Edict of the President of the Republic of Kazakhstan,
having the effect of a law, № 2444 the 31st of August, 1995
Concerning Banks And Banking Activities

In accordance with Article I of the Law of the Republic of Kazakhstan,
dated December 10, 1993 "Concerning the Temporary Delegation of Additional
Powers to the President of the Republic of Kazakhstan and the Heads of Local
Administrations" and in for the purposes of determining the type, the
legal status, the procedure for creation, functioning and termination of
activities of the banks of the second tier, I am issuing this Edict.

Section
I. The Bases and Terms of Creation and

Operation of Banks

Chapter 1. General Provisions

Article 1. A
Bank, Its Status and Location

1. A bank
shall be a legal entity. which is a commercial organization, and which performs
banking activities in accordance with this Edict.

2. Official
status of a bank shall be determined by the permission of the National Bank for
its opening, by state registration of a legal entity as bank at the Ministry of
Justice, and by existence of licenses of the National Bank of the Republic of
Kazakhstan (henceforth, the National Bank) for carrying out of banking
transactions.

3. No legal
entity which has not the official status of a bank, shall be referred to as a
bank nor describe itself as one engaging in banking activities.

4. The place where the Board of a bank is located (its postal address)
shall be recognized as the place of the bank's location (residence).

Article 2.
Deposit

1. Deposit
shall mean a sum of money transferred by one person (depositor) to any other
person under the term of repayment of that sum in the nominal measurement plus
prior stipulated addition (irrespective of whether the sum must be repaid at
the first demand, or after a certain period, in full or In installments,
whether with a zero or positive addition, whether repaid directly to depositor,
or transferred in accordance with the depositor's instructions to any third parties).

2.
Irrespective of the title of a transaction and Intentions of the parties, the
following shall be (recognized as) acceptance of deposits:

a) issuing of
documents to confirm a receipt of monetary resources, which is not relating to
selling of goods, performance of work, or rendering of services, under the
terms of repayment of the monetary resources in exchange for those documents,

b) selling of securities under the term of their revert purchase.

Article 3. The
Banking System of the Republic of Kazakhstan

1. The
Republic of Kazakhstan shall have a double tier banking system.

2. The
National Bank shall be the central bank of the State and it shall represent the
top (first) tier of the banking system.

The purposes,
principles of operation, the legal status and the authority of the National
Bank of the Republic of Kazakhstan shall be defined by Edict Which Has Force of
Law of the President of the Republic of Kazakhstan concerning the National Bank
of the Republic of Kazakhstan".

3. All the
other banks shall represent the bottom (second) tier of the banking system.

4. A
state-owned bank shall be a bank of the second tier, created on the basis of a
separate legislative act or a resolution of the government of the Republic of
Kazakhstan which is the sole owner of its charier fund.

A state-owned
bank shall carry out its activities in accordance with this Edict, subject to
special considerations stipulated in legislative and normative acts concerning
their creation and operation.

5. A deposit
bank shall be a bank of the second tier, which has the right to accept deposits
and to carry out any other banking transactions which are not prohibited by
this Edict.

6. An
investment bank shall be a bank of the second tier, whose principal type of
activities arc the performance of direct and portfolio investments.

7. A bank with
foreign participation shall be a bank of the second tier, whose more than fifty
per cent of shares are held, owned and/or managed by the following:

a)
non-residents of the Republic of Kazakhstan,

b) legal
entities which are residents of the Republic of Kazakhstan, whose more than
fifty per cent of shares and held, owned and/or managed by non-residents of the
Republic of Kazakhstan or similar legal entities which are residents of the
Republic of Kazakhstan;

c) residents
of the Republic of Kazakhstan which are managers of resources (trusted poisons)
of non-residents of the Republic of Kazakhstan, or of the legal entities listed
in sub-paragraph b) of this Paragraph.

8. An interstate bank shall be a bank which is created and which
operates on the basis of an international agreement (treaty), whose charter
fund is owned by the Government of the Republic of Kazakhstan and the
government (governments) of a state (states) which signed that agreement
(treaty).

Article 4.
Legal Regulation of Banking Activities

Banking activities shall be regulated by the Constitution and
legislative acts of the Republic of Kazakhstan, by this Edict, other acts of
the President of the Republic of Kazakhstan, international agreements
(treaties) concluded by the Republic of Kazakhstan and also by the normative
acts of the National Bank, which are issued on the basis and for the
implementation of the legislative acts and Edicts of the President of the
Republic of Kazakhstan, in respect of the issues conferred to its authority.

Article 5. A
Non-Banking Financial Institution

A non-banking financial institution shall be a legal entity which is
not a bank, and which lias the right to early out certain banking transactions
on the basis of the license of the National Bank.

Article 6. The
Prohibition of Unauthorized Activities

1. No entity
that has not the appropriate license from the National Bank, except for the
cases stipulated in paragraph 2 of this Article, shall have the right to:

a) accept
deposits, and also perform any other banking transactions as their principal or
incidental business,

b) carry out
audits of banking activities as their principal or incidental business;

c) use in
their name, documents, announcements and advertisements the word
"bank" or a word (expression) which is its deviate and which creates
the impression that that entity accepts deposits, performs any other banking
transactions, or carries out audits of banking activities. This prohibition
shall not apply to the National Bank, affiliates and representations of banks,
international financial organizations.

2. Possible
exceptions from the prohibition of acceptance of deposits by entities which
have not the license from the National Bank, shall be determined by the
normative acts of the National Bank and they shall include the cases of
accepting deposits as follows:

a) from the
National Bank of the Republic of Kazakhstan, banks and non-banking financial
institutions which have the license of the National Bank for issuing credits in
monetary form,

b) as amount
payable in relation to a valid transaction of purchase and sale of assets,
performance of work or rendering of services (in form of pledge or amounts
which are to be repaid in the event that the transaction is dissolved),

c) as a loan
under the terms of repayment of the amount which does not exceed the initial
one.

3. Banking transactions which are carried out without licenses of the
National Bank shall be invalid.

Article 7.
Division of Responsibilities of Banks and the State. Independence of Banks

1. Banks shall
not be liable for the obligations of the State, equally, the State shall not be
liable for their obligations, except for the cases stipulated in paragraph 2 of
this Article and also the cases where banks and the State assume such
responsibility.

2. The State
shall be responsible for the liabilities of the state-owned banks within the
limits of resources invested to their charter hinds. The government may by its
separate decision assume and delegate to state-owned banks additional
responsibilities in relation to their liabilities.

The State
shall guarantee the safety of deposits accepted by interstate banks which are
residents of the Republic of Kazakhstan and it shall be liable for their
obligations in proportion to the share of the Government of the Republic of
Kazakhstan in the charter funds of such banks.

3. Interference of the state bodies or their official persons with the
activities of banks shall be prohibited in any form, except for the cases
directly stipulated in legislation of the Republic of Kazakhstan.

Article 8.
Activities Which are Prohibited and Restricted for Banks

1. All banks
shall be prohibited to carry out activities in the sphere of material
production, trade in movable and immovable assets (except for currency assets)
and to perform any types of insurance activities (except for collective
insurance of deposits), as well as to participate in charter funds of legal
entities, except for the cases stipulated in paragraph 3 of this Article.

2. It shall be
prohibited to investment banks to accept any types of deposits, except for
definite term deposits of any other banks.

3. The
prohibition established in paragraph I of this Article shall not apply to the
following cases:

a)
participation of investment banks in charter funds of the legal entities which
carry out the types of activities stipulated in paragraph I of this Article;

b)
participation of banks in charter funds of banks and interbank organizations
which do not set the goal of deriving profits and their distribution between
the members,

c)
participation of banks in charter funds of legal entities which are formed for
automation of functions of banks and non- banking institutions,

d) elaboration
and implementation of specialized software to be used for automation of
functions of banks and non- banking institutions;

e) publication
and selling of special literature feinting to Issues of banking activities, on
any types of information carriers,

f) selling of
banks own assets,

g) selling in
accordance with the procedure established by this Edict and other current
legislation of assets pledged by debtors,

h) hedging (minimization) of exchange and Interest risks by way of
creating counter claims and liabilities, or by any other methods which do not
envisage formation of special-purpose provisions (reserves).

