

Astana Finance

Current financial situation and prospects

16 September 2009

WHILE JSC ASTANA FINANCE ("ASTANA FINANCE" OR THE "COMPANY") HAS UNDERTAKEN ALL REASONABLE EFFORTS TO ENSURE THAT THE INFORMATION CONTAINED IN THIS PRESENTATION (THE "PRESENTATION") IS CORRECT, ACCURATE AND COMPLETE AT THE DATE OF PUBLICATION, NO REPRESENTATION OR WARRANTIES, EXPRESS OR IMPLIED, ARE MADE AS TO AND NO RELIANCE SHOULD BE PLACED ON THE FAIRNESS, CORRECTNESS, ACCURACY OR COMPLETENESS OF SUCH INFORMATION. NO LIABILITY IS ACCEPTED FOR ANY SUCH INFORMATION OR OPINIONS BY THE COMPANY, OR ANY OF THEIR RESPECTIVE DIRECTORS, MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR ADVISORS.

THIS PRESENTATION AND THE INFORMATION CONTAINED IN IT DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO SELL OR ISSUE, OR ANY SOLICITATION OF ANY OFFER TO PURCHASE OR SUBSCRIBE FOR, ANY SECURITIES OF THE COMPANY.

THIS PRESENTATION INCLUDES FORWARD-LOOKING STATEMENTS WHICH INCLUDE ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACT INCLUDED IN THIS PRESENTATION, INCLUDING, WITHOUT LIMITATION, THOSE REGARDING THE COMPANY'S FINANCIAL POSITION, PROSPECTS, BUSINESS STRATEGY AND PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS, WHICH MAY CAUSE THE COMPANY'S ACTUAL RESULTS, PERFORMANCE, ACHIEVEMENTS OR INDUSTRY RESULTS TO BE MATERIALLY DIFFERENT FROM THOSE EXPRESSED OR IMPLIED BY THESE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE BASED ON NUMEROUS ASSUMPTIONS REGARDING THE COMPANY'S PRESENT AND FUTURE BUSINESS STRATEGIES AND THE ENVIRONMENT IN WHICH THE COMPANY EXPECTS TO OPERATE IN THE FUTURE. AS A RESULT OF THESE FACTORS, YOU ARE CAUTIONED NOT TO RELY ON ANY FORWARD-LOOKING STATEMENT.

In addition, all figures contained in this presentation for 2009 are based on preliminary, unaudited management accounts only and are subject to (i) review of the Company's results for that period by the Company's auditors and (ii) further internal review of the adequacy of the levels of provisioning applied to the Company's loan portfolio. Accordingly, all such figures contained herein are subject to change.

Section 1	Overview of current position
Section 2	Financial performance
Section 3	Update – 6m FY09
Section 4	Restructuring
Section 5	Next steps

Appendices

Section 1

Overview of current situation

Historically profitable and important market player

- 1997 – created to manage the Akmola special economic zone investment activity
- Focus on corporate and construction projects in Astana
- Strong ties to government and SK
- 2003 – independent ratings assigned – Ba1/BB
- 1HFY08 – assets KZT 271bn; loan book KZT 186bn; supported by banks/bonds of KZT 203bn
- Cost/income ratio: 53%
- Net interest margin: 2%
- ROAA: 2.7%
- ROAE 11%: (had been consistently >20%)
- Eighth largest Kazakhstan financial organization by assets

– but macro and micro factors have impacted –

- The banking sector of the majority of the counties is experiencing high levels of volatility and uncertainty
- Reduction in business activity impacting all key business lines with significant impact on profits – increasing credit deterioration
- High concentration on real estate and losses on major projects
 1. Almaty Financial District (\$40m loss), LLP Gefest
 2. Derivative losses – €80m lost
 3. Major loss on equity investment in AG Capital Interra (\$74m)

– so that the current position is unsustainable

- Feb 2009 – ratings downgrade triggered put options in certain debt obligations
- Margin calls on derivative positions not met
- May 2009 – suspension of payments of international (interest and principal) and domestic (interest) debts; losses grow on derivatives impacting liquidity
- Contractual amortisation is >\$1bn over three years
- Defaults have triggered acceleration notices
- In breach of FMSA capital adequacy rules

The liquidity and capital adequacy position is unsustainable – there is an urgent need to restructure AF's debt obligations

