

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 29, 2020

FREEDOM HOLDING CORP.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation)

001-33034
Commission
File Number)

30-0233726
(IRS Employer
Identification No.)

77/7 Al Farabi Ave., "Esentai Tower" BC, Floor 7, Almaty, Kazakhstan 050040

(Address of principal executive offices) (Zip Code)

+7 727 311 10 64

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered under Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common	FRHC	The Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicated by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement

General

Freedom Finance, JSC, ("Buyer") a wholly owned subsidiary of Freedom Holding Corp, the registrant, ("FRHC") has entered into the Bank Kassa Nova JSC Ordinary Share Purchase and Sale Agreement (the "Ordinary Shares SPA"), dated July 29, 2020, with ForteBank JSC, a joint stock company incorporated in the Republic of Kazakhstan ("Seller"), pursuant to which Buyer has agreed to purchase all of the issued and outstanding ordinary shares (the "Ordinary Shares") of Bank Kassa Nova JSC, a joint stock company incorporated in the Republic of Kazakhstan (the "Bank") from Seller (the "Ordinary Shares Acquisition"). Shareholder approvals of the Ordinary Shares SPA in accordance with Kazakh Law were received on August 3, 2020. The Ordinary Shares SPA is written in Russian and Kazakh, an English translation of the Ordinary Shares SPA is filed as Exhibit 2.01 to this Current Report on Form 8-K (the "Current Report") and incorporated by reference herein.

In connection with the Ordinary Shares SPA, Buyer also expects to enter into a Preferred Shares Sale and Purchase Agreement of Bank Kassa Nova JSC (the "Proposed Preferred Shares SPA") with Mr. Bulat Zhamitovich Utemuratov ("Utemuratov"), pursuant to which Buyer will purchase all of the issued and outstanding Preferred Shares of the Bank (the "Preferred Shares") from Utemuratov (the "Proposed Preferred Shares Acquisition"). As a condition to closing the Proposed Preferred Shares SPA, it is anticipated that in connection with the Proposed Transactions, Buyer, or a person designated by Buyer and agreed with Utemuratov, will acquire the subordinated debt of the Bank (the "Subordinated Debt") from its holders. The form of Proposed Preferred Shares SPA expected to be executed by the parties is written in Russian and Kazakh, an English translation of the form of Proposed Preferred Shares SPA is filed as Exhibit 2.02 to this Current Report and incorporated by reference herein. The transactions contemplated by the Ordinary Shares SPA and the Preferred Shares SPA are referred to herein as the "Proposed Transactions."

The descriptions of the Ordinary Shares SPA, Proposed Preferred Shares SPA and the Proposed Transactions described in this Current Report do not purport to be complete and are qualified in their entirety by reference to the Ordinary Shares SPA and the Proposed Preferred Shares SPA. The Ordinary Shares SPA and the Proposed Preferred Shares SPA have been included to provide information regarding their terms. They are not intended to provide any other factual information about Buyer, Seller, the Bank, Utemuratov or FRHC. The Ordinary Shares SPA and Proposed Preferred Shares SPA contain representations, warranties and covenants the parties thereto made to and solely for the benefit of the respective parties. The assertions embodied in those representations, warranties and covenants are subject to important qualifications and limitations agreed to by the parties in connection with negotiating the Ordinary Shares SPA and the Proposed Preferred Shares SPA, including confidential disclosure schedules that the

parties have exchanged in connection with the Proposed Transactions. Accordingly, investors and security holders should not rely on the representations, warranties and covenants as characterizations of the actual or complete state of facts, since they were only made as of the date of the Ordinary Shares SPA or in the case of the Proposed Preferred Shares SPA will be made as of the date that agreement is executed. The representations, warranties and covenants made in the Ordinary Shares SPA and or the Proposed Preferred Shares SPA may be modified in important part by agreement of the parties and by the underlying disclosure schedules. Moreover, information concerning the subject matter of the representations, warranties and covenants may change or be subject to subsequent waiver after the date of the Ordinary Shares SPA and the Proposed Preferred Shares SPA, which subsequent information may or may not be fully reflected in the Company's public disclosures.

Capitalized terms used in this Current Report, but not otherwise defined herein have the meanings given to them in the Ordinary Shares SPA or the Proposed Preferred Shares SPA.

The parties to the Ordinary Shares SPA and Proposed Preferred Shares SPA are Kazakhstani entities or, in the case of Utemuratov, a Kazakhstani citizen. The Ordinary Shares SPA and the Proposed Preferred Shares SPA are denominated in Kazakhstani tenge ("KZT"). For informational purposes only, U.S. dollar ("\$") equivalent amounts have been included in this Current Report. Such U.S. dollar equivalent amounts were calculated based on the KZT to U.S. dollar conversion rate on July 29, 2020, of 417.2900 KZT to \$1, as reported on www.bloomberg.com. The actual U.S. dollar equivalent amounts at closing may vary significantly from what is disclosed herein based on fluctuations between the KZT and the U.S. dollar between July 29, 2020 and the closing of the Ordinary Shares SPA, the Proposed Preferred Shares SPA and other agreements executed in connection with the Proposed Transactions. Both the KZT and U.S. dollar equivalent amounts at closing may vary significantly from what is disclosed herein based on among other things, Bank operations and accrual of unpaid interest on the Subordinated Debt, between July 29, 2020 and the closing of the Ordinary Shares SPA, the Proposed Preferred Shares SPA and other agreements executed in connection with the Proposed Transactions. The U.S. dollar equivalent amounts at closing may also vary as a result of fluctuation in the currency exchange rate between the KZT and U.S. dollar over the period described in the previous sentence.

Consideration

Ordinary Shares Purchase Price

Pursuant to the Ordinary Shares SPA, Buyer will purchase 9,356,140 Ordinary Shares, which constitutes all of the issued and outstanding Ordinary Shares, of the Bank. The purchase price for the Ordinary Shares will be equal to the sum of:

- (i) the Bank's Equity as of June 30, 2020, which was approximately 17,308,218,000 KZT (\$41,477,673);
- (ii) minus 1,708,416,000 KZT (\$4,094,074);
- (iii) multiplied by 1.1;
- (iv) adjusted for the Pool of Loans Adjustment (as defined below); and
- (v) adjusted for the Non-core and Real Property Assets Adjustment (as defined below).

The total of (i), (ii) and (iii) will be adjusted based on the difference between the Net Book Value of the Pool of Loans and the actual selling price of the Pool of Loans (the "Pool of Loans Adjustment"). If such difference is a positive amount, that amount shall be deducted from the total of (i), (ii) and (iii). If the difference is a negative amount, the positive equivalent of such negative amount will be added to the total of (i), (ii) and (iii).

The total of (i), (ii), (iii) and (iv) will be adjusted based on the difference between the Net Book Value of the Non-core and Real Property assets and the actual selling price of the Net Book Value of the Non-Core and Real Property assets (the "Non-core and Real Property Assets Adjustment"). If such difference is a positive amount, that amount shall be deducted from the total of (i), (ii), (iii) and (iv). If the difference is a negative amount, the positive equivalent of such negative amount will be added to the total of (i), (ii), (iii) and (iv).

Preferred Shares Purchase Price

Pursuant to the Proposed Preferred Shares SPA, Buyer will purchase 1,000,000 Preferred Shares, which constitutes all of the issued and outstanding Preferred Shares, of the Bank from Utemuratov for 1,040,000,000 KZT (\$2,492,272).

Subordinated Debt Purchase Price

As a condition to closing the Proposed Preferred Shares SPA, Buyer or a person designated by Buyer and agreed by Utemuratov, will acquire the Subordinated Debt from its holders. The agreed upon consideration for acquisition of the Subordinated Debt will be equal to the sum of the nominal value of the Subordinated Debt and any accrued but unpaid interest associated with such Subordinated Debt as of December 23, 2020. For informational purposes only, the aggregate outstanding balance of the Subordinated Debt, including accrued but unpaid interest, of the Bank as of June 30, 2020, was 4,016,558,000 KZT (\$9,625,340).

Representations, Warranties and Covenants

The parties to the Ordinary Shares SPA and the Proposed Preferred Shares SPA have made such customary representation and warranties in the Ordinary Shares SPA and the Proposed Preferred Shares SPA as they deemed enforceable under Kazakh Law. The representations and warranties in the agreements will terminate at Closing. The parties have also made such customary covenants in the Ordinary Shares SPA as they deemed enforceable under Kazakh Law, including, among other things, (i) affirmative covenants relating to operation of the Bank from the date of such agreements until closing, (ii) obtaining all requisite Governmental Approvals, (iii) appointment by Buyer of two individuals to serve as internal Bank Consultants from the date of the Ordinary Shares SPA until closing of the Ordinary Shares SPA, (iv) purchase of the Pool of Loans with certain limited exceptions, by Seller, (v) purchase of designated Non-core and Real Estate assets of the Bank by Seller, (vi) satisfaction in full or transfer of certain other Bank obligations to Seller, (vii) exchange of legal opinions, and (viii) continued operation of the Bank for a period of one year following closing.

Conditions to Closing

Consummation and closing of the transactions contemplated by the Ordinary Shares SPA is subject to certain closing conditions, including, among others, that:

- (i) the Bank's banking licenses remain valid and are not revoked;
- (ii) that Buyer has (a) obtained requisite Governmental Approvals, including consent of the Committee on Regulation of Natural Monopolies, Protection of Competition and Consumers of the Ministry of National Economy of the Republic of Kazakhstan, or official confirmation that such consent is not required, and consent of the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan to grant bank holding company status to Buyer, (b) obtained all required corporate consents and approvals, (c) lodged the Pledge, (d) deposited the funds to purchase the Ordinary Shares as provided in the Ordinary Shares SPA within three calendar days of receipt of requisite Governmental Approvals, and (e) provided to Seller the required legal opinion; and
- (iii) that Seller has (a) obtained all required corporate consents and approvals, (b) provided to Buyer the required legal opinion, and (c) completed its obligations to purchase the Pool of Loans and the Non-core and Real Property assets.

Consummation and closing of the transactions contemplated by the Proposed Preferred Shares SPA is subject to certain closing conditions, including, among others, that:

- (i) the Bank's banking licenses remain valid and are not revoked;
- (ii) that Buyer has (a) obtained the requisite Governmental Approvals to acquire the Ordinary Shares and the Preferred Shares, and (b) obtained all required corporate consents and approvals; and
- (iii) that Buyer or a person designated Buyer and agreed by Utemuratov has acquired the Subordinated Debt after receipt of all requisite Governmental Approval and by no later than December 23, 2020.

