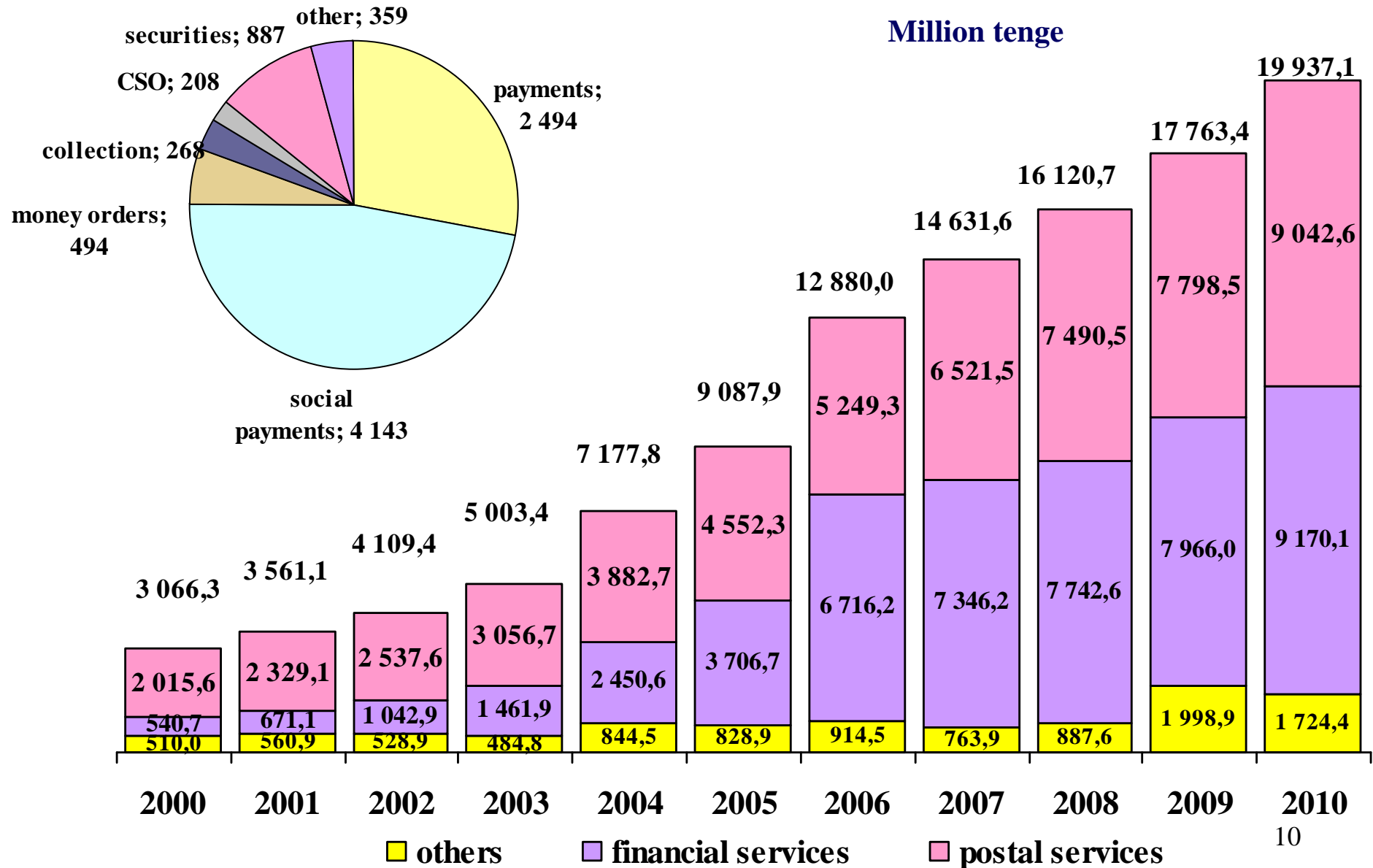


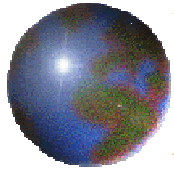
Revenues extension of Kazpost by expanding the product line of financial services