Management changes

- April 2009 - Elmira Ibatulina appointed Chairman of the Management Board
- August 2009 - Azamat Takenov appointed Vice-chairman of the Management Board
- Recognition of the issues
- Appointment of advisers

Operations

- Operational restructuring – headcount and cost reduction programmes
- Asset disposals
- Restructuring of loan book
- Cessation of interest payments on international and domestic debts

Stakeholders

- Discussions with FMSA/NBK/CASE
- AF is in the process of surrendering its licenses so is now regulated for capital purposes as a banking conglomerate. The capital positions at all group companies are therefore included in a consolidated capital requirement (consolidated capital must equal 10% of RWAs)
- Certain subsidiaries are also regulated so have individual regulatory capital requirements

Section 2

Financial performance

Consolidated income statement

	Dec-08	Apr-09
Currency: US\$ m	(audited)	(management)
Interest income	296.8	98.4
Interest expense	(188.3)	(60.6)
Net interest income	108.5	37.9
Loan loss allowances	(80.1)	(360.5)
Net interest income after loan loss allowances	28.3	(322.6)
Net non-interest income	(7.5)	(3.9)
Operating expenses	(48.3)	(12.9)
Loss before deductions to other provisions	(27.5)	(339.4)
Provision for other losses	(2.9)	(0.5)
Operating income/(loss)	(30.4)	(339.8)
Income tax expenses	(5.1)	(0.)
Net profit/(loss)	(35.4)	(340.7)

Consolidated balance sheet

Currency: US\$ m	Dec-08A	Apr-09A
Assets		
Cash and cash equivalents	89.0	79.4
Investments	368.0	308.2
Due from banks	117.6	10.3
Loans to customers, net	1,746.1	1,320.1
PP&E	38.8	32.2
Other assets	120.5	132.2
Total assets	2,480.1	1,882.4
Liabilities		
Due to clients	51.1	100.6
Borrowings	2,107.9	1,826.9
Other liabilities	74.5	93.3
Total Liabilities	2,233.5	2,020.8
Equity		
Share capital	247.9	180.1
Reserves	(1.3)	(318.5)
Total equity	246.6	(138.4)
Total liabilities and equity	2,480.1	1,882.4

Headlines – income statement (Astana Finance Company) ASTANA FINANCE

Astana Finance Company is the parent company of the Astana Finance Group. All domestic debt are issued by the Astana Finance Company.

April 2009

- Net loss of US\$154.3m in 4M09 resulting from:
 - Loan book impairment
 - FX losses driven by 25% devaluation of KZT in period
 - Investment losses incurred on disposal of investments for liquidity, mark to market hedging agreements and/or close out of currency and swap agreements
- Loan book impairment – additional US\$200m provisions booked at Group level not reflected in Company
- Additional US\$108m provision booked at Group in respect of a derivative transaction not reflected in Company accounts

Currency: US \$m	Apr-09A
Interest income	70.2
Interest expenses	(57.3)
Net interest	12.9
Provisions for losses	(27.1)
Net interest income after provisions	(14.2)
Non-interest income/expense	(161.4)
Operational expenses	(4.9)
Loss before other provisions	(180.5)
Other provisions	26.3
Income/Loss before taxation	(154.2)
Income tax	(0.1)
Loss for the period	(154.3)

Bridge – company to consolidated income statement

Currency: US \$m	Apr-09A
Company loss for the period	(154.3)
Additional loan portfolio provisions	(200.0)
Provision for derivative losses	(108.0)
Other transactions, including transactions of subsidiaries	121.6
Group loss for the period	(340.7)

Headlines – net assets (Astana Finance Company)

April 2009

- Net assets of US\$32.5m at Apr-09A, US\$201.4m below Dec-08A levels
- Cash largely held in a blocked account (unused Government funding)
- Investments comprise securities held in domestic businesses and investments in subsidiary companies – disposals made in the period to provide liquidity
- US\$110.6m of amounts due from banks is margin deposit with derivative counterparty. A 100% provision is held against his balance in the Group accounts
- Loan portfolio includes US\$180.1m loans to subsidiary companies for on-lending
- Other assets primarily short term financial aid to subsidiary companies to finance their operational activity
- US\$119.5m owed to various state organisations in connection with public interest projects
- Other liabilities include US\$43.4m of non-cumulative non-convertible preference shares
- Off balance sheet liabilities were \$127m primarily relating to the leasing company