Closing

As noted above, as a condition to closing the Ordinary Shares SPA and the Proposed Preferred Shares SPA, Buyer must obtain the requisite Governmental Approvals, unless such conditions are waived by the parties. Receipt of the requisite Governmental Approvals by Buyer cannot be assured. The parties anticipate consummating the Proposed Transactions and closing the Ordinary Shares SPA, the Preferred Shares SPA and any other agreements between the parties required to effect the Proposed Transaction as promptly as practicable following receipt of all requisite Governmental Approvals, which the parties expect to complete by December 23, 2020. The Ordinary Stock SPA provides that its closing will occur by no later than December 28, 2020. Notwithstanding the foregoing, in the event the requisite Governmental Approvals to effect the Ordinary Shares SPA have not been received, the parties will undertake to agree on conditions of a two-month extension.

Pledge

Pursuant to the Ordinary Shares SPA, Buyer is required to deliver 1,800,000,000 KZT (\$4,313,547) to secure fulfillment of its obligations under the Ordinary Shares SPA and the Proposed Preferred Shares SPA (defined below) within five Business Days of the effective date of the Ordinary Shares SPA (the "Pledge"). In the event the Ordinary Shares SPA closes, the Pledge will be applied to reduce the amount of the Purchase Price by the amount of the Pledge. For additional information regarding the Pledge, see "Termination" below.

Termination

The Ordinary Shares SPA may be terminated prior to closing (i) by written consent of the parties, (ii) by Buyer if Seller has not completed its conditions to closing by December 23, 2020, (iii) by Seller if Buyer has not completed its conditions to closing by December 23, 2020, or (iv) by either party if any Government Authority shall have issued an order restraining or enjoining the transactions contemplated by the Ordinary Shares SPA.

The Proposed Preferred Shares SPA may be terminated prior to closing (i) by written consent of the parties, (ii) by Buyer if Utemuratov has not received the requisite consent of his spouse to effect transfer of the Preferred Shares, (iii) by Seller if Buyer has not completed its conditions to closing under the Proposed Preferred Shares SPA, or (iv) by either party if any Government Authority shall have issued an order restraining or enjoining the transactions contemplated by the Ordinary Shares SPA.

In the event of the declaration of emergency rule or quarantine over the Republic of Kazakhstan, Almaty or Nur-Sultan, the deadline for fulfillment of the closing conditions of the Ordinary Shares SPA and the Proposed Preferred Shares SPA shall be suspended for the duration of such emergency rule or quarantine.

In the event the Ordinary Shares SPA is terminated by Buyer in accordance with its terms, Seller shall pay Buyer 1,800,000,000 KZT (\$4,313,547) and return to Buyer the Pledge. In the event the Ordinary Shares SPA is terminated by Seller in accordance with its terms, Seller shall retain the Pledge.

Governing Law and Jurisdiction

The Ordinary Shares SPA and the Proposed Preferred Shares SPA are each governed by Kazakh law and all disputes arising out of or in connection with such agreements are subject to the exclusive jurisdiction of the courts of the Republic of Kazakhstan

Item 7.01 Regulation FD Disclosure

On August 3, 2020, FRHC issued a press release announcing it had entered into the Ordinary Shares SPA and discussing the Proposed Preferred Shares SPA and the Proposed Transactions, a copy of which is attached hereto as Exhibit 99.01 and incorporated by reference herein.

Special Note About Forward-Looking Statements

This Current Report contains “forward-looking” statements regarding the proposed acquisition of by Buyer of Ordinary Shares, Preferred Shares and Subordinated Debt of the Bank, entry into agreements to acquire the Preferred Shares and/or Subordinated Debt and the material terms and conditions of such agreements, the anticipated purchase prices of the Ordinary Shares, Preferred Shares and Subordinated Debt, the consummation and closing of the Proposed Transactions and the timing thereof. All such forward-looking statements are subject to uncertainty and changes in circumstances, and there is no assurance the Proposed Transactions will be consummated and closed. Moreover, all forward-looking statements are not guarantees of future results or performance and involve risks, assumptions and uncertainties that could cause actual events or results to differ materially from the events or results described in, or anticipated by, the forward-looking statements. Factors that could materially affect such forward-looking statements include the failure of any one or more of the closing conditions to the Proposed Transactions, termination of the Ordinary Shares SPA or the inability of the parties to agree upon the Proposed Preferred Shares SPA or agreements for the acquisition or assignment of the Subordinated Debt, and other economic, business and regulatory risks and factors identified in the Company’s periodic reports filed with the SEC. All forward-looking statements are made only as of the date of this Current Report and the Company assumes no obligation to update forward-looking statements to reflect subsequent events or circumstances. Actual results may differ materially from anticipated results or outcomes discussed in any forward-looking statement. Readers should not place undue reliance on these forward-looking statements.

Item 9.01 Financial Statements and Exhibits.

Exhibits

<u>Exhibit No.</u>	<u>Exhibit Description</u>
2.01	Bank Kassa Nova JSC (Subsidiary Bank of ForteBank JSC) Ordinary Share Purchase and Sale Agreement, dated July 29, 2020, by and between ForteBank JSC and Freedom Finance JSC ⁽¹⁾⁽²⁾
2.02	Form of Preferred Shares Sale and Purchase Agreement of Bank Kassa Nova Joint-Stock Company (Subsidiary Bank of ForteBank Joint-Stock Company) by and between Mr. Bulat Zhamitovich Utemuratov and Freedom Finance JSC ⁽¹⁾⁽²⁾⁽³⁾
99.01	Press Release dated August 3, 2020

⁽¹⁾ This exhibit is an English translation of a foreign language document. FRHC hereby agrees to furnish supplementally to the SEC, upon request, a copy of the foreign language document.

⁽²⁾ The schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(b)(2). FRHC agrees to furnish supplementally a copy of any omitted schedule to the SEC upon request.

⁽³⁾ Certain portions of this exhibit (indicated by “[***]”) have been omitted in accordance with Regulation S-K Item 601(a)(6).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FREEDOM HOLDING CORP.

Date: August 3, 2020

By: /s/ Timur Turlov
Timur Turlov
Chief Executive Officer

This exhibit is an English translation of a foreign language document. The Company hereby agrees to supplementally furnish to the SEC, upon request, a copy of the foreign language document.

**BANK KASSA NOVA JSC (SUBSIDIARY BANK OF FORTEBANK JSC)
ORDINARY SHARE PURCHASE AND SALE AGREEMENT**

By and between

FORTEBANK JSC,

And

FREEDOM FINANCE JSC

Dated

July 29, 2020

ORDINARY SHARES PURCHASE AND SALE AGREEMENT

This Ordinary Shares Purchase and Sale Agreement (as defined below) (this “**Agreement**”) is made on July 29, 2020 by and between ForteBank joint stock company incorporated under the laws of the Republic of Kazakhstan, BIN 990740000683, located at the Republic of Kazakhstan, 010017, Nur-Sultan, Yessil district, Dostyk Str., Bldg. 8/1, duly represented by the Chairman of Management Board, Mr. Guram Andronikashvili, acting based on the Charter (“**Seller**”), and FREEDOM FINANCE joint stock company incorporated under the laws of the Republic of Kazakhstan, located at the Republic of Kazakhstan, 050040, Almaty, Al-Farabi Ave., 77/7, BC “Esentai Tower”, 7th floor, duly represented by the Chairman of Management Board, Mr. Sergey Lukyanov, acting based on the Charter (“**Buyer**”), collectively referred to as the **Parties** and individually as a **Party**.

PREAMBLE

WHEREAS the Seller owns all of the issued and outstanding ordinary shares ISIN KZIC00003292 in total of 9 356 140 (Nine million three hundred fifty six thousand one hundred forty) shares (the “**Ordinary Shares**”), issued by Bank Kassa Nova joint stock company (Subsidiary bank of ForteBank joint stock company) BIN 090740019001, located at the Republic of Kazakhstan, 010000, Nur-Sultan, Yesil district, Dinmukhamed Konayev Str., Bldg. 10 (the “**Bank**”);

WHEREAS the Bank is the second-tier bank engaged in the business of commercial banking within the Republic of Kazakhstan (the “**Business**”);

WHEREAS the Seller wishes to sell to the Buyer and the Buyer wishes to purchase from the Seller, the Ordinary Shares subject to the terms and conditions set forth herein,

The Parties have agreed as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 **Terms.** Unless otherwise provided herein, capitalized terms used in this Agreement have the meanings as specified in this Article:

Assets means resources controlled by the Bank as a result of past events, from which the Bank expects economic benefits in the future.

Affiliate of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such Person. The term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

Audited Financial Statements means the Bank’s consolidated financial statements with the independent auditor’s report prepared in accordance with IFRS and included consolidated statement of financial position of the Bank as of December 31, 2019, 2018 and 2017, and relevant consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each year ended December 31, 2019, 2018 and 2017, as well as notes to the consolidated financial statements, including summary of significant accounting policies.

Balance Sheet means report of residues in on-balance and off-balance accounts of the second-tier bank as per Annex 2 to the Resolution of the National Bank of the Republic of Kazakhstan No.54 d/d 21.04.2020.

Bank Consultants has the meaning set forth in Section [8.3](#).

Bank’s Equity means capital of the Bank as specified in the consolidated statement of financial position or in the interim condensed consolidated statement of financial position of the Bank’s Financial Statements.

Business has the meaning set forth in the Recitals hereof.

Business Day means any day other than a Saturday, Sunday or other day on which the second-tier banks located in Almaty or Nur-Sultan, Republic of Kazakhstan, are authorized or required by Laws to be closed for business.

Buyer Confidential Information means all confidential or proprietary information relating to the business or operations of the Buyer or its Affiliates, including the Bank, after Closing, information and data related to sales, marketing, finance, production, operations, intellectual property, methods of operation, customers, customer lists, products, prices, costs, trade secrets, know-how, personnel, suppliers and competitors. Buyer Confidential Information does not include, and there shall be no obligation with respect to, information that: (a) is the Seller Confidential Information; (b) is generally available to the public or otherwise in the public domain as of the Closing Date; (c) becomes generally available to the public or otherwise in the public domain or known to the recipient after the Closing Date, other than as a result of impermissible disclosure by a Person with an obligation of confidentiality to the Buyer or its Affiliates; (d) is developed independently by or for the Seller without use of or reference to any Buyer Confidential Information and without violation of any obligation of confidentiality; (e) was already in the Seller's possession free of any obligation to keep it confidential at the time of disclosure; or (f) is subject to disclosure to the third parties or Governmental Authorities in accordance with the requirements of applicable laws.

Net Book Value means value of assets on the Balance Sheet of the Bank as of the date of relevant transaction, that include (i) for financial assets – principal debt/nominal, accrued outstanding carry-over rate, unamortized portion of discount, unamortized portion of premium, as well as provisions for expected credit losses for financial assets, and (ii) for non-financial assets – acquisition cost less accumulated depreciation and impairment.

Closing means exchange of orders for the Ordinary Shares writing-off of the Seller's personal account and placing of the Ordinary Shares to the Buyer's personal account with Central Securities Depository JSC pursuant to Article 4 hereof.