Name of the service	1999	2000	2002	2004	2006	2007	2008	2009
Financial services, total:	319	529	1 039	2 451	4 984	5 954	7 014	8 769
Money orders, CSO, pension, wages, collection	319	421	873	1 759	3 168	3 799	4 408	5 113
Taxes and payments		42	71	333	1 153	1 461	1 651	2 494
Financing income			18	329	478	600	882	887
Transfer-agent services					134	1	38	134
Broker and dealer services				1	1	1	10	49
Payment Cards					3	19	32	31
Agent services, total:		11	4	9	1 732	1 392	684	86
Building savings consumer crediting, micro-crediting					1 712	1 364	682	84
National Pension Fund, insurance companies		11	4	9	20	28	2	2
	Σ 319	Growth in 27,8 times						Σ 8 855



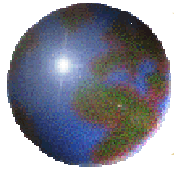
The dynamics of changes in the structure of income





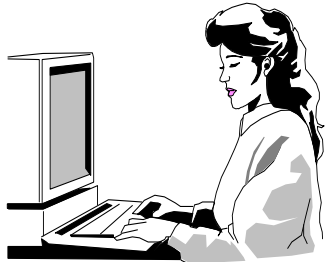
Financial services in post offices





Internal payment system in Kazpost

**City (rural) post offices
/central post office**

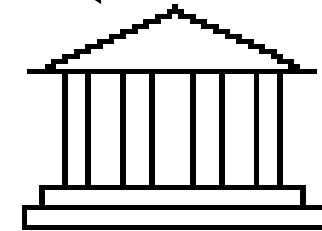


**city (district)hubs,
regional branches**



information on payments

automated processing
of documents

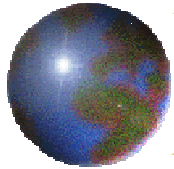


Internal Payment System

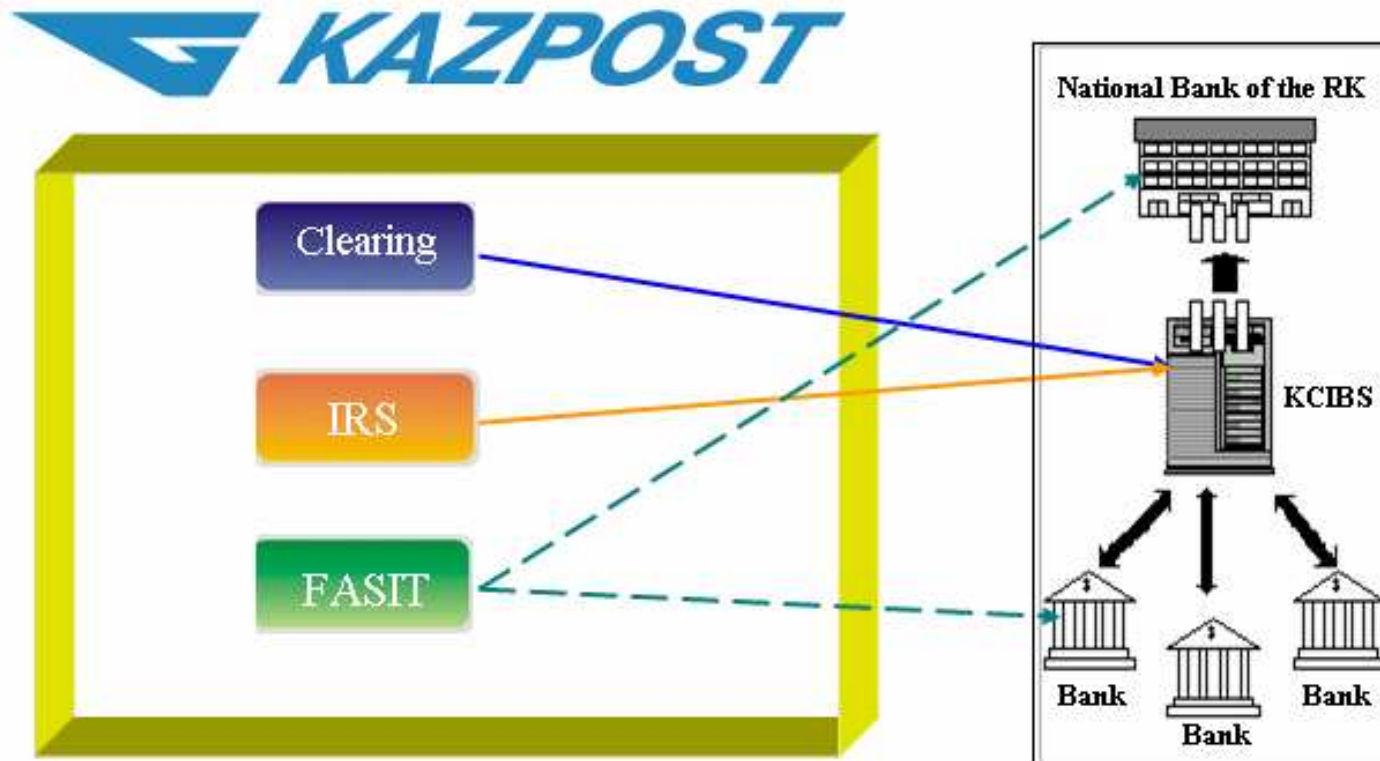
management of the combined system of software tools, providing legalization, authorization, approval, registration and movement of payments between the structural departments of the Company. As well as the payment documents of a customer served in the offices of the Company, reflecting movements of money in the appropriate accounts and calculation of outgoing balance on domestic correspondent account of the Company, subcorrespondent accounts of branches and offices.