Currency: US\$m	Dec-08A	Apr-09A
Cash	81.2	21.4
Investments	451.4	279.1
Due from banks	115.0	110.6
Loan portfolio	1,360.5	1,193.9
Other assets	357.1	218.2
Total assets	2,365.2	1,823.2
Due to banks	(303.2)	(372.0)
Due to state organisations	(135.7)	(119.7)
Debt securities	(1,615.6)	(1,251.0)
Other liabilities	(76.9)	(48.0)
Total liabilities	(2,131.3)	(1,790.7)
Net assets	233.9	32.5

Bridge – company to consolidated balance sheet

Currency: US \$m	Apr-09A
Company net assets	32.5
Additional provisions at group level of AF	(308.0)
Other transactions and net assets of subsidiaries	137.1
Group net liability	(138.4)

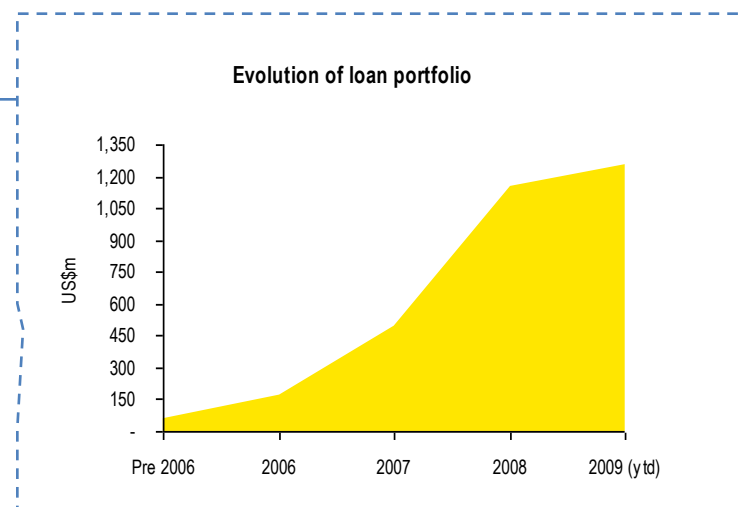
April 2009

- Debt securities comprise investments in debt instruments issued by domestic corporates (six investments account for 75% of investments).
 - Largest investment is US\$24.7m – this was used as collateral for debt raising (via Repo) and surrendered this investment after Apr-09A.
 - Additional provisions are required against the carrying value of investments.
 - Investments in subsidiaries increased by US\$33.2m in the four months to Apr-09A to meet capital adequacy requirements in the Company's mortgage subsidiary.

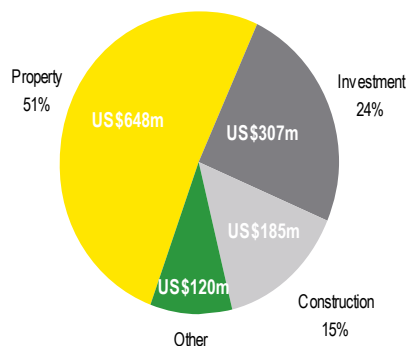
Currency: US\$m		Apr-09A
Financial assets		130.2
	– Debt securities	125.9
	– Equity securities	5.9
	– Swaps, forwards, etc.	1.1
	– Provisions	(2.7)
Investments held for sale		4.6
Investments held until maturity		1.6
Investment in subsidiaries		142.7
Total		279.1

Loan book (Astana Finance Company)

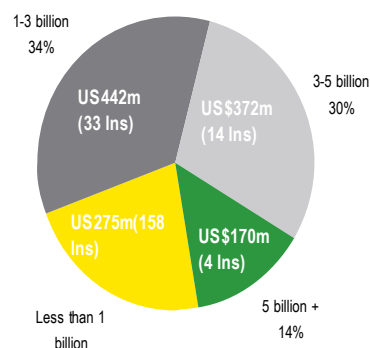
Currency: US\$m	Dec-08A	Apr-09A
Loans issued	1,335.0	1,254.0
Reverse repo	99.0	24.8
Managed by Leasing Subsidiary	9.1	6.2
Total loans issued	1,443.2	1,285.0
Provisions for losses	(87.7)	(97.4)
Adjustment for effective interest/other	5.0	6.4
Net loan book	1,360.5	1,193.9
Provisions as % of Loans issued	6.57%	7.77%