Article 9.
Prohibition of Advertising Which is Not True to Fact

1. Banks shall
be" prohibited to advertise their activities which are not true to fact on
the date of publishing of the advertisements.

2. The
National Bank shall have the right to require from a bank to introduce
amendments to advertisements which are not true to fact, to terminate it, or to
publish a refutation.

In the case of
a failure to execute such a requirement within the period established by the
National Bank, the National Bank shall have the right to publish information
concerning the deviation from reality of the information contained in an
advertisement or to make it more specific at the expense of the bank which
published such an advertisement.

3. Legal entities which have not the license of the National Bank for
conducting of banking transactions shall be prohibited to advertise activities
winch fall under the category of banking transactions.

Article 10.
Associations (Unions) of Banks

1. For
co-ordination of their activities, protection and representation of common
interests, implementation of joint projects and solution of other common tasks,
banks shall have the right to form in accordance with current legislation
associations and unions of banks.

2.
Associations (unions) of banks shall be non-profit organizations.

3. Associations (unions) of banks may not be used for purposes of
restricting competition in the banking system, manipulation of interest rates,
terms of selling credits and other banking services.

Article 11.
Subsidiary Banks, Affiliates and Representations of Banks

1. Banks shall
have the right to open their subsidiary banks, affiliates and representations
both in the territory of the Republic of Kazakhstan and outside of its
boundaries.

2. A
subsidiary bank shall be a bank of the second tier, more than fifty per cent of
the charter fund wherein belongs to the parent bank.

Subsidiary
banks shall be independent legal entities and they shall be created in
accordance with the procedure established by Articles 12-28 of this Edict.

3. Affiliates
and representations of banks shall be created in accordance with the procedure
established by Article 29 of this Edict.

4. Representations of banks which are not residents of the Republic of
Kazakhstan shall be opened in the Republic of Kazakhstan with the consent of
the National Bank.

Chapter 2. Creation of Banks

Article 12.
Organizational and Legal Form of Banks

1. Banks
(except for state-owned banks) shall be created in form of joint stock
societies of a closed-type without the right to issue bearer's shares.

2.
Transformation of a bank into a Joint stock society of an open-type shall be
admitted only under the term of its continuous non-loss operation during one
calendar year from the moment of receipt of the license from the National Bank
for acceptance of deposits and granting of credits in monetary form and
compliance during that year with the prudential norms and other obligatory
requirements and limits established by the National Bank.

3. The
shareholders of a bank, which are its foundation parties, after its
transformation into an open-type joint "stock society may not have any
additional advantages or bear any additional obligations as compared to any
other shareholders.

4. In relation to the type of a bank, the National Bank shall establish
different standards for annual publication of the annual report, accounting
balance sheet and profit and loss account.

Article 13.
Forms of Ownership of Banks

Banks may be created on the basis of any form of ownership, except for
state-owned banks which are created only on the basis of the state property.

Article 14.
Foundation Documents of a Bank

1. A bank
shall be created on the basis of a foundation agreement and It shall operate in
accordance with Its charter.

2. A
foundation agreement to create a bank must, apart from the information
stipulated in current legislation concerning business partnerships, contain the
following in a compulsory procedure:

information
concerning the foundation parties, including full commercial name and place of
location of each of them as well as Information concerning the state
registration (for legal entitles), name, citizenship, place of residence and
details of the documents confirming identities (for physical persons),

information
concerning the number, categories and the nominal value of the shares.

3. A bank
charter must, apart from the information stipulated in current legislation
concerning business partnerships, contain the following in an compulsory
procedure:

full and brief
commercial name of the bank;

information on
the Organizational and legal form and the form of ownership of the bank;

principles for
the formation and use of the bank's funds;

procedure for adoption of decisions by the governing bodies of the
bank, including the list of issues which require a qualified majority of
shareholders" votes.

Article 15.
Name of a Bank

1. A bank
shall use the name which is inscribed in its charter as its commercial name.

No bank shall
have the right to refer to itself in any documents, notices or advertisements
otherwise than by the name which is inscribed in its charter.

2. It shall be
prohibited to all banks, except for the National Bank, to use in their names
the words "National", "Central" in full or abbreviated form
in any language.

3. It shall be
prohibited to all banks, except for the state-owned banks, to use In their
names the word "state" In full or abbreviated form in any language.

4. It shall
not be allowed to use as names the designations which are identical or similar
to the degree of confusion with the names of earlier-created banks, including
banks which are non-residents of the Republic of Kazakhstan.

This prohibition shall not apply to subsidiary banks when they use the
parent names.

Article 16.
The Charter Fund of a Bulb

1. The charter
fond of a bank shall serve as a security for its obligations and the main
source for performing banking transactions.

The charter
fund of a bank (except for a state-owned bank) shall be initially formed at the
expense of selling shares or at the expense of the foundation parties"
contributions.

2. The
foundation parties and shareholders of a bank shall be obliged to pay for
acquired shares exclusively by monetary resources.

3. It shall be
prohibited to use resources received as a credit, under a pledge, and any other
borrowed resources for payment on shares of a bank which operates In the form
of a closed-type joint stock society.

Resources
contributed to the charter fund in violation of this requirement, together with
accrued dividend and also income received by a bank from their use shall be
confiscated as revenue of the Budget, and the shares shall be returned to the
bank for their further marketing.

4. Primary
sales of bank shares may only be carried out at the price which Is not lower
than their nominal value and which is uniform for all the foundation parties
(shareholders) .

5. The charter
fund of a newly- created bank, declared in its foundation documents, must be
paid by its shareholders by fifty per cent by the time of its registration and
fully within one calendar year from the date of its registration.

6. Increasing
of the charter fund may be carried out by the following ways:

a) issue of
additional shares including at the expense of capitalization of the bank's
profits and by exchanging debentures of the bank for its shares;

b) increasing of the nominal value of the shares.

Article 17.
Foundation Parties and Shareholders of a Bank

1. Legal
entities and physical poisons who are residents and non-residents of the
republic of Kazakhstan (subject to restrictions outlined in Article 18 of this
Edict) may be foundation parties and shareholders of banks.

2. On behalf
of the State, only the Government may be a foundation party and a shareholder
in a bank.

3. During the
period of creation and operation of a bank, none of its foundation parties
(shareholders) may directly or Indirectly own, dispose of and/or manage more
than twenty-five per cent of voting shares of the bank.

This prohibition
shall not apply to foundation parties (shareholders) of state- owned,
interstate banks and their parent banks.

4. A legal entity which has the status of a non-resident or a company
registered in an offshore territory in accordance with the legislation of state
of its registration, may not be a foundation party or a shareholder of a bank
which is a resident of the Republic of Kazakhstan. The list of the
jurisdictions which are recognized as offshore ones shall be established by the
National Bank.

Article 18.
Special Considerations in Creating Subsidiary Banks by Banks Which are
Non-Resident to the Republic of Kazakhstan

1. Banks which
are non-resident to the Republic of Kazakhstan having a certain rate by one of
the principal rating agencies may be parent banks in relation to a subsidiary
bank. The list of the principal rating agencies and the minimum required rate
shall be established by the National Bank of the Republic of Kazakhstan.

2. A bank which is non-resident of the Republic of Kazakhstan shall
have the right to submit to the National Bank of the Republic of Kazakhstan and
application to be issued permission to open a subsidiary bank after one year of
operation in the territory of the Republic of Kazakhstan of that banks
representation.

Article 19.
Applications to be Issued Permission for Opening of a Bank

1. A legal
entity or" a physical person shall have the right to petition to the
National Bank with an application to be issued permission for opening of a
bank.