CO Hubs HO

Clearance office of hubs provides centralized collection, registration and processing of information to create a unified information area of the Company.



External payment system in Kazpost



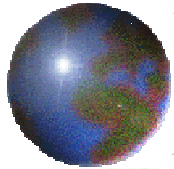
External payment system

organization of works with payments and calculation of the balance of correspondent accounts of second-tier banks and organizations carrying out certain types of banking operations in KCIBS of National Bank of the RK.

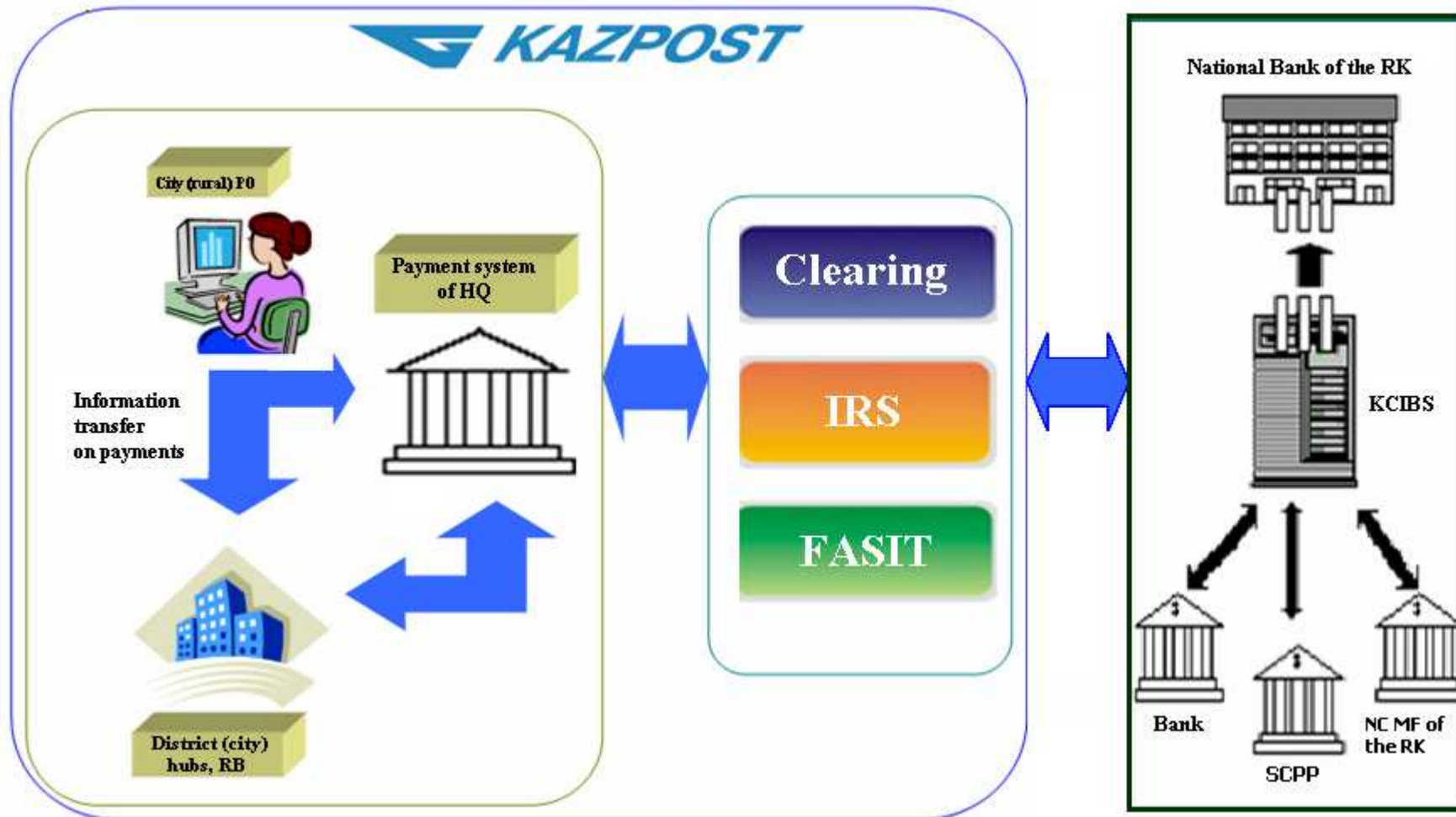
Clearing - retail payments system (RPS) is a flexible revocable system of electronic money orders, which is carried out by National inter-bank clearing, calculates net positions of regional clearing-houses. In the clearing there is a limit to the amount of money orders (up to 5 million tenge), payments to the accounts of users of clearing occurs only after the final settlement in the clearing house.

IRS - Interbank Remittance Systems, the main inter-bank electronic money order system operating in real time with immediate debit and credit accounts, and without limiting the amount of one order.

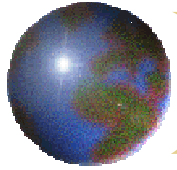
FASIT - Financial automated system of information transport



Internal and external payment system in Kazpost



Single information area is formed on the basis of electronic images of original documents on which registration is carried out in the system, authorization of performers with adequate powers and signing in electronic form, confirming the accuracy of the originals. Creating a single information area involves the formation of centralized management, regulatory, financial, statistical and other types of output forms for submission to higher authorities, as well as for use in inter-farm activities on the operational management of the Company.



Two-level payment system in Kazpost

Headquarter

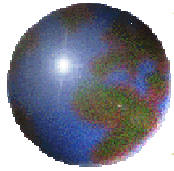
Regional branches, City (district) hubs, Post Offices

A two-level scheme of collecting, recording and processing of information involves organizing the work of information technology in the front office and back office.

Back-office - departments of the headquarter that supervise this or another service, as well as controlling the operation committed to the legality, validity, feasibility, within the established limits on expenses, etc.

