



AllianceBank

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PRESS-RELEASE

Alliance Bank JSC is considering the possibility to appeal against the court sentence in relation to the former management of the Bank

Almaty, 22 July 2011. Alliance Bank JSC is considering the possibility to appeal against the sentence of Medeu district court in relation to the former management of the Bank.

The shareholders, creditors and the management of Alliance Bank JSC consider the sentence by Medeu district court of Almaty city on the criminal proceedings in respect of M.Seisembayev, Zh.Yertaev, I.Ivanova, R.Abylkasymova, A.Mamyrbekov as excessively mild and not conforming to gravity of material damage caused to the Bank. On 8 July 2011 Medeu district court within the criminal proceedings partially satisfied the civil claim of the Bank having decided to recover from the convicts the amount of damage caused equal to **177 486 445 109** (One hundred seventy seven billion four hundred eighty six million four hundred forty five thousand one hundred and nine) tenge.

The Bank hopes that all government entities ensuring the enforcement of the court judgment and exercising control over these legal proceedings, as well as the convicts themselves will take all necessary and comprehensive measures for reimbursement of damages caused to the Bank.

Meanwhile **the court has found the following persons guilty under the Article 220 of the Criminal Code of the Republic of Kazakhstan** (“Unlawful use of bank funds”):

M.Seisembayev, the former Chairman of the Board of Directors of Alliance Bank JSC, (punishment by way of deprivation of freedom for the term of 2 years (conditionally) with fine of 250 MCI (Monthly Calculation Index) (378 000 tenge) imposed with two years deprivation of the right to be engaged in banking activities);

Zh.Yertaev, the former Chairman of the Management Board of Alliance Bank JSC (punishment by way of deprivation of freedom for the term of 2 years (conditionally) with fine of 250 MCI (378 000 tenge) imposed);

I.Ivanova, the former Director of Treasury Department of Alliance Bank JSC (punishment of fine of 500 MCI (756 000 tenge) imposed with two years deprivation of the right to be engaged in banking activities).;

R.Abylkasymova, former Deputy Chairman of the Management Board of Alliance Bank JSC (punishment of fine of 500 MCI (756 000 tenge) imposed with two years deprivation of the right to be engaged in banking activities).

Also A.Mamyrbekov, former Deputy Chairman of the Management Board of Alliance Bank JSC, was found **guilty under the Article 218 of the Criminal Code of the Republic of Kazakhstan** (Breach of the legislation of the Republic of Kazakhstan on accounting and financial reporting), however, based on part 1, item “a” of Article 69 of the Criminal Code of the Republic of Kazakhstan he was released from criminal responsibility due to expiry of the period of limitation.

The convicts were found guilty under the following episodes of the crimes committed in 2005-2008:



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- the fact of withdrawal of the Bank's assets through unlawful issue of bank guarantees in favour of offshore companies Aquanta Corporation, Bazora Corporation, Serbina Limited, and Xiliana Limited for the total amount of **160 248 931 594 tenge** (Ertayev, Seysembayev and Ivanova were found guilty);
- the fact of granting knowingly non-repayable bank loans to TOO Otau Kurylys Invest LLC, TOO Rosa Vetrov D&C, TOO Senimdi Kurylys Kompaniyasy, TOO Zhana Zaman Kurylys LLC, TOO Omega Invest Plus LLC, resulting in the loss of **16 226 951 710 tenge** (Abylkasymova was found guilty);
- the fact of granting knowingly non-repayable bank loan in favour of TOO Intristol LTD resulting in the loss of **727 450 000 tenge** (Seysembayev and Abylkasymova were found guilty);
- granting knowingly non-repayable bank loan (under the bank card products) in favour of E.Zhamantayev for the amount of **283 111 805 tenge** (Abylkasymova was found guilty).

Taking into account the tremendous size of damage caused to the Bank having consequently resulted in default under its foreign obligations, necessity of the state intervention (NWF Samruk Kazyna was forced to capitalize additionally the Bank for the total amount of 129 billion tenge), and carrying out the restructuring, the Bank considers the punishment set by the court as excessively mild and being in need of review in accordance with the judicial practice existing in the Republic of Kazakhstan for financial crime cases.

The Bank holds its right to appeal against the sentence in the court instances of the Republic of Kazakhstan. The Bank's position towards appealing the sentence will directly depend on the actions of convicts for the full reimbursement of material damage.

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