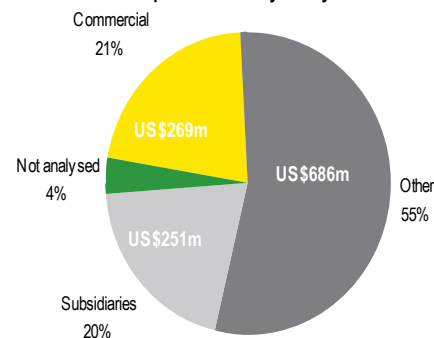
Loan portfolio - analysed by sector



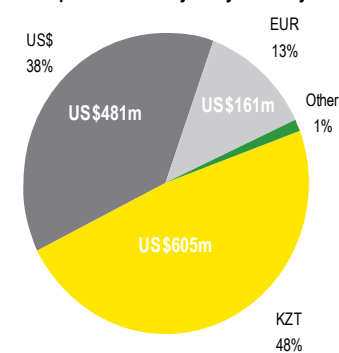
Loan portfolio - stratified by size of loan



Loan portfolio - analysed by terms



Loan portfolio - analysis by currency



Loan book – adequacy of provisions

Maturity analysis Apr-09A			FMSA categorisation Apr-09A			
	US\$m	%		US\$m	%	Provisions
Overdue	122.9	9.8%	Standard	285.1	22.7%	-
1-30 days (next)	2.2	0.2%	Doubtful 1	542.1	43.2%	(24.5)
30-60 days (next)	34.6	2.8%	Doubtful 2	193.2	15.4%	(17.8)
60-90 days (next)	14.5	1.2%	Doubtful 3	107.4	8.6%	(20.0)
Remainder of 2009	30.2	2.4%	Doubtful 4	116.8	9.3%	(25.7)
2010	382.3	30.5%	Doubtful 5	0.9	0.1%	(0.4)
2011	163.5	13.0%	Total	1,245.5	99.3%	(88.3)
2012 and thereafter	503.7	40.1%	Bad (Loss)	8.5	0.7%	(9.1)
Total	1,254.0	100.0%	Total	1,254.0	100.0%	(97.4)
	US\$m	%				
Restructured loans	234.5	18.7%	Collateral type	US\$m	%	
Other loans	1,019.5	81.3%	Property	474.6	37.8%	
			Combined	46.4	3.7%	
			Securities	232.4	18.5%	
			Cession of rights	88.4	7.1%	
			Unsecured	255.4	20.4%	
			Collateral being registered	156.8	12.5%	
Total	1,254.0	100.0%	Total	1,254.0	100.0%	

- Ular Umit – AF provided loans to a group of borrowers to fund the purchase of shares of JCS 'Ular Umit' Pension Fund, the third largest pension fund in Kazakhstan. Currently this group of borrowers controls 74,9976% of voting shares. At 1 June 2009, the Fund had pension assets of KZT 219bn and 1.3m depositors. The shares were pledged as collateral for the loans. The balance of loans (including interest) amounts to KZT 34.6bn.
- AG Capital Interra – provided KZT 11.7 bn through a series of loans, during 2006-2008, to a group of borrowers to purchase shares in this Russian investment fund. It was envisaged that the loan repayment would be funded from the sale of the securities purchased. The market value of the securities has declined and is below the value of the loan. The Company is in discussions with the borrowers. These loans are scheduled to mature in between 2009-2010. There are concerns over the value of the underlying investment, used as collateral for the loan – a KZT 10.5 bn (100% of principal) provision has been booked at the Company level.
- Forest Holding LLP (part of the ICCM Holdings Group) – granted a series of loans during 2007-2008 to a group of companies (in total to fund the purchase the shares of a Russian wood processing plant and modernization of the plant. Given the decline in the wood market the repayment of the loans will be possible only after recovery of the market and additional investments in modernization of the plant. The shares were purchased from Investment Fund of Kazakhstan, a subsidiary of Samruk-Kazyna, now a significant shareholder in the Company. As at September 1, 2009 the debt outstanding was KZT 4bn, KZT 143m of which was interest accrued on the loan. Provisions against this loan are 20% (777m tenge)

April 2009

- Receivables and inventories:
 - Financial aid has been provided to the Company's mortgage and leasing subs.
 - Deferred expenses (non-cash) are being amortised through the p/l.
 - Inventories comprise certain properties acquired to support local government
 - PP&E include real estate assets used in the business.
 - Investment property is an Astana based business centre that is being rented out.