2.
Applications shall be submitted in the Kazakh or Russian languages and it must
contain the address of the applicant.

3. The
following documents must be attached to the application to be issued permission
for opening of a bank:

a) foundation
documents of the bank to be established: the foundation agreement, the charter,
the minutes of adoption of the charter and appointment (election) of the bank's
authorities;

b) information
on the foundation parties (according to the questionnaire approved by the
National Bank), accounting balance sheets of the legal entities which are the
foundation parties at two latest reporting dates, auditors" (firm of
auditors) statement on financial condition of the foundation parties;

c) in the
event that one or more of foundation parties is not a resident of the Republic
of Kazakhstan: a written notification from a state or supervision agency of the
relevant state that it permits participation in the charter fund of a bank
which is resident to the Republic of Kazakhstan, or a statement of a state or
supervisory agency of the relevant state that such a permission is not required
in accordance with legislation of the foundation party's State;

d) in the
event that a non-banking financial institution is transformed into a bank:

the foundation
agreement, charter, accounting balance sheet at the last reporting date;

the statement
of auditors (firm of auditors) on the financial condition of the non-banking
financial institution;

e) the list of
members of the supervisory council of the newly-created bank with the
indication of the chairman and Ills first deputy, which contains information
concerning names of each person, nationality and address, and also information
which confirms their compliance with the requirements established in paragraph
3 of Article 20 of this Edict;

f) in respect
of the chairman of the Board of the newly created bank: Information indicated
in subparagraph e) of this Paragraph;

g) for any
other managers of newly- created halite: information indicated in subparagraph
e) of this paragraph, as well as information concerning previous labor
activities;

h) detailed
organizational chart of the bank to be created;

i) articles on
the internal audit services of the bank to be created;

j) articles on
the credit committee of the bank to be created;

k) the
business plan of the bank to be created, which discloses the strategy,
directions and scale of activities, financial prospects (budgets, estimated
balance sheet, profit and loss account for the first three financial
(operational) years, marketing plan (formation of the bank's clientele), plan
for attraction of manpower;

l) report on
preparation measures undertaken by the foundation parties in accordance with
the presented business plan;

m) notarially
or in any other legitimate way certified a document to confirm the authority of
the applicant to submit the application on behalf of the foundation parces.

4. Statements
of auditors (firms of auditors) shall be recognized to be valid, provided the
following confirmation documents are presented that the auditors:

is independent
from the foundation parties of the reviewed bank and their official pawns;

is authorized
to carry out audits of banking activities in accordance with the license of the
National Bank or an appropriate authority of the state where the auditor is
resident.

5. The
National Bank shall have the right to request additional information or
documents which are required" for adoption of decision to issue permission
to open the bank.

6. The application to obtain permissions to open a bank may be revoked
by the applicant at any Mage of its processing by the National Bank.

Article 20.
Requirements to Executive Workers of a Bank

1. The
Chairman and the Supervisory Council members, the Chairman of the Board and his
deputies. Chief Accountant of a bank and his "deputies" first manager
of a bank affiliate and their deputies shall be banking executives.

2. Executives
of a bank as well as candidates who are recommended to be appointed or elected
to hold executive positions must meet the minimum requirements established in
paragraph 3 to 5 of this Article. Compliance with the indicated requirements
shall be established by the qualification commission of the National Bank.

3. The
following persons shall be recognized as not appropriate for holding the
positions and they may not be appointed to be Chairman of the Board, Chairman
or Member of the Supervisory Council:

who have not
higher education;

who have
convictions uncancelled or unalleviated in accordance with the procedure
established by law;

who have not
sufficient knowledge of banking and business legislation;

who in the
past was all executive of a legal entity which went bankrupt, or of a bank
whose license to open a bank was revoked for a failure to comply with
requirements of legislation.

4. Any other
executives of a bank to be appointed (elected) to positions not subject to
compliance with the requirements of Paragraph 3 of this Article, must have
higher or secondary special training appropriate for their line of work.

5. Chairman of
the Board of a bank and his deputies. Chief Accountant of a bank and his
deputies. Chief Executive and Chief Accountant of a bank affiliate shall be
appointed (elected) for positions after the approval by the National Bank and
as a rule must have length of service within the banians system: Chairman and
Chief Accountant not less than three years, Deputy Chairman of the Board and
Deputy Chief Accountant not less than two years.

The listed
workers may not execute their duties for longer than three months prior to
receipt of approval from the National Bank.

6. Requirements stipulated in this Article shall be compulsory for
compliance by bank during the entire period of their activities.

Article 21.
Additional Documentation Which is Required to establish a Bank with
Participation of a Non-Resident of the Republic of Kazakhstan

1. A bank
winch Is non-resident of the Republic of Kazakhstan and which is a foundation
party to a bank, shall, aside from the documents indicated in Article 19 of
this Edict, be obliged to attach the following documents to the application for
the license:

a) resolution
of the appropriate body of the bank which is the foundation party, on its
participation in the bank to be resident of the Republic of Kazakhstan;

b) a written
confirmation from the body of banking supervision of the relevant state that
the bank which is the foundation party has a valid license for carrying out
banking activities;

c) a written
confirmation from a body of banking supervision of the relevant state that the
bank which is a foundation party is subject to supervision on a consolidated
basis;

d) duly
formulated annual reports of the bank which is a foundation party (including
the consolidated balance sheet and profit and loss account) for three last
financial (operational) years confirmed by a firm of auditors (auditor) in
compliance with Paragraph 4 of Article 19 of this Edict;

e) written
notice of the banking supervision authority of the relevant state, that it
permits the participation of the bank which is a foundation party in the
charter fund of a bank which is resident to the Republic of Kazakhstan, or the
application by the banking supervision body of the relevant state that such a
permission is riot required in accordance with legislation of the state of the
bank which is a foundation party.

2. The provisions of this Article shall also apply to non-resident
banks of the Republic of Kazakhstan in the case of their acquisition of a share
in the charter fund of an operating bank which is a resident of the Republic of
Kazakhstan.

Article 22.
Additional Requirements to Creation and Operation of Banks With Foreign
Participation

1. The
following requirements must be compiled with in creation and operation of banks
with foreign participation in the Republic of Kazakhstan:

a) the
aggregate registered charter fund of banks with foreign participation may not
exceed twenty-five per cent of the aggregate registered charter fund of all
banks of the Republic of Kazakhstan;

b) not less
than one supervisory council member of a bank with foreign participation must
be a citizen of the Republic of Kazakhstan and present the documents which
witness his executive experience of not less than three years in a bank
operating in the territory of the Republic of Kazakhstan, and his knowledge of
banking and business legislation of the Republic of Kazakhstan;

c) a bank with
foreign participation shall be obliged to deploy resources into domestic assets
in amounts and in accordance with the procedure to be established by the
National Bank.

Domestic
assets of a bank with foreign participation shall be understood to be Tenge and
foreign currency assets deployed in the territory of the Republic of
Kazakhstan, in particular:

banknotes,
coins and payment documents;

resources of a
bank with foreign participation in correspondent or any other accounts in banks
of the Republic of Kazakhstan;

securities of
the Government and residents of the Republic of Kazakhstan;

credits
granted to the Government and residents of the Republic of Kazakhstan.

2. The National Bank shall have the right to apply additional
requirements to banks with foreign participation in respect of the membership
of their bodies, the range of banking transactions to be performed, prudential
norms and the procedure for reporting.

Article 23.
The Procedure for Processing Applications for Obtaining Permissions to Open a
Bank

1.
Applications to be issued the permission to open a bank must be processed by
the National Bank within six months from the date of submission by the
applicant of last piece of information or a document required by the National
Bank, but not more than nine months from the date of acceptance of the
application.

2. The
National Bank shall in writing notify applicants of adopteddecisions. Notices
shall be forwarded to the address indicated in the application for permission
to open a bank.