Closing Date means date specified in the Seller's notice to be given to the Buyer pursuant to Section [3.2](#), on which there shall be Closing.

Ordinary Shares has the meaning set forth in the Recitals hereof.

Contracts means agreement of two or more persons for establishment, alteration or termination of civil rights and obligations.

Pledge has the meaning set forth in Section 9.1.

Encumbrances means limitations of title arising under the Laws or agreement, and limiting capability of possession, use or disposition of that property.

Financial Statements means, collectively, the Audited Financial Statements and the Interim Financial Statements.

IFRS means the International Financial Reporting Standards issued by the International Accounting Standards Board.

AIFC means Astana International Financial Center JSC.

Indebtedness means without duplication: (a) the principal of and premium (if any) in respect of all indebtedness for borrowed money, including accrued interest and any cost associated with prepaying any such debt; (b) obligation to pay for fixed assets purchase price; (c) negative balances in bank accounts; (d) net cash payment obligations under swaps, options, derivatives and other hedging agreements or arrangements; (e) all liabilities relating to securitization or factoring programs or arrangements; and (f) other indebtedness not covered by clauses (a) to (e) above.

Intellectual Property has the meaning set forth in Section [5.10](#).

Interim Financial Statements means unaudited condensed consolidated financial statements of the Bank prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and included the interim condensed consolidated statement of financial position of the Bank as of the end of calendar quarter and relevant interim condensed consolidated statements of comprehensive income, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for three, six or nine months of respective year.

Laws means any ordinance, resolution, rule, code, order, constitution, agreement, common law, judgment, other requirement or other legislative act of any Governmental Authority of the Republic of Kazakhstan.

Leased Real Property means all real property leased or subleased by the Bank that is used or held for use primarily in the Business.

Legal Proceedings means dispute being under consideration in a court or arbitration, as well as dispute at the stage of pre-arbitration or other pre-court dispute resolution procedure.

Pool of Loans means outstanding loan at any time granted by the Bank and applicable warranties given by the Bank to the Bank's customers.

Loan Pool Exclusions has the meaning set forth in Section [8.4](#).

Losses means expenses incurred by a Person whose right is violated, loss or damage to the property (actual damage).

Material Contracts means any written Contract that: (a) represents an aggregate future liability in excess of **10% of the Assets** with respect to the Business; (b) contains covenants limiting the ability of the Bank to engage in any line of business or to compete with any Person; (c) has as counterparty any Governmental Authority; (d) relates to the establishment of a joint venture or partnership; (e) relates to capital expenditures and involves future payments in excess of 10% of the Assets with respect to the Business; (f) relates to Indebtedness of the Business in excess of 10% of the Assets; (g) is a lease or similar Contract; (i) entered into with respect to any tangible personal property and its terms and conditions provide payment of the amount exceeding 10% of the Assets (except those which terms and conditions provide early termination with reasonable notice of termination to be given not later than 90 (ninety) calendar days prior to the termination date, without any payments or penalties) or (ii) entered into with respect to any real property wherein facilities of the Business are located; (g) relates to any Intellectual Property Agreements or Intellectual Property Assets; or (h) is otherwise material for the Business (other than those listed in (a) to (g) above). The value "10% of Assets" is applied in the cases where otherwise is not stipulated by the Agreement.

OFAC has the meaning set forth in Section [5.13](#).

Owned Real Property means all real property owned in fee by the Bank.

Personal Data means details relating to particular or identified personal data subject, recorded on electronic, paper and/or other physical medium.

Purchase Price has the meaning set forth in Section [3.1](#).

Real Property means the Owned Real Property and the Leased Real Property. At the same time, the term "**Non-core and Real Property**" has the meaning set forth in Section 8.5.

Seller Confidential Information means all confidential or proprietary information relating to the business or operations of the Bank of the Seller prior to Closing, including information and data related to sales, marketing, finance, production, operations, intellectual property, methods of operation, customers, customer lists, products, prices, costs, trade secrets, know-how, personnel, suppliers and competitors. Seller Confidential Information does not include, and there shall be no obligation with respect to, information that: (a) is Buyer Confidential Information; (b) is generally available to the public or otherwise in the public domain on the Closing Date; (c) becomes generally available to the public or otherwise in the public domain or known to the recipient after the Closing Date, other than as a result of impermissible disclosure by a Person with an obligation of confidentiality to the Seller or its Affiliates; (d) is developed independently by or for the Buyer without use of or reference to any Seller Confidential Information and without violation of any obligation of confidentiality; (e) was already in the Buyer's possession free of any obligation to keep it confidential at the time of its disclosure; or (f) is subject to disclosure to the third parties or Governmental Authorities in accordance with the requirements of applicable Laws.

Seller Disclosure Schedule means disclosure schedule of the Seller contained in Annex 1 (*Seller Disclosure Schedule*) hereto.

Taxes means taxes and other compulsory payments into the budget.

Tax Claim has the meaning set forth in Section 10.3(a).

Tax Proceeding has the meaning set forth in Section 10.3(a).

Tax Reporting means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

Transaction Documents means this Agreement, the agreement to cession of claims for the Pool of Loans that shall be entered into pursuant to Section 8.4 hereof, the Non-core and Real Property Purchase and Sale Agreement that shall be entered into pursuant to Section 8.5 hereof.

1.2 **AFR** means the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan. **Interpretation.** For purposes of this Agreement:

- (a) Headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.
 - (b) References to Articles, Sections, Annexes and Schedules are to the Articles, Sections, Annexes and Schedules in or attached to this Agreement.
 - (c) Annexes are part of this Agreement and have effect as if set out in full in the body of this Agreement. Any reference to this Agreement includes the Annexes.
 - (d) References to any agreement or other document means such agreement or document as amended or supplemented from time to time, unless specifically stated otherwise.
 - (e) References to Laws means such Laws as amended from time to time, and include any successor legislation thereto and any regulations promulgated thereunder.
 - (f) The words “including” and “includes” shall be deemed to be followed by the words “without limitation”.
 - (g) The words “herein”, “hereof”, “hereby”, “hereto” and “hereunder” refer to this Agreement as a whole.
 - (h) Nothing contained in this Agreement shall be basis for interpretation with a view to prejudice the rights of any party only for the reason that this party was liable for drafting this Agreement or any part thereof.
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ARTICLE 2 PURCHASE AND SALE

2.1 **Purchase and Sale of the Ordinary Shares.** The Seller undertakes to transfer the Ordinary Shares into the ownership of the Buyer, and the Buyer undertakes to accept the Ordinary Shares and to pay the Purchase Price and other payments pursuant to the terms and procedures as provided hereby.

ARTICLE 3 PURCHASE PRICE

3.1 **Purchase Price.** The Purchase Price for Ordinary Shares (the “**Purchase Price**”) shall be determined in KZT as follows:

- (a) Bank’s Equity as of June 30, 2020 *minus* 1 708 416 000 (one billion seven hundred and eight million four hundred and sixteen thousand) KZT,
- (b) multiply a value obtained in (a) by 1.1 (one point one tenth),
- (c) *subtract* a positive difference between the Net Book Value of the Pool of Loans and actual selling price of the Pool of Loans from value obtained in (a). If negative value is obtained as a result of subtraction of actual selling price of the Pool of Loans from the Net Book Value of the Pool of Loans, its positive value shall be *added* to value obtained in (b),
- (d) *subtract* a positive difference between the Net Book Value of the Non-core and Real Property and actual selling price of the Non-core and Real Property from value obtained in (c). If negative value is obtained as a result of subtraction of actual selling price of the Non-core and Real Property from the Net Book Value of the Non-core and Real Property, its positive value shall be *added* to value obtained in (c).

3.2 **Purchase Price Determination.** Subject to fulfillment of conditions contained in Article 11 hereof, except the Buyer's obligations stipulated in Section 11.1(a)(iv), the Seller shall give to the Buyer a notice containing the Purchase Price and settlement procedure, as well as Closing Date. The Closing Date cannot be the date later than December 28, 2020.

3.3 **Payment of Purchase Price.** Not later than within three (3) Business Days preceding the Closing Date the Buyer shall pay the Purchase Price for Ordinary Shares to the Seller subject to notice of the Seller received pursuant to Section 3.2 hereof. The funds that are the Subject of the Pledge (as defined in Section 9.1 hereof) will be used for the purpose of fulfilling the Buyer's obligations to pay the Purchase Price.

ARTICLE 4 CLOSING

Subject to the Buyer's fulfillment of the obligation in accordance with Section 8.2 of the Agreement hereof and payment by the Buyer of the Purchase Price pursuant to Section 3.3 hereof, the Closing will take place by issue of orders by the Parties to Central Securities Depository JSC (hereinafter referred to as the **CD**) for writing-off of the Ordinary Shares of the Seller’s personal account and placing of the Ordinary Shares to the Buyer’s personal account with the CD’s accounting system, that will be at the date specified in the Seller’s notice given to the Buyer pursuant to section 3.2 hereof. If purchase and sale of the Ordinary Shares will take place in the organized securities market or on the AIFC stock exchange, Closing procedure will be agreed by the Parties separately.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE SELLER

Except as set forth in the Seller Disclosure Schedule, the Seller represents and warrants to the Buyer that, to the Seller’s Knowledge, 3 (three) years preceding the date of this Agreement and if applicable, all statements contained in [Article 5](#) are true and correct.

5.1 **Seller.** The Seller is a joint stock company incorporated under the Laws. The Seller has all rights to enter into this Agreement and the other Transaction Documents to which it is a party, and to carry out its obligations hereunder.

5.2 **Bank and Ordinary Shares**

- (a) The Bank is a joint stock company incorporated under the Laws. The Bank owns and/or uses and/or disposes property required for the Business. The Bank is entitled to carry out its business as it has been prior to conclusion of this Agreement. The Bank is licensed to do business or other operations.
- (b) The Bank's Ordinary Shares consist of 13 500 000 (thirteen million five hundred thousand) shares, 9 356 140 (nine million three hundred and fifty six thousand one hundred and forty) shares of which are issued and outstanding. Issued and outstanding Ordinary Shares constitute 100% of the Bank's Ordinary Shares. The Ordinary Shares are owned by the Seller and free of all Encumbrances. Upon settlement of the transactions contemplated by this Agreement, the Buyer shall own all of the outstanding Ordinary Shares. The Bank has not any Indebtedness in relation to dividends payable on the outstanding Ordinary Shares.
- (c) The Bank subsidiary is Limited Liability Partnership "OUSA Nova" incorporated under the Laws. The Bank has no any subsidiaries other than LLP "OUSA Nova".

5.3 **Validity.** The Ordinary Shares may act as object of civil law relations in accordance with the requirements of applicable Laws.