Currency: US\$m	Dec-08A	Apr-09A
Receivables and inventories	329.0	196.3
Financial aid to subsidiary companies	280.0	174.7
Deferred expenses	19.4	12.9
Inventories	7.0	5.7
Trade accounts receivable (fees)	1.3	1.0
Other assets	21.4	2.1
PP&E	19.4	15.0
Investment property	8.7	6.9
Total	357.1	218.2

Ref	Description	Gross asset (US\$m)*	Liability (US\$m)*
1	DAMU provided to AF US\$36.8m in Aug08. In connection with not full distribution of the funds to the ultimate borrowers US\$24.2m must be returned to DAMU, US\$16.4m of this amount is already repaid as at Sep 1, 2009. The remaining amount of US\$7.8 m is planned for repayment during September. US\$12.6m of the loan portfolio will be transferred to Bank "Astana Finance" in connection with return by AF of the license on borrowing operations.	27.5	20.4
2	AF provided loan TOO GeFest for the development of construction projects in the centre of Almaty. In 2006, the local government claimed rights to the land plot which was pledged as security of liabilities of TOO Gefest and was reserved for construction. Following legal action, the court ruled that the local government must purchase the land plot at the market value of approximately of KZT3.2bn. The customer is awaiting repayment from the government at which point the loan will be repaid (expected H1 2011).	35.3	0.0
3	Kazakhstan national railway company (owed to Leasing subsidiary)	20.0	0.0
4	Total due to/from other state bodies.	5.5	22.7
		88.3	37.1

*Balances as at 31 August 2009

- Management has completed number of related party transactions for the purpose of supporting the financial position of the companies, including:
 - Acquisition of Astana Finance Eurobonds and domestic bonds from subsidiaries at above market prices for forgiveness of debt in order to provide financial assistance and replenishment of the capital for fulfilling the prudential norms on capital adequacy
 - Transactions in Astana Finance Eurobonds with related parties
 - Loans without security made to related parties
 - Repo and reverse repo transactions with shareholders and other related parties involving shares and bonds in or of Astana Finance
 - Astana Finance bank accounts frozen due to contractual dispute with counterparty (now resolved)

April 2009

- US\$504.1m of loan portfolios in other Group companies net of provisions
- Provisions of US\$58.7 (10.8%) booked against these portfolios – provision levels vary across the loan books
- Provisioning levels increased from 7.9% (Dec08A) to 10.8% (Apr09A)
- Ongoing review of provisioning levels – additional provisions possible
- Main sectors lent into are property US\$205.2m (mortgages, both individuals and corporates) and agriculture US\$185.4m

Currency: bn USD	Dec-08A	Apr-09A
Net loan books		
Leasing	252.1	223.4
Mortgage	263.0	180.0
Banking	96.3	100.7
	611.4	504.1
Provisions		
Leasing	5.5%	7.1%
Mortgage	11.4%	16.9%
Banking	2.2%	7.4%

Currency: bn USD	Dec-08A
Total other loan portfolios	
Current	330.1
Doubtful 1	25.8
Doubtful 2	80.8
Doubtful 3	5.4
Doubtful 4	33.5
Doubtful 5	49.2
Bad	13.9
Accrued interest	24.0
Provisions	(58.7)
Net loan book	504.1
Provisions as % of loan book	-10.8%

Currency: bn USD	Astana Finance Leasing	Astana Finance Mortgage Company	Astana Finance Bank (Russia)	Bank Astana Finance (Kazakhstan)	Total
Agriculture	185.4	-	-	-	185.4
Transportation	9.7	-	-	-	9.7
Construction	11.8	-	-	-	11.8
Production	0.8	-	-	-	0.8
Other	18.4	-	-	-	18.4
Mortgages (individuals and corporates)	-	205.2	-	-	205.2
Private Banking (Russia)	-	-	27.8	-	27.8
Corporate Banking (Russia)	-	-	30.8	-	30.8
Corporate Banking (Kazakh)	-	-	-	49.0	49.0
Interest accrued	13.5	9.6	0.7	0.2	24.0
Provisions	(16.0)	(34.7)	(6.8)	(1.1)	(58.7)
Net loans	223.4	180.0	52.6	48.1	504.1