3. The National Bank shall keep account of permissions Issued for
opening of banks.

Article 24.
Denial to Issue Permission to Open a Bank

1. Denial to
Issue permission to open a bank shall take place for any of the following
reasons:

a)
non-compliance of the foundation documents of the bank with current
legislation;

b) non-compliance
of the bank's name with the requirements of paragraphs 24 of Article 1.5 of
this Edict;

c)
non-compliance of the amount, composition and structure of the charter fund of
the bank with the requirements of Article 16 of this Edict;

d) unstability
of the financial" position of the bank's foundation parties;

e)
non-compliance with the restrictions established by Article 17 of this Edict;

f)
non-compliance of the candidates for executive positions of the bank with the
minimum requirements established in paragraphs 3-5 of Article 20 of this Edict;

g)
non-compliance of the foundation documents of a bank with foreign participation
with the provisions established in paragraph I of Article 22 of this Edict;

h) the
business plan of the bank to be established and any other documents presented
by the applicant do not indicate that:

upon expiry of
the first three financial (operational) years activities of the bank will be
profitable;

the bank
intends to comply with the requirements of risk limitation, nor to create
proper structure of management;

the bank has
its institutional structure which is consistent with its plan of activities;

the bank has
accounting and controls structure which are consistent with the plans of its
activities.

2. The National
Bank shall be obliged to notify applicants about the reasons of denial in
writing.

3. Issuing of a permission to open a bank in the case of non-compliance
with the provisions of Articles 18-22 of this Edict shall not be allowed.

Article 25.
The State Registration of a Bank

The State
registration of a bank shall be carried out by the Ministry of Justice on the
Basis of the National Bank's permission to open the bank.

Foundation parties must apply to the Ministry of Justice for the State
registration of their bank within one month from the date of receipt of
permission from the National Bank to open the bank.

Article 26.
Licensing of Banking Transactions

1. The
National Bank shall be the sole licenser in the territory of the Republic of
Kazakhstan authorized to issue licenses for conducting of transactions
conferred in accordance with this Edict to the category of banking
transactions.

Licenses for
conducting of banking transactions shall be issued In accordance with the
procedure established by the National Bank.

2. In order to
obtain a license to perform banking transactions during one year after the date
of the State registration, an applicant shall be obliged as follows:

a) to adopt
all the institutional and technical measures, in particular, to prepare the
premises and equipment which comply with the normative requirements of the
National Bank, and also to hire personnel with appropriate qualifications;

b) pay up the
declared charter fund.

3.
Simultaneously with the application to be issued a license to carry out banking
transactions, a licensee shall be obliged to submit documents which confirm
compliance with the requirements of paragraph 2 of this Article.

4.
Applications to be issued the license to carry out banking transactions must be
processed by the National Bank within one month from the date of their
acceptance.

5. A license
to carry out banking transactions shall be issued for all indefinite term.

6. A license
to carry out banking transactions shall be name-registered and it shall not be
subject to transfer to third parties. 7. The full range of banking transactions
may be carried out only where there Is express Indication In the license of the
right to perform them.

8. A decision to grant a license to carry out banking transactions
shall be published by the National Bank in two National newspapers.

Article 27.
Bases for Denial to Issue a License to Carry out Banking Transactions

A denial of
issuing of a license to carry out banking transactions shall take place in the
following cases:

a)
non-compliance with any of the requirements established by paragraph 2 of
Article 26 of this Edict;

b) where a bank during one year from the date of its State registration
failed to apply to be issued a license.

Article 28.
Amendments and Additions to Foundation Documents of Banks

1. Amendments
and additions to be introduced to foundation documents of banks, which require
re-registration at the Ministry of Justice shall be subject to preliminary
agreement with the National Bank.

2. The issue of granting consent to introductions of amendments and
additions to the foundation documents of a bank must be handled by the National
Bank within one month.

Article 29.
Formation of Affiliates and Representations of Banks

1. An
affiliate of a bank shall be a subdivision which is not a legal entity, which
is located outside of the bank's location, which performs banking transactions
on behalf of the bank and operates within the bounds of authority granted to it
by the bank.

A bank
affiliate shall have the charter fund which is the same for the bank, the
balance sheet and also the name which is fully identical with the name of the
bank.

2. A bank
shall be obliged to obtain the consent of the National Bank to open or merge its
affiliate.

The issue of
granting consent to open a bank affiliate must be handled by the National Bank
within three months.

3. The
following documents must be attached to application to obtain consent to open a
bank affiliate:

a) articles
concerning the bank affiliate, which include the list of banking transactions
which the affiliate is authorized to carry out;

b) information
concerning candidates to the position of Chief Executive and the Chief
Accountant of the bank affiliate, compiled in accordance with the requirements
of sub-paragraph g) of paragraph 3 of Articles 19 of this Edict.

4. Consent of
local representative or executive bodies shall not be required for the
formation of a bank, a bank affiliate or representation in the Republic of
Kazakhstan.

5. Any of the
following may be the reasons for denying the approval of opening a bank
affiliate:

a)
non-compliance of candidates for positions of the Chief Executive and Chief
Accountant of the bank, with the minimum requirements established by paragraphs
3-5 of Article 20 of this Edict;

b)
non-compliance of premises and equipment of the bank with the normative
documents of the National Bank;

c)
non-compliance by the bank with prudential requirements established by the
National Bank;

d) violation
of current legislation and normative acts of the National Bank.

6.
Representation of a bank shall be a sub-division of a bank, which is not a
legal entity located outside of the place of "the bank location, which
acts for and on behalf of the bank, and which does not carry out banking
transactions.

7. The
following documents must be attached to an application to be granted the
consent to open a representation of a bank which is non-resident to Kazakhstan:

a) foundation
documents of the applicant bank;

b) a
resolution of the relevant authority of the bank to open a representation in
the territory of the Republic of Kazakhstan;

c) a written
confirmation by a body of banking supervision of the relevant state that the
applicant bank has a valid license for conducting banking operations;

d) a duly
formulated annual report of the applicant bank (including the consolidated
balance-sheet and the profit and loss account) for the last financial
(operational) year confirmed by a firm of auditors which meets the requirements
of paragraph 4 of Article 19 of this Edict;

e) a written
notification of a banking supervision authority of the relevant state that the
authority does not object to the opening of the representation of the applicant
bank in the territory of the Republic of Kazakhstan, or the statement of a
banking supervision authority or recognized legal service of the relevant
state, that such permission is not required in accordance with legislation of
the applicant bank state;

f) information on intended number of employees of the representation
and on its manager.

Chapter 3. Performance of Banking Operations

Article 30.
Banking Operations

1. Performance
by banks of banking transactions as well as conducting of any other
transactions established by this Article shall be banking operations.

2. The
following shall be referred to banking transactions:

a) acceptance
of deposits from legal entities;

b) acceptance
of deposits from physical persons;

c) opening and
keeping correspondent accounts of banks and nonbanking financial institutions
and also of metal accounts of banks;

d) cash
transactions; receipt, counting, breaking into smaller denominations, exchange,
packing and safe custody of coins;

e) transfer
operations" execution of instructions of legal entities and physical
persons in relation to transfers of monetary resources;

f) accounting
transactions: accounting (discounting) for bills of exchange and any other debt
obligations of legal entities and physical persons;

g) loan
transactions: issuing of loans in monetary form;

h) financing
capital investments in accordance with instructions of owners and managers of
resources to be invested;

I) trust
transactions: management of monetary resources in the interests and in
accordance with instructions of the trustor;

j) clearing
transactions: collection, matching, sorting curt and confirmation of payments
as well as their offset and determination of the net positions of clearing
participants;

k) safe
custody transactions: services associated with Safe custody of securities,
documents and valuables of clients, including leasing of safe boxes, cases and
premises;

m) pawn-shop
transactions: issuing of short-term loans secured with deposited liquid securities
and movable assets;

n) issue of
cheques;

o) collection,
acceptance, payment and sight of payment documents;

p) issue of
payment cards;

q) collection
and shipment of banknotes, coins and valuables;

r)
organization of exchange transactions involving foreign currency. Only the
National Bank shall have the right to issue licenses to banks and any other
entities for conducting of the incited transactions.

