

Guarantee Standby Letter of Credit

Prepared for Financial Settlement
Center of Renewable Energy LLP

Almaty, March 2018



Make a confident progress

We make your business more reliable!

Halyk Bank - a systemically important universal bank of Kazakhstan:

Halyk Bank – the leading financial group in Kazakhstan, operating in various segments, including retail, SME and corporate banking services.

The largest bank in 2017, with total assets amounting to KZT8.674.6 billion for 9M2017. Over the year, the Bank's assets grew by 62.2%.

In July 2017, the Bank acquired a controlling stake in JSC Kazkommertsbank.

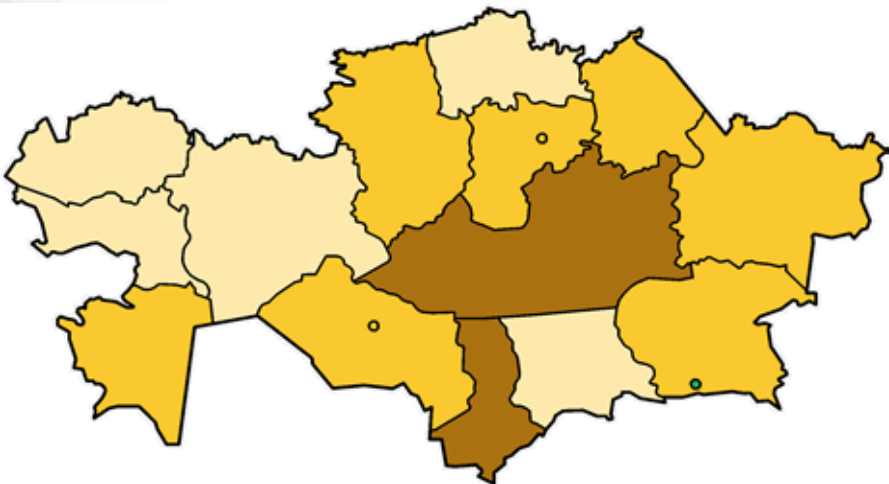
The Bank has one of the highest capital adequacy ratios among Kazakhstan's STBs.

The Bank has one of the highest ratings awarded by international rating agencies.

A wide network of correspondent banks.

Availability of credit limits of 1 year and more (on individual request) given to the Bank by a large number of foreign banks.

The most extensive branch network among Kazakhstan's STBs.



Halyk Bank's representation:

4 subsidiary banks: in Kazakhstan, Russian Federation, Georgia, and Kyrgyzstan.

1 representative office in China.

22 oblast/ regional branches in Kazakhstan.

122 regional divisions (including 64 divisions issuing guarantees).



GUARANTEE - an irrevocable undertaking by the guarantor bank to pay the amount to the Beneficiary in whose favor the guarantee was issued provided that the Supplier / Contractor fails to fulfill the obligations stipulated by the Contract on the basis of its written request. The Beneficiary must submit a written request to the Bank issuing the guarantee no later than the expiry date of the guarantee.



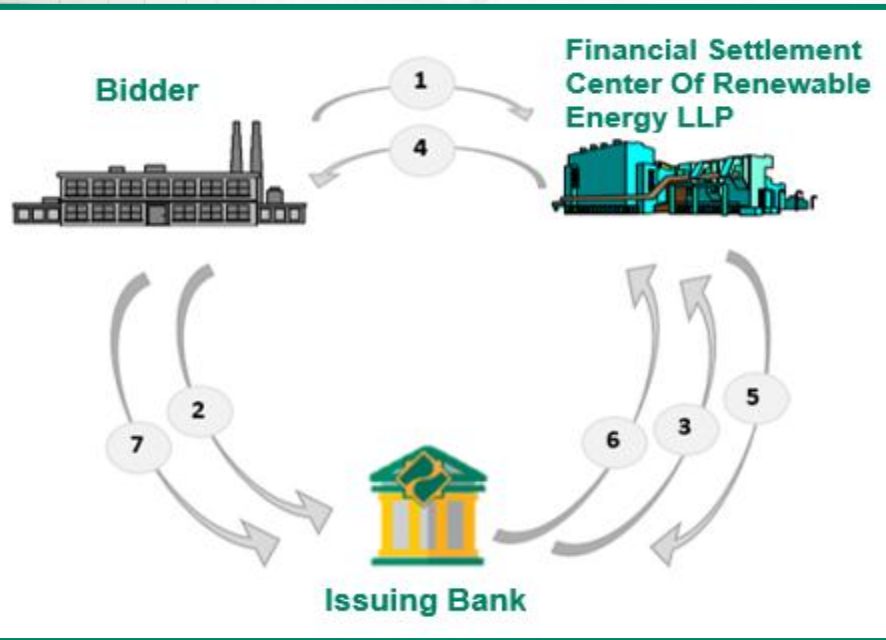
Any legal entity, an individual, who has a Contract / Agreement / Competitive / Auction documentation, may use a **Guarantee**



Guarantees are subject to the laws of the country, in which the issuing bank is located, and also to the Uniform Rules for On-Demand Guarantees, 2010, ICC publication No. 758 (URDG758)



Guarantee Issuance Scheme



1. Intention of the Bidder to participate in the auction.
2. Submission of Application for guarantee issuance by the Bidder to the Issuing Bank.
3. Issuance and delivery of guarantee to Financial Settlement Center of Renewable Energy LLP.
4. Auction/summing up and determining the winners.
5. Failure to fulfill obligations for entering into the Purchase Agreement and presenting a claim by Financial Settlement Center of Renewable Energy LLP for payment.
6. The Issuing Bank pays the guarantee upon request.
7. The Bidder refunds the claim to the Issuing Bank (own funds, bank loan).