5.4 **Financial Statements**

- (a) The Audited Financial Statements for the periods ended December 31, 2015-2019 have been prepared in accordance with IFRS and complied in all material respects with the requirements of applicable Laws. With regard to the Interim Financial Statements for the period ended June 30, 2020, no facts have been revealed that could serve as a basis for us to state that the Interim Financial Statements were not prepared in all material respects in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".
- (b) The Financial Statements fairly present in every material respect discloses the Assets, liabilities, financial position and profits and losses of the Bank as of the respective accounting date in accordance with IFRS.
- (c) After the date of preparation of the last Interim Financial Statements:
 - (i) the Bank has carried out the business customarily;
 - (ii) there were no any material adverse changes in the Bank's financial position.

5.5 **Status of the Bank Assets.** Except for non-core property, the buildings, facilities and equipment owned or leased by the Bank, book value of which exceeds 30 000 000 KZT (thirty million) with respect to single property asset, are structurally operative, in a good shape and suitable for intended use.

5.6 **Reports.** The Bank, without material breach of Laws, has filed or made reports in respect to compliance with prudential standards to the relevant Governmental Authorities and AFR, as well as required adjustments thereto, which were required to be filed or made available by the Bank pursuant to the laws and regulations of the Republic of Kazakhstan.

5.7 **Material Contracts.** Seller Disclosure Schedule contains all Material Contracts in effect on the date of this Agreement, which are not associated with the banking operation carried out by the Bank. To the Seller's Knowledge, there are no Legal Proceedings with respect to information about Material Contracts which has not been disclosed to the Buyer. For the purpose of defining the "Material Contracts" in this Article, the value "30,000,000 (thirty million) KZT" shall be applied.

5.8 **No AFR's Instructions.** The Bank is not subject to any supervisory control measures, except those published on the official AFR's Internet resource. The Bank complies, in all material respects, with the prudential and other binding standards and limits established by the Laws.

5.9 **Property**

- (a) With respect to all real and tangible personal property, book value of which exceeds 30,000,000 (thirty million) KZT per unit of the property, recorded in the Audited Financial Statements, as well as acquired after the Accounting Date, the Bank has the right of ownership or leasehold, except for property sold or otherwise alienated after the Accounting Date in the ordinary course of Business.
- (b) With respect to Owned Real Property, the Bank has delivered or made available to the Buyer all true, complete and correct copies of the deeds and other instruments by which the Bank acquired the Owned Real Property. In addition, the Bank has delivered or made available to the Buyer the copies of all insurance policies for all Owned Real Assets (if any).
- (c) With respect to Leased Real Property, the Bank has delivered and made available to the Buyer all true, complete and correct copies of each lease affecting the Leased Real Property.
- (d) To the Bank's Knowledge, the use of the Real Property owned by the Bank does not violate any material requirements of the Laws.

5.10 **Intellectual Property.** The Bank has exclusive rights to trademark "My Kassa". The Bank has not received any written notification of any claims regarding the "My Kassa" trademark owned by the Bank.

5.11 **Taxes.** The Bank has duly and timely filed applicable Tax Returns in all jurisdictions where such Tax Returns are required to be filed, and all such Tax Returns are true and complete in all material respects, based on the interpretation of Law standards by the Bank applicable at the time of performance of the relevant tax liability. All Taxes of the Bank have been fully and timely paid, based on the interpretation of Law standards by the Bank applicable at the time of performance of the relevant tax liability. The Bank acting as withholding agent has calculated, withheld and paid all Taxes required to be withheld and paid in connection with amounts paid or owing to any employee, creditor, shareholder, counterparty or other third party. The Bank has not any unresolved or pending disputes, claims, audits, examinations or other procedural actions or proceedings regarding any Tax of the Bank, or its Assets, except the ones designated in Annex 5. The Bank has not been involved in any transaction or series of transactions the main purpose, or one of the main purposes of which, was the avoidance of Tax, or any transaction that produced a loss for Tax purposes with no corresponding commercial or economic loss. At no time during the past 5 (five) years has the Bank been a United States real property holding corporation (including share in the mine, well or other natural deposit) located within the USA or Virgin Islands, or any other participation (except those as creditor) in any United States corporation.

5.12 **Labor conditions.** The employment agreements have been entered into with all of the current employees, including the Bank's executive employees, providing payments and compensations in accordance with the Law. Moreover, the Seller Disclosure Schedule contains information on remuneration of labor of the Bank employee to which specific wage conditions are applied.

5.13 **OFAC.** The Seller is not a Person who a United States Person is restricted from doing business under regulation of Office of Foreign Asset Control (**OFAC**) (including those named on OFAC's Specially Designated and Blocked Persons List), or under any statute, executive order or other governmental actions. To the Seller's Knowledge, the Seller is not engaged in any transactions, is not Affiliate with any Person who a United States Person is restricted from doing business under regulation of OFAC or under any statute, executive order or other governmental action. The Buyer has informed the Seller that the Buyer can be prohibited by operation of law to conduct operations contemplated by this Agreement, if the Seller will be identified as a Person engaging in or has engaged in transactions with a Person or Persons who a United States Person is restricted from doing business under regulation of OFAC.

5.14 **Insurance.** The Bank has obligatory insurance policies in force under applicable Laws. The Bank is insured with insurers against such risks and in such amounts as the management of the Bank reasonably has determined to be prudent and consistent with industry practice, and the Bank is in compliance in all material respects with their insurance policies and is not in default under any of the terms thereof.

5.15 **Securities.** The Bank has good title to all securities owned by it, which are material to its Business on a consolidated basis. Such securities are free and clear of any Encumbrances except those sold under repurchase agreements, and except to the extent such securities are pledged in the ordinary course of Business to secure obligations of the Bank. Such securities are valued on the books of the Bank in accordance with IFRS in all material respects.

5.16 **Brokers.** Except where the Ordinary Shares will be purchased and sold in the organized securities market or on the AIFC exchange, no Person has acted, directly or indirectly, as a broker, intermediary or financial advisor of the Seller in connection with the transactions contemplated by this Agreement, and no Person is entitled to any fee, commission or like payment in respect thereof.

- 5.17 **Employment Matters.** As of the date of this Agreement, the Seller confirms that the Bank has no Legal Proceedings regarding compliance of the Bank with Labour Laws.
- 5.18 **Legal Proceedings.** There are no Legal Proceedings pending or, to Seller's Knowledge, threatened that are reasonably likely to prohibit or restrain the ability of the Seller to enter into this Agreement or perform the transactions contemplated hereby.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Seller that, to the Buyer's Knowledge, 3 (three) years preceding the date of this Agreement all statements contained in this [Article 6](#) are true and correct as of the date hereof and on the Closing Date.

- 6.1 **Buyer.** The Buyer is a joint stock company incorporated under the Laws. The Buyer has all rights to enter into this Agreement and other Transaction Documents to which it is a party, and to carry out its obligations hereunder.
- 6.2 **Supervisory Control Measures.** The Buyer is not subject to any supervisory control measures, except those published on the website of AFR. The Buyer is not in the state of insolvency.
- 6.3 **Purchase Price**
- (a) The Buyer has the funds required for carrying out the obligations hereunder. Such funds are free and clear of any Encumbrances and/or third party claims.
 - (b) The funds required for carrying out of the Buyer's obligations hereunder have been received by the Buyer in a lawful way in the ordinary course of entrepreneurial business in compliance with applicable rules and regulations regarding anti-money laundering and financing of terrorism and anti-corruption.
- 6.4 **OFAC.** The Buyer is not a Person who is restricted from doing business with a United States Person under the OFAC regulations (including those named on OFAC's Specially Designated and Blocked Persons List), or under any statute, executive order or other governmental actions. To the Buyer's Knowledge, the Buyer is not engaged in any transactions, is not Affiliate with any Person who is restricted from doing business with a United States Person under regulation of OFAC or under any statute, executive order or other governmental action. The Buyer agrees that the Seller can be prohibited by operation of law to conduct operations contemplated by this Agreement, if the Buyer will be identified as a Person engaging in or has engaged in transactions with a Person or Persons who is restricted from doing business with a United States Person under regulation of OFAC.
- 6.5 **Brokers.** Except where the Ordinary Shares will be purchased and sold in the organized securities market or on the AIFC exchange, no Person has acted, directly or indirectly, as a broker, intermediary or financial advisor of the Buyer in connection with the transactions contemplated by this Agreement, and no Person is entitled to any fee, commission or like payment in respect thereof.
- 6.6 **Organization and Authority of the Buyer.** The Buyer is a joint stock company duly registered under the Laws. The Buyer has full power to enter into this Agreement and the other Transaction Documents to which it is a party, to carry out its obligations hereunder.
- 6.7 **Conflicts; Consents of Third Parties.** The execution, delivery and performance by the Buyer of this Agreement and the other Transaction Documents, and the performance of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the certificate of incorporation, by-laws or other organizational documents of the Buyer; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer; (c) conflict with or result in a violation or breach of any provision of any agreements, arrangements, securities and other transactions to which the Buyer or its Affiliates are party or issuer.
- 6.8 **Legal Proceedings.** There are no Legal Proceedings pending or, to Buyer's Knowledge, threatened that are reasonably likely to prohibit or restrain the ability of the Buyer to enter into this Agreement or perform the transactions contemplated hereby.
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ARTICLE 7**COVENANTS RELATING TO CONDUCT OF BUSINESS**