The right to
conduct transactions stipulated in subparagraphs a) and b) of this paragraph
shall be granted by the National Bank exclusively to deposit banks.

3. Aside from
the transactions listed in paragraph 2 of this Article, banks shall have the
right to carry out the following transactions, provided they have the license
from the National Bank:

a) purchase,
acceptance as pledge, accounting for, safe custody and selling of precious
metals (gold, silver, platinum, metals of platinum group) in bullion, granules,
powers, salts, coins of precious metals, as well as jewellery items which
contain precious metals and precious stones;

b) investment
transactions beyond the boundaries of the Republic of Kazakhstan;

c) guarantee
transactions; issuing of warranties and any other obligations for third
parties, which envisages execution in monetary form;

d) hiring of
assets with the reservation for the entire term of the agreement of the
lessor's lien in respect of assets to be leased (leasing);

e) issue of
own securities (shares, debentures, bills of exchange and certificates of
deposit);

f) factoring
transactions: purchase of claims of payment from buyers of goods (work,
services) under the risk of default of payment;

g) forfeiture
transactions (forfeiting): payment of debts of buyers of goods (work, services)
by way of purchase of the bill whithout recourse to seller.

4. Intermediary transactions In the securities market shall be carried
out by banks under the licenses relating to conducting of those transactions,
from the National Commission of the Republic of Kazakhstan for Securities and
consent from the National Bank.

Article 31.
General Requirements to Transactions to Be Performed by Banks

1. Banks shall
have the right to carry out banking activities only when they have the rules
which define the general terms for performing transactions and their internal
rules.

2. The general
terms for performing transactions must be approved by the Supervisory Council
of the Bank and contain the following information and procedures:

a) range of
amounts and terms of deposits to be accepted and loans to be issues;

b) range of
amounts of interest on deposits and loans;

c) terms for
payment of interest on deposits and loans;

d)
requirements relating to acceptable pledge;

e) rates and
tariffs for performing of banking transactions;

f) rights and
obligations of the bank and the client, their responsibilities;

g) any other
terms, requirements and restrictions which by the Supervisory Council of the
Bank are deemed to be necessary to be included among the general terms for
performance of transactions.

3. Internal
rules of a bank must define the following:

a) structure,
objectives, functions and authority of bank's subdivisions;

b) structure,
objectives, functions and authority of the internal audit service, credit
committee and other permanently operating bodies;

c) rights and
obligations of managers of structural sub-divisions;

d) authority of officials and executives of the banks when entering
transactions for and on behalf of the bank.

Article 32.
Obligations of the Bank in Relation to Disclosure of General Terms for
Conducting Transactions

1. General
terms for conducting transactions shall be public information and it may not
constitute a commercial " or banking secret.

This provision
shall not apply to terms for performing specific transactions which is either
referred to banking secrecy in accordance with this Edict, or is referred by
the bank to the category of commercial secrets in accordance with current
legislation.

2. Banks shall
be obliged to present their General Terms for Conducting Transactions at the
first request of a client.

3. Banks shall not have the right to deny clients their information on
possible risks relating to implementation of transactions.

Article 33.
Contractual Nature of Relations Between the Bank and the Client

1. Relations
between banks and also between banks and their clients shall be carried out on
the basis of agreements, unless it is otherwise stipulated in legislation of
the Republic of Kazakhstan.

2. Clients (depositors) of a bank, which are legal entities, shall have
the right to open settlement, current accounts and accounts equated to those,
in any other banks with notifying their servicing bank, unless it is otherwise
stipulated in legislation of the Republic of Kazakhstan.

Article 34.
Issuing of Loans

1.
Irrespective of the name of the transaction and intentions of the parties,
issuing of monetary resources [by an entity] to any other entity in its own
name under its own risk on the terms of repayment and for a fee, shall be a
loan transaction (granting of credit) .

The license of
the National Bank shall not be required for a loan transaction when the
receiver of the monetary resources is a bank or a non-banking financial
institution which has a valid license of the National Bank for acceptance of
deposits.

2. Loan
transactions of banks shall be carried out in accordance with its credit
policies to be approved by the supervisory council.

3. Credit
Committee of a bank shall be the body to define its credit policies.

4. Articles on
internal credit policies shall be elaborated for the purposes of reducing risks
when performing loan transactions, and they shall define the following:

a) terms for
granting loans to legal entities and physical persons;

b) terms for granting
loans to officials and employees of the bank;

c)
organizational structure, functions and authority of the credit committee;

d)
responsibility of the credit committee members;

e) range of
loans;

f) procedure
for approval of credit agreements.

5. Provisions established in paragraphs 2-4 of this Article shall apply
to quarantine transactions of banks.

Article 35.
Ensuring Repayment of Loans

1. Repayment
of loans may be ensured by forfeiture, pledge, guarantee, warranty or any other
methods stipulated in legislation or agreement.

2. In the case
of high credibility and reliability of the client, the bank shall have the
right to adopt the decision to issue a loan without any security (blank
credit).

3. In the
cases, stipulated in the pledge agreement, as well as legislative acts, a bank
shall have the right to independently sell pledged assets in a compulsory
non-judicial procedure by way of holding sales (auctions).

4. The provisions established in paragraphs 1-3 of this Article shall
apply to securing of guarantee transactions of banks.

Article 36.
Measures Applicable to Insolvent Borrowers

A creditor
bank shall have the following rights in relation to its borrower which does not
execute the borrower's obligations under the credit agreement:

not to issue
any new loans;

impose claims
upon monetary resources kept in any accounts of the borrower (provided this is
stipulated in the credit agreement);

appeal to the court with the application to recognize an insolvent
borrower as bankrupt in accordance with legislation of the Republic of
Kazakhstan.

Article 37.
Statutes of Limitations

Statutes of limitations shall not apply to banks" claims to their
borrowers in relation to improper implementation of credit agreements"
provisions.

Article 38.
Performance of Transfers of Monetary Resources

1. Banks shall
carry out transfers of monetary resources in forms, by methods and in the
procedure to be established by the National Bank.

2. In the case
of improper execution of transfers of monetary resources a bank shall be held
responsible in accordance with legislation of the Republic of Kazakhstan and
the agreement concluded with the client (depositor).

3.
International transfers of monetary resources shall be carried out by banks in
forms, by methods and in the procedure used in International banking practice
and which do not contradict current legislation of the Republic of Kazakhstan.

4. A bank shall have the right to write off monetary resources from
clients" (depositors") accounts without their consent, provided there
are documents which confirm forgery of payment documents, and also when the
fact is established of their inclusion by mistake.

Article 39.
Rates and Tariffs

Interest rates and commissions as well as tariffs for rendering of
banking services shall be established by banks independently.

Article 40.
Prohibition to Grant Privileges to Entities Associated with Banks by Special
Relations

1. Banks shall
be prohibited from granting privileged terms to persons who are associated with
the bank by special relations.

2. The
following shall mean granting of privileged terms:

entering of a
transaction which due to transaction's nature, objectives, specific features
and the risk, the bank would not enter with clients which are not entities
associated with it by special relations;

levying of
interest and payment for execution of a banking transaction or acceptance of a
pledge which are lower than those required from other clients.

3. The
following shall be recognized as entities associated with the bank by special
relations:

a) any
official person or executive of that bank and their close relatives;

b) a physical
person which is a major shareholder of that bank, or an official person of a
large participant of the bank, as well as their close relatives;

c) a legal
entity in which the persons indicated in sub-paragraphs a) and b) of this
paragraph are major participants;

d) a legal
entity in which that bank is a major participant, officials of that legal
entity and their close relatives.

4. Direct or
indirect owner of more than ten per cent of shares (contributions of
participants) with the voting rights in that legal entity shall be recognized
as a malar participant of a legal entity.

