

## NOTICE

to the holders of those of the outstanding

US\$ 123,000,000 Class A Mortgage Backed Floating Rate Notes due 2029  
(ISIN code XS0293196266)

US\$ 11,300,000 Class B Mortgage Backed Floating Rate Notes due 2029  
(ISIN code XS0293196696)

US\$ 7,100,000 Class C Mortgage Backed Floating Rate Notes due 2029  
(ISIN code XS0293196779)

(together the **Notes**)

of

**Kazakh Mortgage-Backed Securities 2007-1 B.V.** (the **Issuer**)

## NOTICE OF REMOVAL OF INDEXATION AND OTHER MATTERS

1. The Issuer informs holders of the Notes that First Kazakh Securitisation Company B.V. (the **Loan Notes Issuer**) has received a letter from BTA IPOTEKA, acting as Servicer and Originator, (**BTAI**) dated 14 December 2011 (the **Letter**).
2. In the Letter, BTAI has informed the Issuer and the Loan Notes Issuer that BTAI has removed the US\$ indexation (the **Indexation**) on the Kazakhstani Tenge denominated mortgages owned by the Loan Notes Issuer (the **Mortgage Portfolio**) (the **Indexation Removal**).
3. The Issuer further informs the holder of the Notes that the Issuer and the Loan Notes Issuer has received correspondence from the BTAI on 10 January 2012 that BTAI is not paying to the Loan Notes Issuer any additional indexation payments it receives from certain customers on the underlying loan but instead holding such amounts in a separate account with BTAI.
4. The Issuer informs the holders of the Notes that the actions specified in paragraphs 2 and 3 above, taken by BTAI (together, the **BTAI Actions**) have been undertaken unilaterally by BTAI and without the consent of the Issuer or Loan Notes Issuer.
5. In the Letter, BTAI has also requested the Issuer to obtain the consent from the holders of the relevant classes of Notes to approve the Indexation Removal.

BTAI's reasons for taking the BTAI Actions is to comply with their interpretation of a new law adopted by the Republic of Kazakhstan. This new law purports to prohibit the indexation of payments made by customers under mortgage loans in Kazakhstan with reference to any currency equivalent.

The Loan Notes Issuer, the Issuer and BTAI are currently discussing the validity of the BTAI Actions. This is because the legal position as to the effective date of the new law in Kazakhstan and its applicability to the Mortgage Portfolio is unclear. These discussions include:

- (i) whether or not the new law has retroactive effect on all payments made by customers under the Mortgage Portfolio;

- (ii) whether the Loan Notes Issuer, as a special purpose vehicle without a banking licence or otherwise, is entitled to amend the mortgage loans to remove the indexation; and
- (iii) whether or not BTAI is entitled under the Servicing Agreement to amend to the mortgage loans in its capacity as Servicer and not as owner of the loans.

In respect to the questions under (i) and (ii) above, the Issuer and the Loan Notes Issuer have requested that BTAI seek guidance from the National Bank of Kazakhstan. Until such guidance is received neither the Loan Notes Issuer nor the Issuer intend to implement any process to enable the holders of the relevant class of Notes to consider the Request, which may include a request to amend the transaction documents to expressly permit the Indexation Removal.

The Loan Notes Issuer has informed BTAI that the BTAI Actions have been undertaken unilaterally and without the consent of the Loan Notes Issuer. The Loan Notes Issuer have further informed BTAI that the BTAI Actions are not consistent with certain of the obligations of BTAI under the transaction documents. Specifically, the Issuer and the Loan Notes Issuer have informed BTAI that it is in breach of certain of BTAI's obligations under the Servicing Agreement.


The Loan Notes Issuer has further informed BTAI that once further clarification has been obtained by BTAI on the application of the new law by the National Bank of Kazakhstan, the Loan Notes Issuer (and the Issuer) will consider the impact on the transaction documents and the Request. The Loan Notes Issuer and / or the Issuer will subsequently present an analysis to the Security Trustee and the holders of the Notes and convene a meeting / hold a conference call as necessary to consider any action / directions to be taken.

We further inform you that the Issuer and Loan Notes Issuer are considering the impact on their financial position of the BTAI Actions.

The Issuer announces that the information specified above is "regulated information" for the purpose of article 5:25m of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Amsterdam, 12 January 2012

**Kazakh Mortgage-Backed Securities 2007-1 B.V.**

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