- 7.1 **Affirmative Covenants.** During the period from the date of this Agreement to the Closing Date or earlier termination of this Agreement, except as set forth in the Seller Disclosure Schedule, and except as expressly contemplated or permitted by this Agreement, or which disclosure is expressly prohibited by Law or agreement, the Seller undertakes to provide a notice by the Buyer's Bank of the following transactions and actions of the Bank within five (5) Business Days from the date of the transaction or occurrence of an event:
- (a) transaction, other than business or banking operations of the Bank in excess of 30 000 000 (thirty million) KZT;
 - (b) indebtedness for borrowed money (other than Indebtedness of the Bank) of any individual, corporation or other person, performance guarantees thereof, other obligations thereof, except for deposits to be accepted in the ordinary course of business;
 - (c) except for distribution and payment of dividends upon preferred shares, declaration and payment of any dividend, directly or indirectly redeem any shares or other securities;
 - (d) alienation of the Bank's property in excess of 5 000 000 (five million) KZT to any individual or corporation, or release or assignment of Indebtedness to any such person, in each case other than in the ordinary course of Business, or pursuant to contracts or agreements in force at the date of this Agreement or as otherwise contemplated by this Agreement;
 - (e) establishment of the Bank's subsidiaries, except for equity interests and shares to be acquired by the Bank for disposal of pledged property;
 - (f) except as required under applicable Laws (i) upward amendment of Benefit Plan, except those in the ordinary course of business consistent with past practice; (ii) increase in compensation or benefits payable to any current or former employee, officer, director or individual consultant other than increases to current employees and officers, (x) in connection with a promotion or change in responsibilities, and to a level consistent with similarly situated peer employees, (y) in the ordinary course of business consistent with past practice, or (z) compensation for completed performance periods based upon corporate performance, the performance of such employee and, if applicable, such employee's business; (iii) acceleration of vesting of any equity-based awards or other compensation; (iv) entering into any new, or amendment of any existing, employment agreements, except those in the ordinary course of Business;
 - (g) pre-court settlement of claims, except involving solely monetary remedies in an amount that individually is not material to Bank, and that would not impose any material restriction on, or create any adverse precedent that would be material to, the Business;
 - (h) amendment of Articles of Incorporation, except as required by applicable Laws;
 - (i) introduction or adoption of any amendments to applicable accounting principles, practices or methods, other than as may be required by IFRS;
 - (j) entering into any new line of business, other than in the ordinary course of business consistent with past practice (which may include partnering with third parties in origination, flow, servicing and other capacities), and introduction of material changes in the lending, investment, underwriting, risk and asset liability management and other banking and operating, securitization and servicing policies (including any change in the maximum ratio or similar limits as a percentage of the Bank's capital exposure applicable with respect to the Bank's loan portfolio or any segment thereof), except as required by applicable Laws, regulation or policies established by the regulator or the Bank's development plans approved up to the date of this Agreement;
 - (k) amendment of annual Tax Reporting period, adoption of new or amendment to existing Tax accounting method, filing of any materially amended Tax Return, entering into any closing agreement with respect to a material amount of Taxes (in excess of 30 000 000 (thirty million) KZT), or settlement of any material Tax claims, audits, assessments, and contestation or waiver of any material right to claim a refund of Taxes, except for enforcement of court or arbitration decisions;
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(l) the Bank assumes Liquidity Placement Restrictions as per Annex 2 (*Liquidity Placement Restrictions*) hereto.

7.2 Notice pursuant to Section 7.1 shall be given by e-mail to the following address: notice_kassanova@ffin.kz.

ARTICLE 8 ADDITIONAL COVENANTS

- 8.1 **Governmental Approvals; Consents.** Subject to all provisions of Section 8.9 hereof, the Buyer shall obtain governmental consents with respect to this Agreement, namely, to obtain consent to economic concentration and status of banking holding. The Seller shall use reasonable best efforts to submission of the Bank documents required for the Buyer.
- 8.2 **Funds.** Within three (3) calendar days from the date of receipt of governmental consents but no later than December 23, 2020, the Buyer shall allocate funds on its account opened with the Seller in the amount of the Purchase Price specified in the Seller's notification sent to the Buyer pursuant to the Section 3.2 hereof minus the Subject of the Pledge. Such funds will be used by the Buyer to pay the Purchase Price to the Seller for Ordinary Shares in accordance with the terms and conditions hereof.
- 8.3 **Bank Consultants.** During the period from the date of this Agreement to the Closing Date or early termination of this Agreement, the Buyer shall have the right to appoint two representatives of the Buyer, who, in their turn, will be appointed as internal bank consultants (the "**Bank Consultants**"), and will be entitled to participate without voting rights in meetings of the Bank's Board of Directors, Management Board, and all operating committees of the Bank. The Bank Consultants will not be appointed to the positions of executive or non-executive directors of the Bank, but will have an access to sensitive and trade secret information. The Bank Consultants will enter into employment agreements with the Bank contemplating minimum wage, and confidentiality agreements that will contemplate full material responsibility of the Bank Consultants for disclosure of the information obtained during the validity of the employment agreements.
- 8.4 **Purchase of Pool of Loans.** Not later than the Closing, the Seller undertakes to purchase the Pool of Loans of the Bank from the Bank, except for (i) issued guarantees secured by money pledge and bid bond guarantees, (ii) granted loans to be fully secured by money pledge, and (iii) credit cards and debit card overdrafts (collectively (i), (ii) and (iii) referred to as the "**Loan Pool Exclusions**"), set forth in Annex 3 (*Loan Pool Exclusions*) hereto. However, the Buyer understands and agrees that acquisition of the Encumbrance right with respect to Pool of Loans can be exercised after the Closing. In such a case, the Buyer undertakes to provide full and comprehensive assistance in re-registration of the Encumbrance, transfer and custody of the documents related to the Pool of Loans, particularly: (i) to obtain relevant consents, permits and notices of counterparties/creditors/borrowers for assignment of claims, and to provide full assistance to the Seller in case of refusal of a borrower to enter into respective contracts/agreements with the Seller (particularly, in connection with legal actions of the borrowers/pledgers or other rights/encumbrances/restrictions) and/or in connection with the borrower fail the adequate verification as required by applicable Laws (including anti-money laundering and financing of terrorism); (ii) together with the Seller, to give written notices to the borrowers of completed assignment of claims. However, the Parties agreed that the Buyer provides such assistance based only on the documents that are available in the Bank as of the Closing Date.
- 8.5 **Purchase of Non-core and Real Property.** Not later than the Closing Date, the Seller undertakes to provide acquisition of Non-core and Real Property of the Bank by subsidiary of the Seller from the Bank, list of property is specified in Annex 4 (*Non-core and Real Property*) hereto (the "**Non-core and Real Property**").
- 8.6 **EBRD, ADB, DAMU.** Prior to the Closing Date, the Seller undertakes:
- (a) to ensure extinction of the Bank's obligations to European Bank for Reconstruction and Development ("**EBRD**"), and Asian Development Bank ("**ADB**"),
 - (b) to ensure transfer of the Bank's obligations to Damu Entrepreneurship Fund JSC ("**DAMU**") to the Seller or a Person designated by the Seller.
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8.7 **Legal Opinion**

- (a) Not later than three (3) Business Days prior to the Closing Date, the Seller shall obtain a legal opinion from Kazakhstani legal firm that confirms obtaining of, or absence of necessity for obtaining of all required permits and corporate approvals from the Seller and relevant Governmental Authorities for entering into and performance of this Agreement and other Transaction Documents.
- (b) Not later than three (3) Business Days prior to the Closing Date, the Seller shall obtain legal opinions from USA and RF (Russian Federation) legal firms confirming obtaining of, or absence of necessity for obtaining of all required permits and corporate approvals from shareholders of the Buyer registered in the USA and RF, and relevant Governmental Authorities for entering into and performance of this Agreement, other Transaction Documents and other transactions arising out of this Agreement.

Legal firms and text of legal opinions shall be agreed by the Seller and the Buyer in advance.

8.8 **Confidentiality**

- (a) For a period of two (2) years after the Closing Date, the Seller shall not (and undertakes to ensure compliance with such obligation by its Affiliates), directly or indirectly, disclose or communicate to any Person other than authorized Representatives of the Buyer or its Affiliates, or use or otherwise exploit for its own benefit or for the benefit of anyone other than the Buyer or its Affiliates, any Confidential Information of the Buyer. The Seller and its Affiliates shall not have any obligation to keep confidential any Buyer's Confidential Information to the extent disclosure is required by Laws, in which case the Seller shall, to the extent reasonably possible, provide the Buyer with prompt notice.
- (b) For a period of two (2) years after the Closing Date, the Buyer shall not (and undertakes to ensure compliance with such obligation by its Affiliates), directly or indirectly, disclose or communicate to any Person other than authorized Representatives of the Seller or its Affiliates, or use or otherwise exploit for its own benefit or for the benefit of anyone other than the Seller or its Affiliates, any Seller's Confidential Information. The Buyer and its Affiliates shall not have any obligation to keep confidential any Seller's Confidential Information to the extent disclosure is required by Laws, in which case the Buyer shall, to the extent reasonably possible, provide the Seller with prompt notice.

8.9 **Governmental Approvals; Consents.** The Buyer undertakes until December 23, 2020:

- (a) to obtain consent of the Committee on Regulation of Natural Monopolies, Protection of Competition and Consumers of the Ministry of National Economy of the Republic of Kazakhstan to economic concentration by acquisition of the Ordinary Shares, or official confirmation of the Committee that such consent to acquisition by the Buyer of the Ordinary Shares is not required;
- (b) to obtain consent of AFR to incorporation of banking holding;
- (c) to make available to the Seller the notarized copies of consent and permit in (a) and (b) above not later than three (3) Business Days from the date of their receipt.

In case of delay in obtaining of the Governmental Approvals, the Parties undertake to agree conditions for extending deadline for two (2) additional calendar months.

8.10 **Preservation of Books and Records**

- (a) The Seller shall have the right to retain copies of all books and records of the Business (including books and records of the Bank) relating to periods ending on or prior to the Closing Date, provided that such books and records are kept confidential in accordance with the Seller's normal confidentiality procedures.
 - (b) The Buyer shall preserve and keep, or cause to be preserved and kept, the books and records of the Business (including books and records of the Bank) in the possession of the Buyer, the Bank or their Affiliates during any applicable statute of limitations as required by Laws.
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8.11 **Operation of the Bank Post-Closing.** For a period of one year following the Closing Date, neither Buyer nor its Affiliates shall take any action that would cause any of the following events:

- (a) categorization of the Bank as insolvent;
- (b) filing of a petition in bankruptcy and/or rehabilitation of the Bank;
- (c) obtaining of a court order requiring compulsory liquidation of the Bank;
- (d) suspension of action or revoking of banking license and/or attachment thereto.

The Buyer undertakes to indemnify the Seller for all Losses, to eliminate violations of the Seller's non-property rights that could arise in connection with the Business after the Closing Date.

ARTICLE 9 PLEDGE

9.1 **Pledge.** The Buyer provides the Seller with funds in the amount of 1,800,000,000 (one billion eight hundred million) KZT (hereinafter - the "Pledge Subject") as a pledge to secure the fulfillment of all Buyer's obligations hereunder (hereinafter - the "Pledge").

9.2 **Type of Pledge.** The Pledge is a deposit, the Pledgee is not entitled to dispose of the Pledge Subject before enforcement thereof in accordance with Section 9.4. The Pledge Subject should be transferred by the Buyer to the Seller within five (5) Business Days from the date of entry into force of this Agreement by wire transfer to the Seller's account and should remain in the Seller's possession for the entire duration of the obligations secured by the Pledge.

9.3 **Scope and Form of Pledge.** In order to comply with paragraph 1 of Article 307 of the Civil Code of the Republic of Kazakhstan:

- (a) pledge subject: the term of the "Pledge Subject" is defined in Section 9.1 hereof the Agreement;
- (b) the nature of the obligations secured by the Pledge: all Buyer's obligations hereunder, as well as under other transactions and documents executed pursuant to and (or) in connection with the Agreement;
- (c) value, maximum amount of liabilities secured by the Pledge: 18,000,000,000 (eighteen billion) tenge;
- (d) maturity of the obligations secured by the Pledge: December 31, 2020, but not earlier than the Buyer fulfills its obligations hereunder, as well as under other transactions and documents executed pursuant to and (or) in connection with the Agreement.