5. A entity
associated by special relations with one of a group of interrelated legal
entities shall be recognized as an entity associated by special relations with
each one of them.

6. Two and
more legal entities shall be recognized as a group of interrelated legal
entities even where only one of them is a major participant of the other.

7. Granting of a loan to an entity associated with the bank by special
relations (issuing of a guarantee for the entity which is associated with the
bank by special relations) may be carried out only by resolution of the
Supervisory Council of that bank subject to provisions of paragraph I of this
Article.

Chapter
4. Regulation of Banking Activities and Protection of

Depositor's Interests

Article 41.
Methods of Regulating Banking Activities

For the
purposes of ensuring financial stability of banks, protection of the interests
of their depositors and also in order to support the stability of the monetary
and credit system of the Republic of Kazakhstan, the National Bank shall carry
out regulation of banking activities, in particular as follows:

by
establishing prudential requirements and other norms and limits which are
compulsory for banks' compliance, including norms of reserve provisions,
provisions against doubtful and bad assets;

by issuing of
instructions and other normative acts which are compulsory for banks"
compliance;

by reviewing
(auditing) activities of banks;

by issuing of recommendations for rehabilitation of banks"
financial position, concerning suspension or restriction of certain types of
banking transactions which involve higher risks.

Article 46.
Limited Measures of Persuasion

1. In the
cases where the National Bank identifies violations of prudential requirements
and other norms and limits which are compulsory for compliance, violations of
instructions and other normative acts of the National Bank, or reveals unlawful
acts or failure to act by official persons and employees of the bank, which may
threaten its financial safety and stability and also the interests of its
depositors, clients and correspondents, the National Bank shall have the right
to apply to the bank one of the following measures of persuasion:

a) require an
obligatory letter;

b) compile a
written agreement with the bank;

c) issue a
warning;

d) issue a
written prescription which is compulsory for execution.

2. An
obligatory letter of a bank must contain the fact of recognition of existing
drawbacks and a guarantee of the bank's management to eliminate them within
specifically defined periods, counting also the list of scheduled measures.

3. A written
agreement means an agreement between a bank and the National Bank concerning
the necessity to immediately eliminate identified drawbacks and to approve
priority measures in relation thereto.

4. A written
prescription of the National Bank means ordinance to a bank to adopt correction
measures aimed at elimination of identified drawbacks within established
deadlines. Correction measures shall be indicated in the written prescription
and they shall represent measures which are compulsory for execution as
indicated in Article 45 of this Edict.

Challenging of
a written prescription of the National Bank at court shall not suspend its
execution.

5. A bank
shall be obliged to notify the National Bank on the execution of the obligatory
letters written agreement or written prescription within the deadlines
indicated In that document.

6. A written warning shall be a notice by the National Bank on a
possibility of applying to the bank of the sanctions stipulated in Article 47
of this Edict in the case where existing drawbacks are not eliminated within
the deadlines established by the National Bank.

Article 47.
Sanctions

1. The
National Bank shall have the right to apply sanctions to a bank irrespective of
persuasion measures applied to it earlier.

2. The
National Bank shall have the right to apply the following measures as
sanctions:

a) imposition
and confiscation of fine on the bases established by legislation of the
Republic of Kazakhstan;

b) suspension
or annulment of the license for conducting all or certain banking transactions,
on the bases established by Article 48 of this Edict;

c)
conservation of a bank on the bases and in accordance with the procedure
established in Articles 62-67 of this Edict;

d) revocation of a permission to open a bank, on the bases stipulated
in Article 49 of this Edict.

Article 48.
Bases for Suspending or Annulment of Licenses for Conducting of All or Certain
Banking Transactions

1. Suspension
or annulment of licenses for conducting of all or certain banking transactions
shall be carried on one of the following bases:

a)
non-compliance in the course of banking activities with the requirements of
Article 20, sub-paragraph b) of paragraph I of Article 22, paragraph 6 of
Article 26 of this Edict;

b) carrying
out banking transactions with systematic (three and more times within twelve
consecutive calendar months) violation of the norms of current banking
legislation;

c) systematic
(three and more times within twelve consecutive calendar months) improper
execution of contractual obligations in relation to settlement and transfer
transactions;

d) systematic
(three and more times within twelve consecutive calendar months) violation of
prudential requirements and other norms and limits which are compulsory for
compliance as established by the National Bank;

e)
non-compliance with the obligation to disclose the General Terms for conducting
banking transactions established by Article 32 of this Edict;

f) violation of
the prohibition established by Article 40 of this Edict in respect of granting
privileges to entities associated with the bank by special relations;

g)
non-presentation to the National Bank, or presentation of deliberately
misleading reports and information;

h) violation
of the normative acts of the National Bank.

2. The
National Bank shall suspend or annul licenses for conducting of all or certain
banking transactions in relation to the nature of a violation.

3. Annulment of a license for acceptance of all types of deposits and
performance of loan transactions shall entail revocation of the permission to
open the bank.

Article 49.
Bases for Revocation of a Permission to Open a Bank

1. The
revocation of a permission to open a bank shall be carried out upon any one of
the following bases:

a)
establishing within one year after the date of registration of a bank of
unreliability of information on the basis of which that permission was issued;

b) delays in
beginning to perform banking transactions for more than one year from the date
of the state registration of the bank or thirteen months from the date of
receiving the permission;

c) non-payment
of the charter fund within one year after the registration of the bank;

d) performance
of activities prohibited and restricted for banks in accordance with the
provisions of Article 8 of this Edict;

e) performance
by bank of transactions which are beyond the bounds of the bank's legal
capacity as established by this Edict, the charter of the bank and the license
(licenses) for conducting banking transactions;

f) decision of
the bank to voluntarily cease its activities by way of reorganizing or
liquidating;

g) bankruptcy
of the bank.

2. A decision to revoke the permission to open a bank shall entail
annulment of all earlier issued licenses for conducting banking transactions
and it shall be the decision to liquidate the bank in the procedure established
by this Edict.

Article 50.
Banking Secrecy

1. The banking
secrecy shall include information concerning existence, owners and numbers of
accounts of depositors, clients and correspondents of the bank, concerning
balances and movements of monetary resources in those accounts and accounts of
the bank itself, concerning the bank's transactions (except for General Terms
for Conducting Banking Transactions), as well as information concerning
existence, owners, nature and value of clients assets which are kept in safe
boxes, cases and premises of the bank.

2. Banks shall
guarantee secrecy in respect of transactions and deposits of their depositors,
clients and correspondents, as well as the secrecy of assets which are in safe
boxes, cases and premises of the banks.

3. Official
persons, employees of banks and any other persons which by virtue of exercising
of their service duties have received access to information which constitutes a
banking secret, shall be held criminally responsible for disclosure, except for
the cases stipulated in paragraphs 4-8 of this Article.

4. A banking
secret may be disclosed only to the owner of the account (assets), to any third
party on the basis of the written consent of the account (assets) owner, issued
during his personal presence in the bank, as well as to the persons indicated
in paragraphs 5-8 of this Article for reasons stipulated thereunder.

5. Reference
documents concerning availability and numbers of accounts (except for anonymous
accounts) shall be issued to the bank to which the owner of the accounts) is a
borrower, guarantor, warrantee, trustor or pledger, on the basis of a written
request signed by the chairman of the board of the bank, or by person
substituting for him, provided the documents are presented which confirm
receipt of a loan.

6. Reference
documents concerning balances and movements of monetary resources in the
accounts of a legal entity shall be issued to the following:

a) bodies of
inquire and preliminary investigations in relation to the cases which are being
processed by them;

b) courts: in
relation to the cases which are processed by them on the basis of the court
decision;

c) tax
authorities: in relation to issues associated with personal taxation of those
under audits;

d) customs
authorities: where foreign economic activities are carried out.