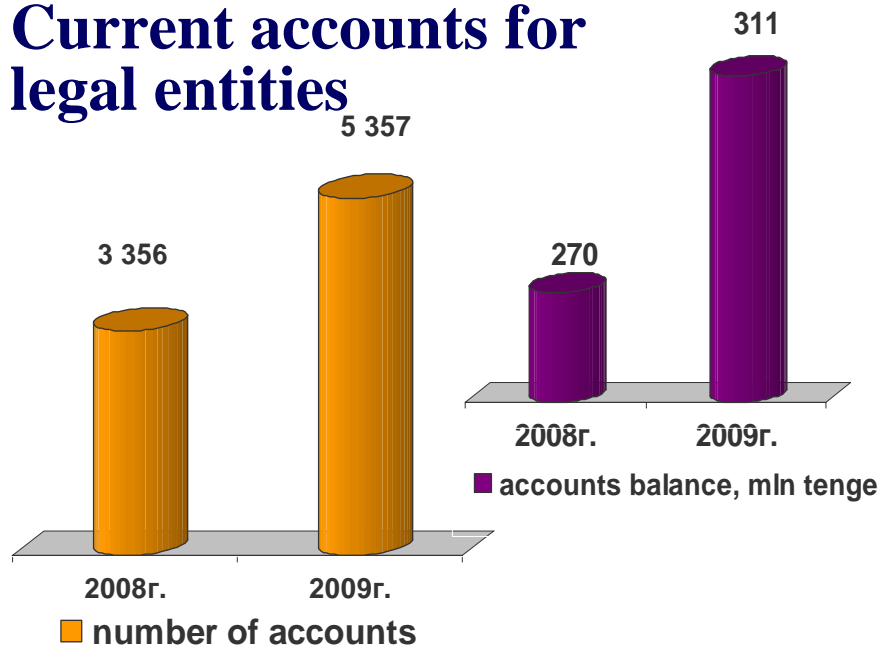


Front-office - brings together all the departments of branched postal network, including non-automated urban and rural post offices, mobile points of post offices providing services to the population.

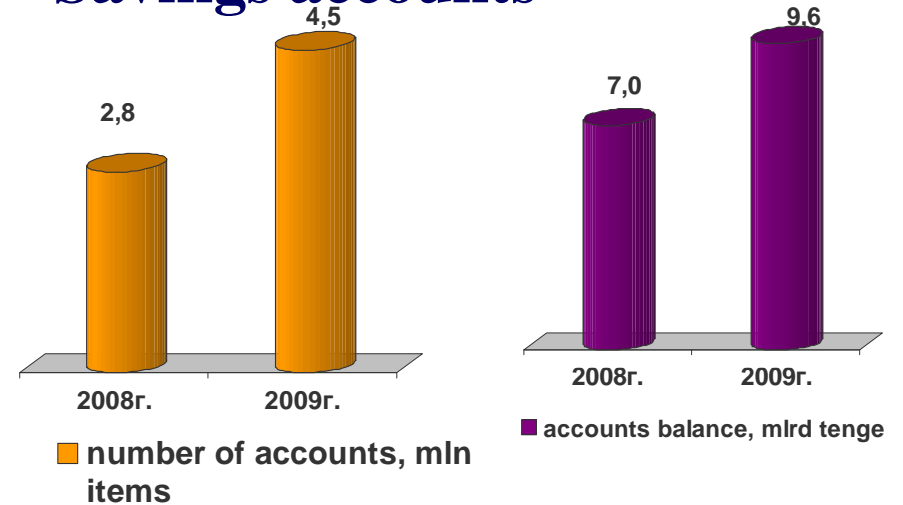


Accounts statement of Kazpost

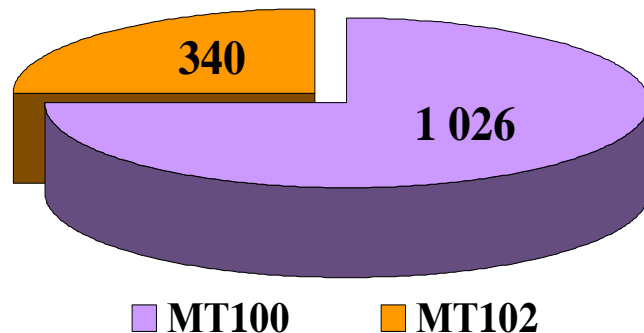
Current accounts for legal entities



Savings accounts

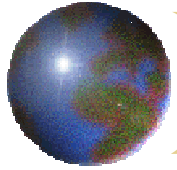


The number of accounts for payment of pensions and allowances



Correspondent account of Kazpost

On average, the correspondent account of the Company, opened at the National Bank, provides 10-15 thousand payments a day, or about 3 million payments per year