9.4 **Enforcement of the Pledge Subject.** The Pledge Subject is enforced without legal proceedings. The Subject of the Pledge is disposed as follows:

- (a) in the event that the Buyer breaches obligations hereunder, the Seller shall demand the Buyer to fulfill its obligations and designates a time limit for such fulfillment;
 - (b) in the event that the Buyer fails to fulfill its obligations within the time designated in the Seller's claim pursuant to the Section 9.4(a) above, the Seller notifies the Buyer of the satisfaction of the Seller's claims at the expense of the Pledge Subject and, accordingly, the decrease in the Pledge Subject, which is subject to refund upon the Buyer has fulfilled all obligations hereunder;
 - (c) from the date of the Seller's foreclosure notice pursuant to the Section 9.4(b) above, the Seller shall acquire the right to own, use and dispose of the Pledge Subject for the amount designated in such notice.
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ARTICLE 10 TAX MATTERS

- 10.1 **Ordinary Share Transfer Tax.** Each Party shall bear expenses incidental to the Ordinary Shares transfer taxes and duties, arising out of or in connection with this Agreement and other Transaction Documents.
- 10.2 **Tax Indemnification**
- (a) When signing this Agreement, the Seller confirms that to the Seller's Knowledge, there is no information that would indicate the Bank's Interim Financial Statements as of June 30, 2020 as the result of review report with independent auditor, "Ernst & Young" LLP, does not contain in all material respects the correct taxation-related information.
 - (b) Supplementary Tax Risks associated with taxation matters for the tax periods ended December 31, 2016-2020, to the fullest extent shall be incurred by the Bank and indemnified by the Seller pursuant to the written request of the Bank to which effective requirements of the final court decision are attached (Supreme Court of the Republic of Kazakhstan, if applicable). Total liability of the Seller hereunder shall not exceed 1,000,000,000 KZT (one billion) KZT for tax periods ended December 31, 2016-2018.
- 10.3 **Protection of Interests in Tax Proceedings (Contests)**
- (a) Not later than one (1) calendar day upon receipt by the Bank of the notice on any Legal Tax Proceeding ("**Tax Proceeding**"), for which the Seller may reasonably be expected to be liable to other party pursuant to Section 10.2 (a "**Tax Claim**"), the Buyer shall give the Bank's prompt written notice to the Seller of such Tax Claim.
 - (b) The Seller shall have the right at their expense to represent the interests of the Seller or the Bank in any Tax Claim relating exclusively to taxable periods ending on or before the Closing Date, provided that:
 - (i) The Seller will ensure timely submission by the Bank to the Seller of all required documents and information concerning the merits of Tax Proceeding, including power of attorney to represent the interests of the Bank;
 - (ii) The Seller shall keep Buyer informed with respect to the status of any such Tax Proceeding;
 - (c) If the Seller decides not to represent its interest or the interest of the Bank in any such Tax Proceeding, the Buyer or the Bank are entitled to represent themselves on such Tax Proceeding whereby provision of Seller's written consent shall not be unreasonably paused or retarded.
 - (d) In case of failure to comply with the provision of Section [10.3\(b\)](#), the Bank and/or the Buyer will not have the right to claim from the Seller any indemnification with respect to Tax Proceeding.

ARTICLE 11 CONDITIONS TO CLOSING

- 11.1 **Conditions.** Obligations in respect of purchase and sale of the Ordinary Shares hereunder shall be carried out, provided that banking license of the Bank is valid and not revoked, and upon fulfillment of the following conditions:
- (a) by the Buyer:
 - (i) obtaining of the governmental approvals pursuant to Section [8.9](#);
 - (ii) obtaining of required corporate consents and approvals to entering into and performance of this Agreement, transactions contemplated by this Agreement and other Transaction Documents;
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- (iii) lodging of Pledge pursuant to the Article 9;
 - (iv) investment of funds on the Buyer's account opened with the Seller pursuant to Section 8.2;
 - (v) obtaining of legal opinions pursuant to Section 8.7(b).
- (b) by the Seller:
- (i) obtaining of required corporate consents and approvals to entering into and performance of this Agreement, transactions contemplated by this Agreement and other Transaction Documents;
 - (ii) obtaining of legal opinion pursuant to Section 8.7(a);
 - (iii) carrying out of obligations pursuant to Sections 8.4 and 8.5.
- (c) The Parties shall inform each other according to fulfillment of the conditions contemplated by [11.1\(a\)](#) and [11.1\(b\)](#) above with attachment of originals or notarized copies of the documents confirming their fulfillment. Texts of the corporate consents and approvals shall be agreed by the Seller and the Buyer in advance.

ARTICLE 12 INDEMNIFICATION

- 12.1 **Survival.** The representations and warranties of the Parties contained herein shall remain in full force and effect until the Closing Date.
- 12.2 **Certain Limitations.** Provisions of this Agreement concerning Indemnification shall be subject to the following limitations:
- (a) The Seller shall not be liable to the Buyer for indemnification until the aggregate amount of all Losses requiring indemnification exceeds 60 000 000 KZT (sixty million), in the event of reaching it the Seller shall be liable for all such Losses in excess of the amount above.
 - (b) The Buyer shall not be liable to the Seller for indemnification until the aggregate amount of all Losses requiring indemnification exceeds 60 000 000 KZT (sixty million), in the event of reaching it the Buyer shall be liable for all such Losses in excess of the amount above.
- 12.3 **Loss of Profits.** Loss of Profits shall not be subject to indemnification by the Parties hereunder.
-

ARTICLE 13 TERMINATION

13.1 **Termination.** This Agreement may be terminated prior to the Closing Date:

- (a) By mutual written consent of the Seller and the Buyer;
- (b) By the Buyer: by written notice to the Seller, if any of the conditions specified in Section [11.1\(b\)](#) hereof are not fulfilled by December 23, 2020;
- (c) By the Seller: by written notice to the Buyer, if any of the conditions specified in Section [11.1\(a\)](#) hereof and/or in Article 7.1 (a) of the Bank's Preference Shares Purchase and Sale Agreement dated _____, 2020 are not fulfilled by December 23, 2020;
- (d) By the Buyer or the Seller, if any Governmental Authority issues any Governmental Order restraining or prohibiting the transactions contemplated by this Agreement;
- (e) The Parties agree that subject to declaration of emergency rule or quarantine over the whole territory of the Republic of Kazakhstan and/or in Almaty and/or Nur-Sultan, the deadline for fulfillment of the obligations shall be suspended for the duration of such emergency rule or quarantine, provided that such quarantine or emergency rule affects the deadline for fulfillment by the Parties of their obligations.

13.2 **Effect of Termination.** In the event of the termination of this Agreement:

- (a) By the initiative of the Buyer, pursuant to Section [13.1\(b\)](#), the Seller undertakes to pay to the Buyer an amount of 1 800 000 000 KZT (one billion eight hundred million) by wire transfer of funds to the Buyer's account specified by the Buyer, and also immediately return the Pledge Subject to the Buyer;
- (b) By the initiative of the Seller, pursuant to Section [13.1\(c\)](#), the Buyer undertakes to pay to the Seller an amount of 1 800 000 000 KZT (one billion eight hundred million) by wire transfer of funds to the Seller's account specified by the Seller.

Therewith, the provisions of this Agreement contained in Article 8.8, Article 9 and Section 13.2(b) shall survive.

ARTICLE 14 MISCELLANEOUS

14.1 **Validity of Agreement.** This Agreement shall become effective from the date of receipt of the corporate consents to entering into and performance of this Agreement and other transactions arising out of or in connection with this Agreement by the Buyer and the Seller, and shall remain in full force and effect until the Parties fully fulfill their obligations.

14.2 **Expenses.** Except as otherwise provided in this Agreement or other Transaction Documents, the Seller, on the one hand, and the Buyer, on the other hand, shall bear their own expenses incurred in connection with the negotiation and execution of this Agreement, the other Transaction Documents, or any other agreement, document contemplated by this Agreement, as well as performance of the transactions stipulated by this Agreement and aforementioned documents. The Buyer shall bear all expenses for payment of registration and other fees in connection with registration or submission of the documents with any Governmental Authority.

14.3 **Notices.** All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given: (i) when delivered, if delivered personally to the intended recipient (or when left at the correct address); (ii) when received by the addressee, if sent by a recognized courier service; (iii) on the date sent by email (with confirmation of receipt of the email and any attachments) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (iv) on the fifth (5) Business Day after the date mailed, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section [14.3](#)):

(a) when sending correspondence to the Seller:

ForteBank Joint Stock Company
Republic of Kazakhstan, 010017, Nur-Sultan, Yesil district, Dostyk Str., Bld. 8/1
E-mail: info@fortebank.com
To: Chairman of the Management Board

(b) when sending correspondence to the Buyer:

Freedom Finance JSC
Republic of Kazakhstan, 050040 Almaty,
77/7 Al-Farabi Ave., BC "Esentai Tower", 7th floor
E-mail: ler@ffin.kz
To: Chief Financial Officer

14.4 **Separability.** If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement in such jurisdiction. In addition, such circumstances shall not be the ground for recognition of this Agreement invalid or unenforceable as a whole.

14.5 **Entirety.** This Agreement and the other Transaction Documents constitute the entire agreement, and supersedes all prior agreements and understandings (both written and oral), among the Parties regarding the subject matter hereof. If there is an inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Exhibits and Schedules, the provisions of this Agreement shall prevail.

14.6 **Successors and Cessionary.** This Agreement is binding upon and drawn up to the benefit of the Parties hereto and their respective successors and permitted cessionaries. Except as provided by this Agreement, neither Party may assign its rights or obligations hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed; provided that prior to the Closing Date the Buyer may, with the prior written consent of the Seller, assign all or any portion of its rights under this Agreement to one or more of its direct or indirect wholly-owned subsidiaries, or direct or indirect shareholders or any third parties without changing the due date of the Closing Date specified in Section 3.2 hereof.

14.7 **Amendment and Waiver.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

14.8 **Governing Law and Submission to Jurisdiction.** This Agreement shall be governed by and construed in accordance with the Laws. All disputes hereunder shall be resolved in the courts of the Republic of Kazakhstan. The courts of the Republic of Kazakhstan shall have exclusive jurisdiction to settle any dispute or claim between the Parties hereto, whether they are issue of law or equity, arising out of or in connection with this Agreement or contracts, transactions, instruments or documents as contemplated by this Agreement. The Parties hereby agree to submit to exclusive jurisdiction of the courts of the Republic of Kazakhstan. Each Party hereby waives and agree not to declare in any dispute, insofar as permitted by Laws, any claim, that:

- (a) the Party fails to submit to jurisdiction of the courts of the Republic of Kazakhstan;
- (b) the Party and its property is immune from any legal act adopted by a court of the Republic of Kazakhstan; and
- (c) each legal or other proceeding to be held in the courts of the Republic of Kazakhstan is the improper way of resolution of a dispute between the Parties.