7. Reference documents
concerning balances and movements of monetary resources in the accounts a
physical person as well as information concerning the nature and value of his
assets which are kept in safe boxes, cases and premises of a bank shall be
issued to the following:

a)
representatives of the physical person: on the basis of a notarially confirmed
power of attorney;

b) bodies of
inquire and preliminary investigation: in respect of the criminal cases
processed by them in the cases where a seizure or claim may be imposed upon the
monetary resources and any other assets of the physical person, which are in
the account or safe custody of the bank, or confiscation of the assets;

c) courts: in
respect of the cases which are processed by them on the basis of a court
decision in the cases where a seizure or claim may be imposed upon the monetary
resources and any other assets of the physical person, which are in the account
or safe custody of the bank, or confiscation of the assets;

d) tax
authorities: in relation to issues associated with personal taxation of those
under audits;

e) customs
authorities: where foreign economic activities are carried out.

8. Reference
documents concerning existence of accounts of a physical person and concerning
balances of monetary resources in them, as well as information concerning
existence, nature and value of his assets which are kept in safe boxes and
premises of the bank, in the case of the owner's demise, shall be issued to the
following:

a) persons who
are indicated by the owner of the account (assets) in the testator's will;

b) courts and
notary offices: in relation to inheritance cases which are processed by them;

c) foreign consular institutions: in relation to inheritance cases
which are processed by them.

Article 51.
Imposition of Seizure and Claim Upon Monetary Resources and Assets Which are In
a Bank

1. Seizure may
be imposed upon monetary resources and any other assets of a legal entity or
physical person, which are kept in a bank only on the basis of court decisions
(verdicts) and resolutions of the bodies of inquire and preliminary
investigation. Any expenditure transactions in the settlement accounts or any
other accounts, except for correspondent accounts may be suspended by decisions
of the tax and customs authorities, and claims may be applied only on the basis
stipulated in legislation of the Republic of Kazakhstan.

2. Confiscation of monetary resources and other assets of a legal
entity and a physical person, which are kept in a bank may only be carried out
on the basis of a court decision (verdict) which entered into force.

Article 52.
The System of Collective Insurance of Deposits

For the purposes of protecting the interests of depositors, banks shall
have the right to carry out collective insurance of deposits by way of
participating in interbank organizations, whose object of activities it is to
insure against the risks of non-repayment of deposits for the purposes of
compensating possible losses of depositors up to a fixed or otherwise determined
amount In the case of the bankruptcy or termination of banking activities.

Chapter 5. Accounting and Reporting

Article 53.
Financial (Operational) Year of a Bank

Financial (operational) year of a bank shall begin on the 1st of
January and it shall end on the 31st of December. In the event that the
registration of a bank is carried out after the 1st of January, then the first
financial (operational) year shall begin from the date of the state
registration of the bank and it shall expire on the 31st of December of the
same year.

Article 54.
Accounting and Reporting at Banks

1. Methodology
and the rules for accounting in banks, the list, pro-formas, and deadlines for
presentation of accounting, banking and any other reports, as well as
responsibility for their violation, shall be established by the National Bank.

2. Banks shall
be obliged to present to the National Bank, in pursuance of its request, any
information concerning their assets, including those which are beyond the
boundaries of the Republic of Kazakhstan, amounts accepted as deposits and
loans granted, banking transactions performed and being performed, and any
other information including information which constitutes banking secrets.

3. Employees of the National Bank shall be prohibited to divulge or
transfer to any third parties information received in the exercise of the
rights established by paragraph 2 of this Article.

Article 55.
Publication of the Principal Indicators of Banking Activities

Banks shall publish annual reports including the annual balance-sheet
and profit and loss account in accordance with the pro-formas and within the
deadlines established by the National Bank, after confirmation by a firm of
auditors (an auditor) which complies with the requirements of paragraph 4 of
Article 19 of this Edict, of the reliability of information presented in them,
and after the approval of the annual balance-sheet and profit and loss account
by the annual meeting of the bank's shareholders.

Article 56.
Registration and Storing of Documents

1. Banks shall
be obliged to ensure strict accounting for and storing of documents which are
used in bookkeeping and in compiling of reports.

2. The list of the principal documents which are subject to storing and
the periods for their keeping shall be established by the National Bank.

Chapter 6. Audit of Banking Activities Article

Article 57.
Audit of Banking Activities

1. Audit of
bookkeeping accounts and reports, souring documents and any other information
concerning banking activities may be carried out by a firm of auditors (an
auditor) which has the right to conduct audits in accordance with legislation
concerning auditing and which complies with the requirements of paragraph 4 of Article
19 of this Edict.

2. The
National Bank shall be a single licensor in the territory of the Republic of
Kazakhstan, authorized to issue licenses for performing audits of banking
activities.

3. Audits of
banking activities shall be carried out from the following points of view:

timeliness,
fulness, and accuracy of registration of performed banking transactions in
accounts and reports;

compliance of
performed banking transactions with the requirements of this Edict, current
legislation and normative acts of the National Bank;

compliance of
performed banking transactions with general terms of their conduct, as well as
compliance of the procedure for carrying out banking transactions with the
internal Rules of the bank.

4. Results of
an audit and their conclusions a firm of auditors (an auditor) shall present in
a report to be presented to the Supervisory Council and the board of the bank.

5. A firm of auditors (an auditor) shall be obliged to present to the
National Bank upon its request a copy report and information concerning the
audit that was carried out.

Article 58.
Licensing of Audit Activities in Relation to Banking Activities

1. Any legal
entity or a physical person which has the legal capacity ; to carry out
auditing in accordance with Law of the Republic of Kazakhstan "Concerning
Auditing in the Republic of Kazakhstan hall have the right to apply to the
National Bank with an application to be issued the license for the right to
carry out auditing of banking activities.

2. Requirements applicable to an applicant and the list of documents to
be attached to the application to be issued the license for the right to audit
banking activities shall be established by the National Bank.

Article 59.
Recognition of the Banking Audit Report as Invalid. Bases for annulment of
Licenses for the Right to Audit Banking Activities

1. In any
case, an audit report of a firm of auditors (an auditor) shall be recognized as
invalid where:

a) the firm of
auditors (auditor) is direct or indirect participant of the bank under audit,
or its foundation party;

b) an auditor
or any of its managers or employees who carry out the audit has the spouses a
close relative or a close relative of the spouse who is an executive of the
bank under the audit;

c) a firm of
auditors (auditor) has monetary obligations to the bank under audit.

2. A license
for the right to carry out audits of a bank shall be annulled by the National
Bank upon any of the following bases:

a) recognition
of audit reports of a firm as invalid for two and more times;

b) divulging
or disclosure to third parties (except for the National Bank) of Information
obtained in the course of audits and which constitutes banking or commercial
secret;

c) a failure
to present to the National Bank or presentation of deliberately false reports
and information on audits;

d)
presentation of deliberately false statements (confirmations) on the issues
outlined in paragraph 4 of Article 16, sub-paragraph d) of paragraph 3 of
Article 19, sub-paragraphed) of paragraph I of Article 21, sub-paragraph d) of
paragraph 7 of Article 29, Article 55 of this Edict;

e) there are not auditor In the firm of auditors who has a valid
license from the National Bank for the right to carry out audits of banking
activities.

Section
II. Terms of Changing the Legal Status and Termination of

Activities of Banks

Chapter 7. Reorganization of Banks

Article 60.
General Terms of Reorganization of Banks

1.
Reorganization (merger, adjoining, division, appropriation, transformation) of
banks may be carried out upon the decision of the general meeting of the
shareholders with the permission of the National Bank.

2. The
decision of the general meeting of shareholders of a bank shall be the basis
for submitting the petition to obtain the permission to carry out
reorganization of that bank.

3. The
following documents must be attached to the petition to obtain the permission
of the National Bank for carrying out the reorganization of a bank:

a) the
decision of the supreme authority of the bank to be reorganized;

b) documents
which describe envisaged forms, procedure and deadlines for reorganization of
the bank;

c) financial
forecast of the consequences of the reorganization, including the estimated
balance-sheet after its reorganization or/and of the legal entities to be
formed as a result of the reorganization of the bank.