Section 3

Update – 6m FY09

Consolidated financial statements (6M09)

- As at 30 June 2009, the consolidated position had deteriorated to negative net assets of US\$283.7
- Increase in the loan portfolio provision required following additional portfolio review undertaken by management.
- Provision for balance due from derivative counterparty – cash on deposit of US\$ 108m held with counterparty as margin call in respect of derivative transactions was fully provided against

Currency: US\$ m	Apr-09	Jun-09
Interest income	98.8	145.8
Interest expense	(60.8)	(92.3)
Net interest income	37.9	53.5
Loan loss allowances	(360.5)	(433.1)
Net interest income after loan loss allowances	(322.6)	(379.6)
Net non-interest income	(3.9)	(46.0)
Operating expenses	(12.9)	(21.1)
Loss before deductions to other provisions	(339.4)	(446.7)
Provision for other losses	(0.5)	(10.9)
Operating income/(loss)	(339.8)	(457.6)
Income tax expenses	(0.8)	(12.2)
Net profit/(loss)	(340.7)	(469.8)

Currency: US\$ m	Apr-09A	Jun-09A
Assets		
Cash and cash equivalents	79.4	64.1
Investments	308.2	315.1
Due from banks	10.3	18.2
Loans to customers, net	1,320.1	1,192.4
PP&E	32.3	37.5
Other assets	132.2	151.7
Total assets	1,882.4	1,779.0
Liabilities		
Due to clients	100.6	109.1
Borrowings	1,826.9	1,842.3
Other liabilities	93.3	111.3
Total Liabilities	2,020.8	2,062.7
Equity		
Share capital	180.1	177.2
Reserves	(318.5)	(460.9)
Total equity	(138.4)	(283.7)
Total liabilities and equity	1,882.4	1,779.0

Expected level of AF stand-alone provisions as of the end of 2009 is US\$745m, including loan portfolio provisions of about US\$599m (or 85-90 bln.tenge)

	01.01.2009	30.04.2009	30.06.2009	31.08.2009	31.12.2009 (forecast)
Due from the banks	-	(108)	(113)	(116)	(116)
Investments	(36)	(1)	(10)	(10)	(10)
Loan portfolio	(79)	(297)	(369)	(424)	(599)
Other assets	(0,1)	(0,1)	(0,0)	(0,0)	(0,0)
Guarantee	(2)	(1)	(1)	(4)	(20)
Total provisions	(116)	(407)	(493)	(553)	(745)
Exchange rate applied	120,77	150,64	150,43	150,80	150,80

- Funding for group activities provided by parent company and through subsidiary (Astana B.V.)
- Funding structure heavily dependent on wholesale borrowing and capital markets (both domestic and international)

Parent company funding structure

Currency: US\$ m	Jun-09A
Due to government agencies	
Sovereign Wealth Fund 'Samruk-Kazyna'	60.2
Small Business Development Fund 'Damu'	36.0
Senior government loans	12.2
Subordinate government loans	10.1
Total due to government agencies	118.5
Domestic bonds	
Domestic bonds	274.9
Subordinated bonds	140.9
Total domestic bonds	415.8
International bonds	
Nomura notes (JPY)	104.5
Nomura notes (US\$)	56.7
Nomura notes (EUR)	14.5
AF BV (eurobonds)	58.9
AF BV (JP Morgan, Credit Suisse)	48.1
RFCA bonds	663.9
Standbank	20.5
Total international bonds	967.1
Preferred shares	44.1
ECA	223.0
Other liabilities	24.0
Total funding	1,792.5

- Since Jun-09, AF has entered into an agreement with Samruk-Kaznya providing for the restructuring and cancellation of certain of its liabilities owed to Samruk-Kazyna in relation to certain Government lending programmes. These arrangements remain subject to completion
- Since Jun-09, a portion of the liability to Damu has been repaid and the current liability is \$20.4m
- Domestic bonds are largely held by Domestic pension funds (71% of ordinary domestic and 33% of subordinated)

Section 4

Restructuring

Restructuring objectives

- Enable long term value creation for all stakeholders
- Create a stable and sustainable capital structure compliant with FMSA requirements
- Create and maintain adequate liquidity
- Create and maintain a financing environment which allows management to refocus on the business
- Minimise disruption to the wider Kazakhstan financial system