In furtherance of aforesaid, each of the Parties shall agree that it will not declare or support any action of its parent company or its business owner or a person granted finance to the Buyer (for entering into and performance of this Agreement), or their representatives, or actions of the Parties against any of the above persons in any way related to this Agreement or any transaction contemplated by this Agreement, including, but not limited to disputes arising out of or in any way related to any legally binding document or to execution of such document in any place and way of dispute resolution, except for the courts of the Republic of Kazakhstan.

14.9 **Language.** This Agreement is made in Russian and Kazakh, and interpretation of the Agreement in Russian shall prevail.

14.10 **Counterparts.** This Agreement is made in two (2) copies having equal power, one for each of the Parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date specified in the Preamble by their respective duly authorized officers.

ForteBank JSC

/s/ Guran Andronikashvili

Name: Guran Andronikashvili

Title: Chairman of Management Board

FREEDOM FINANCE JSC

/s/ Sergey Lukyanov

Name: Sergey Lukyanov

Title: Chairman of Management Board

Certain portions of this exhibit (indicated by “[**]”) have been omitted pursuant to Item 601(a)(6) of Regulation S-K.

This exhibit is an English translation of a foreign language document. The Company hereby agrees to supplementally furnish to the SEC, upon request, a copy of the foreign language document.

FORM OF
PREFERRED SHARES SALE AND PURCHASE AGREEMENT
OF BANK KASSA NOVA JOINT-STOCK COMPANY
(SUBSIDIARY BANK OF FORTEBANK JOINT-STOCK COMPANY)

By and between

Mr. BULAT ZHAMITOVICH UTEMURATOV

and

FREEDOM FINANCE JSC

Dated

_____, 2020

PREFERRED SHARES SALE AND PURCHASE AGREEMENT

This preferred shares sale and purchase agreement (as defined below) (hereinafter referred to as the "Agreement") is made on _____, 2020 by and between Mr. Bulat Zhamitovich Utemuratov, citizen and resident of the Republic of Kazakhstan, IIN 571113350279, residing at 16, 2501, Dostyk Str. , Nur-Sultan, the Republic of Kazakhstan, (hereinafter referred to as the "**Seller**") and the FREEDOM FINANCE Joint-Stock Company, registered in accordance with the legislation of the Republic of Kazakhstan, located at "Esentai Tower" BC, Floor 7, 77/7 Al Farabi Ave., Almaty, 050040 the Republic of Kazakhstan, duly represented by the Chairman of the Management Board, Mr. Sergey Lukyanov, acting based on the Charter (hereinafter referred to as the "**Buyer**"), collectively referred to as the **Parties** and individually as the **Party**.

PREAMBLE

WHEREAS, the Seller holds all issued and outstanding preferred shares ISIN KZ1P00003305 in total of 1,000,000 (One million) shares (hereinafter referred to as the "**Preferred Shares**") issued by Bank Kassa Nova JSC (Subsidiary Bank of ForteBank JSC) BIN 090740019001 located at 10 Dinmukhamed Konayev str., Yessil district, Nur-Sultan, 010000 the Republic of Kazakhstan (hereinafter referred to as the "**Bank**");

WHEREAS, the Seller intends to sell to the Buyer, and the Buyer intends to purchase the Preferred Shares from the Seller in accordance with the terms and conditions set forth herein,

The parties hereto agree as follows:

ARTICLE 1 TERMS AND INTERPRETATION

1.1 Terms. Unless otherwise provided herein, capitalized terms used in this Agreement shall have the meanings as specified in this Article:

Business Day means any day, other than Saturday, Sunday or other day on which the second-tier banks located in Almaty or Nur-Sultan, the Republic of Kazakhstan, are authorized or shall be closed and not to carry out their activities under applicable Laws.

Closing means exchange of orders for the Preferred Shares writing-off from the Seller's personal account and placing of the Preferred Shares to the Buyer's personal account with "Central Securities Depository" JSC pursuant to Article 4 hereof.

Closing Date means date specified in the Seller's notice to be send to the Buyer pursuant to Article [3.2](#) on which the Closing occurs.

Encumbrances mean limitations of title arising under the Laws or agreement, and restricting possession, use or disposition of such property.

Legal Proceeding means a dispute pending in court or arbitration, as well as on extrajudicial dispute resolution procedure.

Law means any law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, other requirement or rule of law of any governmental authority of the Republic of Kazakhstan.

OFAC has the meaning set forth in Article 6.4.

Losses mean expenses that are incurred or shall be incurred by the person whose right is violated, loss or damage to the property of such person (actual damage).

Subordinated Debt means the subordinated debentures of the Bank set forth in Annex(*Subordinated Debt*) hereto.

Bank's Ordinary Shares Sale and Purchase Agreement means the Bank's Ordinary Shares Sale and Purchase Agreement is entered into by and between ForteBank JSC as a seller and the Buyer as a buyer on July 29, 2020.

Transaction Documents means this Agreement, the Bank's Ordinary Shares Sale and Purchase Agreement, as well as the "Transaction Documents" as defined in the Bank's Ordinary Shares Sale and Purchase Agreement.

AIFC means Astana International Financial Center.

AFR means the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan.

1.2 Interpretation. For purposes of this Agreement:

- (a) Headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.
- (b) References to Articles, Sections, Annexes and Schedules are to the Articles, Sections, Annexes and Schedules in or attached to this Agreement.
- (c) The Annexes are part of this Agreement and shall have effect as if set out in full in the body of this Agreement. Any reference to this Agreement includes the Annexes.
- (d) References to any agreement or other document means such agreement or document as amended or supplemented from time to time, unless specifically stated otherwise.
- (e) References to a Law means such Law as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder.
- (f) The words "including" and "includes" shall be deemed to be followed by the words "without limitation".
- (g) The words "herein," "hereof," "hereby," "hereto," and "hereunder" refer to this Agreement as a whole.
- (h) No rule of construction shall apply to the disadvantage of a party because the party was responsible for the preparation of this Agreement or any part of it.

ARTICLE 2 SALE AND PURCHASE

- 2.1 **Sale and Purchase of Preferred Shares.** The Seller undertakes to transfer the Preferred Shares into the ownership of the Buyer, and the Buyer undertakes to accept the Preferred Shares and pay the Purchase Price and other payments pursuant to the terms and procedures as provided herein.

ARTICLE 3 PURCHASE PRICE

- 3.1 **Purchase Price.** The purchase price of the Preferred Shares is 1,040,000,000.00 (one billion forty million) KZT (hereinafter - **'Purchase Price'**).
- 3.2 **The Closing Date Determination.** Subject to the fulfillment of the conditions contained in Article 7 hereof, the Seller shall give to the Buyer a notice designating the Closing Date. The Closing Date cannot be the date later than December 28, 2020.
- 3.3 **Payment of the Purchase Price.** No later than 3 (three) Business Days preceding the Closing Date designated in the Seller's notice received in accordance with Article 3.2 hereof, the Buyer will pay the Seller the Purchase Price for the Preferred Shares.
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ARTICLE 4 CLOSING

Closing. Subject to the Buyer's payment of the Purchase Price in accordance with Article 3.3 hereof, the Closing will take place by issue of orders by the Parties to the Central Securities Depository JSC (hereinafter referred to as the **CD**) for writing-off of the Preferred Shares from the Seller's personal account and placing of the Preferred Shares to the Buyer's personal account with the CD's accounting system that will be at the date designated in the Seller's notice given to the Buyer pursuant to Article 3.2 hereof. If the sale and purchase of the Preferred Shares will be carried out in the regulated securities market or on the AIFC stock exchange, the Closing procedure will be agreed by the Parties separately.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller represents and warrants to the Buyer that, to the best of his knowledge and belief, 3 (three) years before the date hereof, all statements containing in Article 5, are true and correct.

- 5.1 Seller.** The Seller is an individual, citizen of the Republic of Kazakhstan, has legal status and capacity.
- 5.2 Bank and Shares.** The Preferred Shares consist of 1,500,000 (One million five hundred thousand) shares, 1,000,000 (One million) of which are issued and outstanding. The issued and outstanding Preferred Shares constitute 100% of the outstanding Preferred Shares of the Bank. The Seller is the owner of the Preferred Shares; the Preferred Shares are free of Encumbrances. Upon consummation of the transactions contemplated by this Agreement, the Buyer shall own all of the Preferred Shares.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Seller that, to the best of his knowledge and belief, 3 (three) years before the date hereof, all statements containing in Article 6, are true and correct as of the date hereof and on the Closing Date.

- 6.1 Buyer.** The Buyer is a joint-stock company duly organized under the Laws. The Buyer has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which it is a party, to carry out its obligations hereunder.
- 6.2 Supervisory response measures.** No supervisory response measures were applied to the Buyer, except the measures posted on the AFR website. The Buyer is not in a state of insolvency.
- 6.3 Purchase Price**
- (a) The Buyer owns the funds necessary to fulfill its obligations hereunder. The funds are free from any Encumbrances and (or) claims of third parties.
 - (b) The funds necessary to fulfill Buyer's obligations hereunder are of non-criminal origin obtained from lawful activities in compliance with the applicable anti-money laundering and terrorism financing, as well as anti-corruption rules and regulations.
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- 6.4 OFAC.** Buyer is not a person whom the United States Person is restricted from doing business under the regulations of the Office of Foreign Assets Control (hereinafter referred to as the “OFAC”) (including those named on OFAC’s Specially Designated and Blocked Persons List), or under any statute, executive order or other governmental action. To the Buyer’s Knowledge, the Buyer is not engaged in any deals or transactions or has otherwise been associated with any Person or Persons whom a United States Person is restricted from doing business with under regulation of OFAC or under any statute, executive order or other governmental action. The Buyer understands and acknowledges that the Seller may be legally prohibited from completing the transactions contemplated in this Agreement, if the Buyer is determined to be a Person engaging in or that has engaged in transactions with a Person or Persons whom a United States Person is restricted from doing business with under regulation of OFAC or under any statute, executive order or other governmental action.
- 6.5 Brokers.** Except for the sale and purchase of the Preferred Shares on the regulated securities market or on the AIFC stock exchange, no person has acted, directly or indirectly, as a broker, finder or financial advisor for the Buyer in connection with the transactions contemplated by this Agreement and no Person is entitled to any fee or commission or like payment in respect thereof.
- 6.6 Organization and Authority of the Buyer.** The Buyer is a joint stock company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. The Buyer has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which it is a party, to carry out its obligations hereunder and thereunder, and to perform the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and the other Transaction Documents to which it is a party, the performance by Buyer of its obligations hereunder and thereunder, and the performance of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by the Buyer, and (assuming due authorization, execution and delivery by each other party hereto) constitutes a legal, valid and binding obligation of the Buyer enforceable against the Buyer in accordance with its terms.
- 6.7 Conflicts; Consent of Third Party.** The execution, delivery and performance by the Buyer of this Agreement and the other Transaction Documents, and the consummation of the transactions contemplated hereby and thereby, do not and will not (a) conflict with or result in a violation or breach of, or default under, any provision of the certificate of incorporation, by-laws or other organizational documents of the Buyer, (b) conflict with or result in a violation or breach of any provision of any Law or governmental regulations applicable to Buyer, and (c) conflict with or result in a violation or breach of any provision of any contracts, agreements, securities or other transactions to which Buyer or its Affiliates is a party or issuer.
- 6.8 Legal Proceedings.** There are no Legal Proceedings pending or, to Buyer’s Knowledge, threatened that are reasonably likely to prohibit or restrain the ability of the Buyer to enter into this Agreement or perform the transactions contemplated hereby.