The **Standby Letter of Credit**, in fact, is a tool similar to a bank guarantee. Like a guarantee, it is not a form of payment and is paid only if the Bidder violates the terms of the auction / contract.



The **Standby Letter of Credit** is subject to the Rules of the International Chamber of Commerce (ISP98), as well as the Uniform Customs and Practice for Documentary Credits (UCP600)



The **Standby Letter of Credit** – a letter of credit issued in favor of Financial Settlement Center of Renewable Energy LLP as a guarantee of the Bidder's performance of its obligations. Therefore, payment under the standby letter of credit, as well as payment under the guarantee, is carried out by the Bank against the Claim of Financial Settlement Center of Renewable Energy LLP for payment, which indicates the violation or non-fulfillment of the obligations by the Bidder.

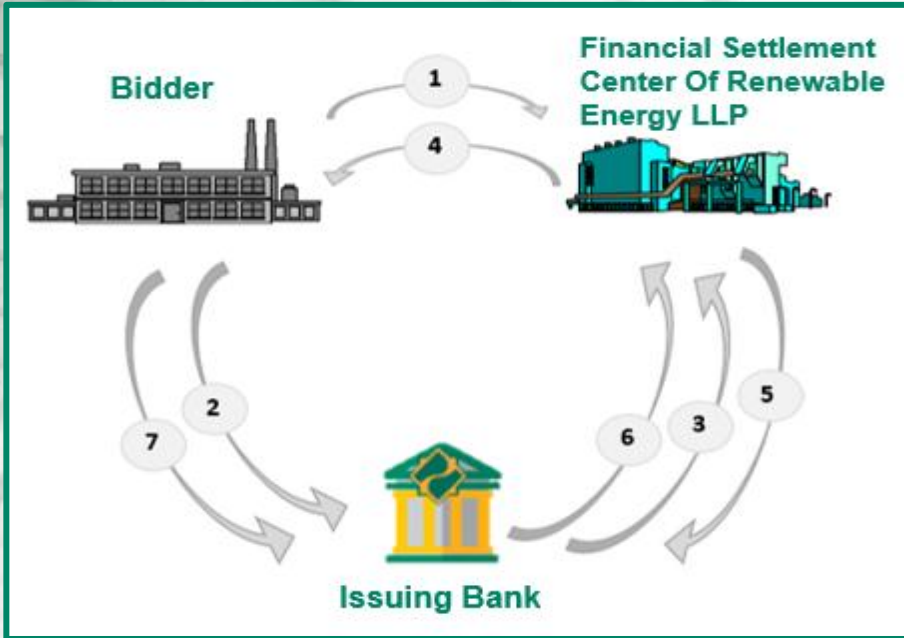


Just like a bank guarantee, a standby letter of credit can be issued:

- to secure the application for participation in the auction (as a bid security)
- to ensure performance of contractual obligations (as a performance guarantee).
- to secure payment obligations (as a guarantee of payment).
- to ensure performance of contractual obligations as part of the advance payment (as an advance payment guarantee).



Standby Letter of Credit



1. Intention of the Bidder to participate in the auction.
2. Submission of Application for the issue of a standby letter of credit by the Bidder to the Issuing Bank.
3. Issuance and delivery of a standby letter of credit by the Issuing Bank to the bank of Financial Settlement Center of Renewable Energy LLP, Advising of the standby letter of credit by the bank of Financial Settlement Center of Renewable Energy LLP.
4. Auction/auction summing up and determining the winners.
5. Failure to fulfill obligations to enter into the Purchase Agreement and presenting a claim by Financial Settlement Center of Renewable Energy LLP for payment.
6. The Issuing Bank makes payment upon request.
7. The Bidder refunds the claim (own funds, bank loan).



Guarantee/ Standby Letter of Credit

Use bank guarantee and letter of credit of Halyk Bank and overcome mistrust between buyer and seller!



Security options of JSC Halyk Bank



100% cash coverage

Covered guarantee/covered standby letter of credit



Available credit line or collateral

Uncovered guarantee/uncovered standby letter of credit

Unsecured up to KZT15,000,000



Blank bid security



Confirmation of counter guarantees issued by other banks

If any foreign company is expected to participate in the auction, the Bank is ready to confirm the standby letter of credit issued by a foreign bank or issue direct guarantee against counter guarantee of the foreign bank, provided that the bank satisfies the internal requirements of JSC Halyk Bank.



Fee and commission expenses on standby L/C:

- 1) L/C issue/ increase **0.2 %** (min. KZT16,000/ max. KZT225,000)
- 2) Bank's exposure fee: **subject to the terms of credit line agreement**
- 3) Commission for confirmation of a foreign bank: **1 % - 2.2 % per annum**
- 4) Changes in letter of credit: **KZT10,000** per amendment



Fee and commission expenses on bank guarantee:

- 1) Guarantee issue (except covered) – **0.2%** (min. KZT16,000/ max. KZT225,000)
- 2) Covered guarantee issue:
 - ✓ KZT100,000 – **KZT5,000**
 - ✓ Over KZT100,000 – **0.2%** (min. KZT10,000/max. KZT58,000)
- 3) Changes in guarantee: **KZT10,000**

For any issues related to trade finance, guarantees, trade and structured finance products, please contact:

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Bank's website: - www.halykbank.kz
Follows us on:



Thank you!
We hope for long-term cooperation!