Restructuring principles

- The restructuring must create a greater return for creditors than would be expected from an insolvency.
- All financial creditors dealt with in the refinancing subject to certain trade and government positions.
- Restructuring to respect existing positions.
- Transparency of process.
- Sharing of information.
- FMSA support through temporary suspension of Capital Adequacy requirements (until 15 November 2009)

Timetable considerations

- There is limited time available in which to agree a financial restructuring:
 - Potential for deterioration in the loan books as debtors seek to exploit the situation.
 - Asset realisations will be impacted negatively with increased delay.
 - Creditor defaults and acceleration notices are outstanding and must be managed.
 - Liquidity is a significant and real concern to the short term survival of the business.
 - The FMSA capital adequacy relief expires on 15 November 2009.

Process management

The achievement of a consensual restructuring requires:

- A robust business plan from which to create a financial restructuring sufficient to meet the above objectives
- A robust and agreed process from which to agree that financial restructuring
- The Company to have sufficient near term liquidity
- Effective management of the key stakeholder groups

A new business plan is being developed

- The business plan envisages a five year period before the market and the business is able to resume its plan of moving away from lending and towards investing as the basis for the next growth phase.

2H09-FY10

Stabilise, refinance, restructure:

- Refinance
- Run off parent company loan book and transfer to subsidiaries (due to license restrictions)
- Increase in efficiencies including cost savings and headcount reductions

FY11-FY13

Renewal:

- Create and promote new products
- Development of core consulting products
- Sale of non-core assets grown in value

FY14+

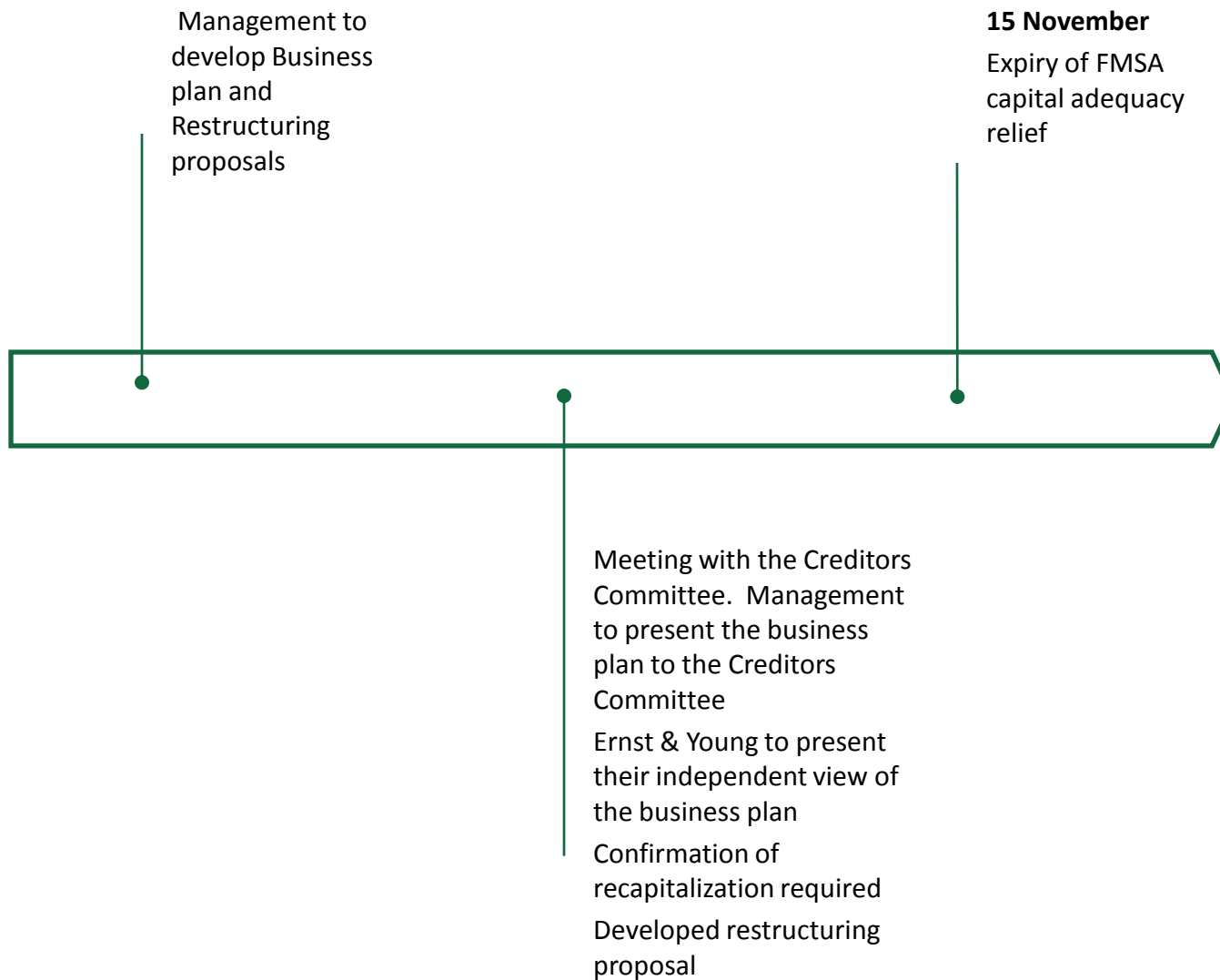
Resume strategy:

- Creation of innovative products
- Establish private equity funds
- Establish venture funds
- Expansion of consulting activity

- The business plan and associated financial projections are in development at this stage.

Section 5

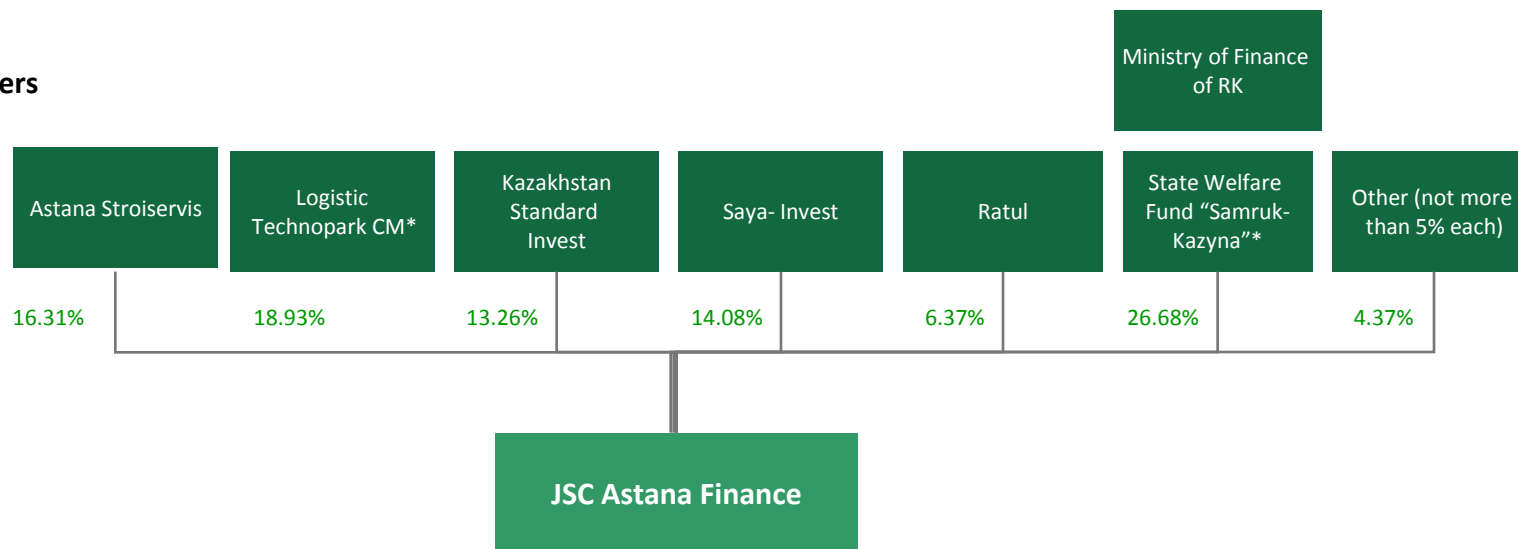
Next steps



Appendices

Legal structure of AF and its subsidiaries

Shareholders



Subsidiaries