ARTICLE 7 CONDITIONS TO CLOSING

- 7.1 Conditions.** Obligations to buy and sell the Preferred Shares hereunder shall be fulfilled provided that the Bank’s banking license is not suspended and revoked, and subject to the fulfillment of the following conditions:
- (a) By the Buyer:
 - (i) Closing conditions stipulated in Article 8.9 of the Bank’s Ordinary Shares Sale and Purchase Agreement shall have been fulfilled;
 - (ii) All required corporate consents and approvals for the execution and performance of this Agreement or the transactions contemplated hereby and other Transaction Documents shall have been received;
 - (iii) acquisition by the Buyer independently and (or) acquisition by a person, designated by the Buyer and agreed with the Seller, of the rights of claim from each of the creditors for the Subordinated Debt at a price that will be equal to the sum of the Subordinated Debt nominal value and the accrued but not paid interest as of December 23, 2020. This condition should be completed after the Buyer fulfills the pre-conditions stipulated in Article 8.9 of the Bank’s Ordinary Shares Sale and Purchase Agreement, but no later than December 23, 2020.
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- (c) The Seller shall have received the notary certified consent of the spouse to enter into this Agreement.
- (d) The Parties shall notify each other as the conditions stipulated in subparagraphs 7.1 (a) and 7.1 (b) above are fulfilled, and deliver the originals or notary certified copies of documents evidencing such fulfillment. The texts of the Buyer's corporate consents and approvals should be agreed between the Seller and the Buyer in advance.

7.2. Loss of profit. A liability of the Parties for loss of profit shall be excluded hereunder.

ARTICLE 8 TERMINATION OF THE AGREEMENT

8.1 Termination. This Agreement may be terminated prior to the Closing:

- (a) By mutual written consent of the Seller and the Buyer;
- (b) By the Buyer: by written notice to the Seller, if the condition set forth in Article 7.1 (b) hereof is not fulfilled by December 23, 2020;
- (c) By the Seller: by written notice to the Buyer, if any of the conditions set forth in Article 7.1 (a) hereof is not fulfilled by December 23, 2020;
- (d) By the Buyer or by the Seller, in the event of the adoption of any act of a governmental body restricting or prohibiting the performance of the transactions contemplated by this Agreement;
- (e) The Parties hereby agree that, subject to the declaration of a state of emergency or quarantine throughout the territory of the Republic of Kazakhstan and (or) in the cities of Almaty and (or) Nur-Sultan, the deadlines for the fulfillment of the obligations of the Parties shall be suspended for the duration of such state of emergency or quarantine, if such quarantine or state of emergency affect the time of the fulfillment by the Parties of their obligations.

ARTICLE 9 MISCELLANEOUS

9.1 Continuity. The representations and warranties of the Parties contained herein are valid until the Closing Date.

9.2 Duration. The Agreement shall come into effect from the date of receipt of corporate approvals for the execution and performance of the Agreement and other transactions contemplated by this Agreement by the Buyer and is valid until the Parties fully perform their obligations.

9.3 Expenses. Except as otherwise provided in this Agreement or other Transaction Documents, the Seller, on one hand, and the Buyer, on the other hand, shall bear their own expenses incurred in connection with the negotiation and execution of this Agreement, the other Transaction Documents, any other agreement, document contemplated by this Agreement, and the performance of the transactions stipulated by this Agreement. The Buyer shall be responsible for all filing and other fees payable in connection with filings or submissions with any Governmental Authority.

9.4 Notifications. All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given: (i) when delivered, if delivered personally to the intended recipient (when left at the correct address); (ii) when received by the addressee, if sent by a recognized courier service; (iii) on the date sent by email (with confirmation of receipt of the email and any attachments) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (iv) on the 5th (fifth) business day after the date mailed, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Article 9.4):

(a) when sending the correspondence to the Seller:

Bulat Zhamitovich Utemuratov

[***]

(b) when sending the correspondence to the Buyer:

Freedom Finance JSC

"Esentai Tower" BC, Floor 7, 77/7

Al Farabi Ave., Almaty, Kazakhstan 050040

Email: ler@ffin.kz

To: Chief Financial Officer

- 9.5 Separability.** If any term or provision of this Agreement is invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement in such jurisdiction and such circumstances are not the grounds to admit entire Agreement as invalid or unenforceable.
- 9.6 Confidentiality.** No Party has the right to disclose information about execution of this Agreement and (or) its content to any person, except as otherwise provided by the Law.
- 9.7 Entirety.** This Agreement and the other Transaction Documents constitute the entire agreement and supersedes all prior agreements and understandings (both written and verbal), among the parties regarding the subject matter hereof. If there is an inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Annexes and Schedules, the statements in the body of this Agreement will control.
- 9.8 Successors and Cessionary.** This Agreement is binding upon and drawn up to the benefit of the Parties hereto and their respective successors and permitted assigns. Except as otherwise provided in this Agreement, no party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed; provided that prior to the Closing Date the Buyer may, without the prior written consent of the Seller, assign all or any portion of its rights under this Agreement to one or more of its direct or indirect wholly-owned subsidiaries or shareholders, and such assignment does not entail a change in the general terms for completion of the transaction.
- 9.9 Amendment and Waiver.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy.
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9.10 Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the Law. Any dispute arising out of or in connection to this Agreement shall be subject to the jurisdiction of the courts of the Republic of Kazakhstan. The courts of the Republic of Kazakhstan should have the exclusive jurisdiction to resolve any and all disputes between the Parties hereto, including disputes on matters of law or equity arising out of or in connection with this Agreement or contracts, deals, instruments or documents stipulated hereby and the Parties hereby express their consent and agree to submit to the exclusive jurisdiction of the courts of the Republic of Kazakhstan. Each Party hereby waives any right to declare and agrees not to declare in any dispute, to the extent permitted by the Law, any claim or demand that:

- (a) The party does not submit to the jurisdiction of the courts of the Republic of Kazakhstan;
- (b) The party and its property are immune from any judicial act adopted by the court of the Republic of Kazakhstan; and
- (c) any court or other proceeding held in the courts of the Republic of Kazakhstan is an improper way of considering disputes between the Parties.

Furthermore, each Party agrees that it will not declare or support any action of its parent organization or its business owner or the person who provided financing to the Buyer (for the execution and performance of the Agreement), or their representatives, or actions of the Parties against any of the above persons, in any way related to this Agreement or any transaction contemplated by this Agreement, including, but not limited to, disputes arising out of or in any way connected with any legally binding document or fulfillment thereof in any place and method of dispute resolution, except the courts of the Republic of Kazakhstan.

9.11 Language. This Agreement is executed in the Russian and Kazakh languages, the interpretation of the Agreement in the Russian language shall prevail.

9.12 Counterparts. This Agreement is executed in 2 (two) counterparts having equal legal force.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written in preamble by their respective duly authorized officers.

BULAT ZHAMITOVICH UTEMURATOV

FREEDOM FINANCE JSC

Name: Sergey Lukyanov
Position: Chairman of the Management Board

Freedom Holding Corp. Agrees to Acquire Bank Kassa Nova

ALMATY, KAZAKHSTAN / ACCESSWIRE / August 3, 2020 / Freedom Holding Corp. (Nasdaq: FRHC) (the "Company") today announced that acting through Freedom Finance JSC, the Company has agreed to purchase Bank Kassa Nova JSC headquartered in Nur-Sultan, Kazakhstan. Each party has obtained corporate approval of the transaction. The transaction is also subject to approval by the Committee on Regulation of Natural Monopolies, Protection of Competition and Consumers of the Ministry of National Economy of the Republic of Kazakhstan and the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan.

Bank Kassa Nova was established in 2009 and currently has nine branch offices across Kazakhstan. The bank's common shares are owned by Fortebank JSC, a Kazakhstani bank, and its preferred shares owned by Bulat Utemuratov. At the completion of the transaction Bank Kassa Nova will be a wholly-owned subsidiary of Freedom Finance JSC. It is expected that the required conditions to closing will be completed by the end of the year.

The acquisition of Bank Kassa Nova is expected to enhance the financial services offerings of the Company in Kazakhstan where Freedom Finance JSC currently operates 16 retail brokerage offices serving Kazakhstani clientele. The bank acquisition is an extension of the Company's successful strategy pioneered in Russia where the Company operates securities brokerage activities through IC Freedom Finance LLC in tandem with focused banking services provided by FFIN Bank LLC to provide a wide range of services to clients.

Additional information regarding the transaction is available in the Company's current report on Form 8-K, which may be reviewed at: www.sec.gov.

About Freedom Holding Corp.

Freedom Holding Corp. is a financial services holding company conducting retail financial brokerage, investment counseling, securities trading, investment banking and underwriting services through its subsidiaries under the name of Freedom Finance in the Commonwealth of Independent States where it employs more than 1,500 persons. The Company is a professional participant in numerous securities exchanges including the Kazakhstan Stock Exchange, Astana International Exchange, Moscow Exchange, Saint-Petersburg Exchange, Republican Stock Exchange of Tashkent and Ukrainian Exchange. The Company is headquartered in Almaty, Kazakhstan, with executive office locations in Russia and the United States.

The Company's common shares are registered with the United States Securities and Exchange Commission and are traded in the United States on the Nasdaq Capital Market, operated by Nasdaq, Inc.

Cautionary Note Regarding Forward-Looking Statements

This release contains "forward-looking" statements. All forward-looking statements are subject to uncertainty and changes in circumstances. Forward-looking statements are not guarantees of future results or performance and involve risks, assumptions and uncertainties that could cause actual events or results to differ materially from the events or results described in, or anticipated by, the forward-looking statements. Factors that could materially affect such forward-looking statements include certain economic, business and regulatory risks and factors identified in the Company's periodic and current reports filed with the Securities and Exchange Commission. All forward-looking statements are made only as of the date of this release and the Company assumes no obligation to update forward-looking statements to reflect subsequent events or circumstances. Readers should not place undue reliance on these forward-looking statements.

Website Disclosure

Freedom Holding Corp. intends to use its website, <https://ir.freedomholdingcorp.com>, as a means for disclosing material non-public information and fo

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