

# BAFT-IFSA

January 26, 2012

His Excellency Karim Massimov  
Prime Minister of the Republic of Kazakhstan  
6 Orynbor Street 010000  
Astana, Republic of Kazakhstan

Dear Prime Minister:

BAFT-IFSA is an international financial services trade association whose membership includes a broad range of financial institutions throughout the global financial community. As a worldwide forum for analysis, discussion, and advocacy in international financial services, BAFT-IFSA member banks have a high interest in preserving the safety and soundness of the global financial system. As an industry leader, we would like to express our concerns about recent developments at one of the largest Kazakh banks, BTA, regarding trade obligations.

For several years, many of our member banks have been very active in assisting Kazakh corporates and banks in their international development. As a representative of providers of trade finance to banks and companies based in Kazakhstan, we would like to express our concern about recent reports stipulating trade finance obligations could be included in the further restructuring contemplated by BTA.

During the 2009 restructuring of BTA, BAFT-IFSA expressed its strong belief that any restructuring decision by Kazakhstan banks should follow common international practice regarding the disposition of trade related transactions. The extension of trade finance is an essential factor for engaging in international trade which, in turn, drives a country's economic growth. The original restructuring of BTA took this into account and we believe that any reversal of previous restructuring obligations related to trade finance would negatively impact BTA, the entire Kazakhstan banking sector and, consequently, the Kazakhstan economy.

Significantly altering the terms of such trade financing repayment could jeopardize a country's source of funding for critical economic advancement. International banks could cancel trade facilities, greatly restrict the types of trade structures that are made available and significantly increase the cost of whatever facilities are eventually made available. A failure to pay by BTA will have a number of adverse consequences for the entire country, leading to business disruption and increased cost of trade.

In previous stress situations, other countries and banks have continued to prioritise the repayment of short-term trade finance obligations as they fall due. We, therefore, urge the government of Kazakhstan to ensure that international practice continues to be followed in Kazakhstan and we

**ONE VOICE FOR THE INTERNATIONAL BANKING COMMUNITY**

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request that all necessary measures are taken to ensure the continued full and timely repayment of BTA trade finance obligations.

Very truly yours,



Kathleen Gowin  
Interim Chief Executive Officer

cc:

His Excellency Grigoriy Marchenko  
The Chairman of the National Bank of Kazakhstan  
21 "Koktem-3", 050040  
Almaty, Republic of Kazakhstan

His Excellency Umirzak Shukeev  
Chairman of the Management Board  
JSC The Sovereign Wealth Fund Samruk-Kazyna  
23, Kabanbai Batyr ave., 010000  
Astana, Republic of Kazakhstan

Copy by Email:  
Mr. Anvar Saidenov  
Chairman of the Board of Directors of BTA Bank