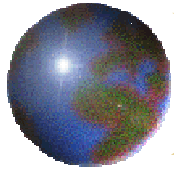
Automation of money orders

1996-1998	«Omega III – 3», «EKM»
1998-2001	«POSTLINE»
2001-2005	PO «Amanat-Pochta»
2006	Corporate informational system

In 2003, STEFI module was installed connected to the internal system of money orders of Kazpost. This reduced the processing time of international orders from 3-4 weeks to 3-5 days.

In 2006, a new ISD module was introduced on Internal express money orders on-line, which reduced transit time up to several minutes.

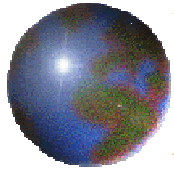




International cooperation



- ✚ **Partners on exchange of postal money orders: CIS and Baltic countries, Poland, Turkey, Japan, Canada, China, Sweden.**
- ✚ **Partners on exchange of electronic money orders (IFS): Russia, Uzbekistan, Estonia, Moldova, Armenia, Azerbaijan, Belarus, Ukraine**
- ✚ **Kazpost JSC carries out a long-term cooperation with an international company «Western Union» to receive express international orders**



International cooperation

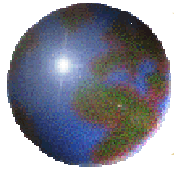
Integrator of money order systems



Integrator of money order systems within one agreement allows to get access to the basic money order systems operating in Russia:



This software product enables to easily organize servicing the customers of the whole spectrum of money order systems in the single operational window, at that decreasing operational costs. The customers of the bank get an opportunity to choose the most suitable money order system for transferring cash means.



Achieved effect

Government (shareholder)

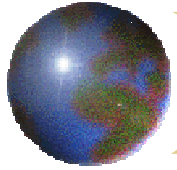
- Effective infrastructure with a high-technology services in the level of international standards
- Extending of cashless payments on the basis of introduction of postal payment card
- E-government
- The system of building savings
- Pension reform
- Extension work of small-scale enterprises by its cash-settlement servicing in in rural areas
- Extension work of securities market by rendering transfer-agent services by post in all places

Consumer (population, business structure)

- Availability of banking services on the basis of postal network
- Wide spectrum of financial products including payments, money orders, deposits, accounts and etc.
- Introduction of IT-technology for rendering services on-line
- Available price level
- Guaranteeing of savings in deposits with fixed period by the government
- Speeding-up the enrollment of social payments due to introduction of postal payment cards

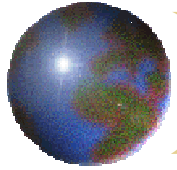
National postal operator

- Growth of total revenue mainly due to banking services
- Provision of self-repayment and self-financing
- Extension of availability in the market of loan capital
- Increase of employee's motivation
- Offering the services of other banks as an agent
- Reinforcement of the company image
- Creation of the base on rendering banking services generating the extension of new banking products



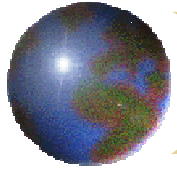
The stages of launching banking services in Kazpost

- Strengthening of financial services by the law “On mail”
- Attracting bank experts to the post for development of business processes and introduction of banking services
- Obtaining the license of the National bank by postal operators on banking services, operations with securities
- Approval of special prudential standards for postal operators rendering banking services by bank regulator
- Formation of payment system and correspondent relations with banks



Difficulties in the period of launching banking services in Kazpost

- Low motivation adversely affect hiring of the staff from banks, thus an individual approach was practiced
- Competition with banks affected the opportunity to attach banking services to the post preferably in rural areas
- A major cash inflow from banking services to the post caused to speeding up the introduction of banking subsequent control and security system
- With a view to secure the departments, the standards of cash discipline were introduced by limitation of money for balance distribution in the branches of the National bank



**Thank you for
attention!**