



PRESS RELEASE

On the First Project Implemented by Halyk Project LLP within Rehabilitation of Distressed Assets of Halyk Bank of Kazakhstan

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As part of the activity for the rehabilitation of distressed assets of JSC Halyk Bank of Kazakhstan (hereinafter - the “Bank”), which are disposable to Halyk Project LLP - the Bank's subsidiary company for distressed asset management (hereinafter – “CDAM”)*, a trade house was launched in Almaty. This debut project of the subsidiary is aimed at improving the quality of the Bank’s loan portfolio.

Earlier, this asset was pledged to the Bank's distressed debt, which had not been serviced by the borrower for over 5 years. During that time, the owner of the collateralized property had not invested in repairs, which adversely affected its condition. In order to prevent the deteriorating condition of the distressed asset and rehabilitate the debt, at the end of 2012, the Bank had decided to transfer the property to CDAM.

During 2013, CDAM has been working on the design and reconstruction of the trade house, which is a collateralized facility in question, in order to further lease retail space and channel the resulting revenue to repay the debt to the Bank. In December 2013, the repairs were completed, and the facility was put into operation.

Overall, since the establishment of CDAM, in the framework of the activity to “purify” the loan portfolio of distressed assets, the subsidiary company has been transferred the projects totally worth more than \$ 40 million. Activities to improve the quality of distressed assets include: real estate construction / renovation, further lease with the possibility of subsequent disposal. In the medium term, the Bank plans to significantly increase the distressed assets transferred to CDAM.

Establishment and activities of CDAM contribute to improvement of the Bank’s loan portfolio quality through various mechanisms prescribed by the Banking Law and the National Bank of Kazakhstan, today, CDAM is the most effective means to improve the quality of the Bank's assets.

The current project is the early stages of Halyk Project LLP. The first significant effects from the CDAM activities are expected by Halyk Bank by the end of 2014.

JSC Halyk Bank of Kazakhstan Subsidiary Company for Distressed Asset Management Halyk Project LLP (hereinafter – “CDAM”) - the first company incorporated in the domestic market for the rehabilitation of distressed assets. It was established under the authority of the National Bank of Kazakhstan # 1 dated October 2012, in accordance with the Concept of improving asset quality in banks, approved by Resolution of the Council on Financial Stability and Development of the Financial Market of Kazakhstan. CDAM purchases doubtful and loss assets of JSC Halyk Bank of Kazakhstan for the further rehabilitation through the implementation of measures aimed at improving the quality of the assets, in accordance with the laws of the Republic of Kazakhstan. CDAM has Halyk Bank of Kazakhstan as the sole participant.

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