



August 6, 2009

His Excellency Nursultan Nazarbayev  
President of the Republic of Kazakhstan  
Government House  
010000 Astana, Kazakhstan

Excellency:

The Bankers' Association for Finance and Trade (BAFT) and the International Financial Services Association (IFSA) are financial trade associations whose memberships represent a broad range of international financial institutions and companies that provide important services throughout the global financial community. As a worldwide forum for analysis and discussion, BAFT and IFSA have unique roles in expanding markets, shaping regulatory and legislative policy, representing the interests of the industry before international rule and lawmaking bodies, and preserving the safety and soundness of the global financial system. As industry representatives, we would like to express our concerns about recent developments in the Kazakh banking sector regarding the honouring of trade obligations.

For several years, many of our member banks have been very active in assisting Kazakh corporates and banks in their international development. These banks have viewed Kazakhstan as a strong and promising economy. Our bank members are concerned about the possibility that trade finance will be subject to significant discounting in any proposed bank restructuring in the Kazakh banking sector. Such a decision would be unprecedented in the global markets for banks with overall systemic national importance.

We strongly believe that any decision should follow well established international practices regarding the disposition of trade-related transactions. Discounting repayment of these obligations will have a significantly negative impact on the entire Kazakhstan banking sector and, consequently, the Kazakhstan economy. The extension of short-term trade finance is an essential factor for engaging in international trade which, in turn, drives a country's economic growth.

Altering the terms of such trade finance repayments can significantly jeopardize a country's source of funding for critical economic advancement. A large number of international banks could cancel trade facilities, which in turn could take many years to be reinstated. Restrictions on future types of trade structures that are made available may result and thus significantly increase the cost of any facilities that are eventually made available. A failure by a bank to pay its trade obligations in full will have a number of adverse consequences for the entire country, leading to business disruption and increased cost of trade, impacting inflation and growth potential, thereby exacerbating the current crisis.

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In previous stress situations, other countries and banks have continued to prioritise the repayment of short-term trade finance obligations as they fall due. This has greatly assisted their ability to secure new facilities earlier in the cycle and at a lower cost.

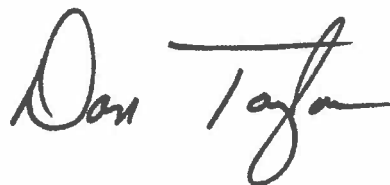
The Kazakh banking sector includes several of the leading Commonwealth of Independent States (CIS) banks financing trade operations. We, therefore, urge the government of Kazakhstan to ensure that prior international practice is followed and that all necessary measures are taken to ensure the full and timely repayment by Kazakh banks of trade finance obligations.

Very truly yours,



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