4. The
petition to be issued the permission for conducting of reorganization of a bank
must be processed by the National Bank within two months after the date of its
acceptance.

5. A bank to
be reorganized shall within two weeks from the date of receiving the permission
from the National Bank for carrying out the reorganization be obliged to inform
all of its depositors, clients, correspondents and borrowers of forthcoming
changes, by way of direct notice and publication of appropriate advertisement
in not less than two National newspapers.

6. The state registration or reregistration of legal entities which
form as a result of reorganization shall be carried out in accordance with
current legislation.

Article 61.
Denial of Permission to Reorganize a Bank

Denial by the
National Bank of issuing the permission to reorganize a bank shall take place
for any of the following bases:

a) there in
not relevant decision by the supreme authorities of banks to be reorganized;

b) violation
of depositors" interests as a result of proposed reorganization;

c) violation
of prudential requirements and other norms and limits which are compulsory for
compliance, as a result of proposed reorganization;

d) violation as a result of proposed reorganization, or the
requirements of anti-monopoly legislation.

Chapter 8. Bank Conservation

Article 62.
The Concept of Bank Conservation

1.
Conservation of a bank shall be a compulsory performance in accordance with the
National Bank's decision, of a set of administrative, legal, financial,
Institutional, technical and other measures and procedures in relation to a
bank for the purposes of improving its financial position and the quality of
its operation.

2. A bank may
be subjected to conservation for any of the following reasons:

a) reduction
of the coefficient of sufficiency of owned resources of the bank down to a
level of 0.02 and lower, which is observed for three consecutive months,

b) a failure
of the Bank to execute a written prescription of the National Bank.

3.
Establishing of the conservation regime shall entail the appointment by the
National Bank for a certain definite term of a temporary Administration for
managing the bank or a temporary Administrator of the bank.

4.
Conservation of a bank shall be carried out at the expense of the bank's own
resources.

5. The decision of the National Bank to carry out conservation may be
challenged by the bank's shareholders within nine days in a judicial procedure.
Challenging of the indicated decision shall not suspend conservation of the
bank.

Article 63.
Temporary Administration for Managing a Bank (Temporary Administrator of a
Bank)

1. Temporary
Administration (temporary Administrator of a bank) shall be appointed by the
National Bank from amongst its employees, or persons who are not its employees
and who comply with the requirements stipulated in paragraphs 3-5 of Article 20
of this Edict.

2. The rights
and obligations as weal as the terms of work remuneration of the chief and
members of a temporary Administration (temporary Administrator of a bank) shall
be established in a separate agreement to be concluded between the National
Bank and a temporary Administration (temporary Administrator).

3. Temporary
Administration (temporary Administrator of a bank) in their activities shall be
guided by this Edict, the normative acts of the National Bank and other
legislation of the Republic of Kazakhstan.

4. The National
Bank shall have the right to replace members of a temporary Administration
(temporary Administrator of a bank).

5. The chief and the members of a temporary Administration (temporary
Administrator) shall bear-the responsibility established by current legislation
for damage inflicted to the bank. It shall be prohibited to delegate to the
chief and the members of a temporary Administration (temporary Administrator of
a bank) the responsibility for the damage which may be referred to a category
of normal business risk.

Article 64.
Resolution on Conducting the Conservation

1. The
decision of the National Bank to carry out the conservation of a bank shall be
formulated as a resolution of the Board of the National Bank and it must
contain the following:

a) name of the
bank and its address;

b)
substantiation of the decision on conservation of the bank;

c) effective
beginning and term of conservation;

d) the list of
restrictions of activities imposed on the bank;

e) personal
membership of the temporary Administration or Name, Patronymic and Surname of
the temporary Administrator;

f)
prescription to executives of the bank which is under the regime of
conservation, on preparation of the report in their work, declaration of
income, information on existence and size of (their) property and on submission
of those documents to the temporary Administration (temporary Administrator of
the Bank);

g)
recommendations to the temporary Administration (temporary Administrator).

2. Resolution of the Board of the National Bank on conducting
conservation of a bank shall be published by the National Bank in not less than
two National newspapers.

Article 65.
Special Considerations in Administering a Bank During its Conservation. Powers
of a Temporary Administration (Temporary Administrator) in Respect of Managing
of the Bank)

1. With the
beginning of effect of conservation and during its period:

a) the rights
of the bank's shareholders shall be suspended in respect of its managing;

b) the
authority shall be suspended of the bank's bodies and of its executives;

c) all the
powers associated with managing of the bank shall be transferred to the
temporary administration (temporary administrator);

d) all the
transactions committed on behalf and at the expense of the bank without
informing and without a written consent of the temporary Administration
(temporary Administrator of the bank) shall be recognized as invalid.

2. A temporary
Administration (a temporary Administrator of the bank) shall have the following
rights:

a) to
independently adopt decisions on any issues of activities of the bank taking
into account the requirements of Article 66 of this Edict;

b) where
necessary, fully or partially to suspend obligations of the bank in respect of
adopted deposits for the period of conservation;

c) where
necessary to annul agreements concluded by the bank, which envisage investments
of the bank's resources" or introduced to them amendments and additions in
unilateral procedures including changes in tariff and effective dates;

d) sign any
agreements and documents on behalf of the bank;

e) present
claims on behalf and in the interests of the bank;

f) issue orders, including orders of dismissal, demotion and temporary
suspension from office, division of duties between the employees of the bank.

Article 66.
Supervision of Activities of a Temporary Administration (A Temporary
Administrator) of a Bank in Relation to Managing of the Bank

1. During the
term of conservation of a bank, the supervision of the activities of the temporary
Administration (temporary Administrator of the bank) shall be carried out by
the National Bank which shall have the following rights:

a) issue
recommendations to the temporary Administration (temporary Administrator of the
bank) concerning the main directions of efforts during the period of
conservation of the bank (propose a schedule of the main efforts);

b) issue
written instructions which are compulsory for execution by the temporary
Administration (temporary Administrator of the bank);

c) require
presentation by the temporary Administration (temporary Administrator of the
bank) of any information concerning its (his) activities and activities of the
bank;

d) hear
reports of the temporary Administration (temporary Administrator of the bank) concerning
performed work;

e) extend the
term of conservation;

f) adopt the
decision concerning the end of conservation of the bank.

2. Detailed regulation of the activities of the temporary
Administration (temporary Administrator of the bank) and the principles of its
(his) relations with third parties, shall be determined by the normative acts
of the National Bank.

Article 67.
Cessation of Conservation

1.
Conservation of a bank shall cease on the following bases:

a) expiry of
the term of conservation established by the decision of the National Bank;

b) adoption of
decision by the National Bank on early cessation of the conservation.

2. Cessation
of conservation of a bank (including early) in relation to recovery of its
financial position and to improvement of quality of operation shall entail
abolition of all the requirements in relation to that bank, established by the
National Bank or its temporary Administration (temporary Administrator of the
bank). In that respect, alterations and additions introduced during the period
of conservation to foundation documents, to governing bodies and the membership
of employees shall remain in force.

3. In the event that conservation of the bank has not led to recovery
of its financial position and improvement of quality of operation, the National
Bank shall have the right to carry out the compulsory liquidation of the bank.

Chapter 9. The Procedure for Liquidation of Banks

Article 68.
Types of and Bases for Liquidation of Banks

1. A bank may
be liquidated as follows:

a) upon
decision of its shareholders where there is permission of the National Bank;

b) upon the
decision of the National Bank;

c) upon the
decision of the court in the cases stipulated by legislative acts of the
Republic of Kazakhstan.

2. The
resolution of the Board of the National Bank to revoke the permission to open a
bank and to annul licenses for conducting banking transactions, shall be the
basis for the liquidation of the bank from the moment of its adoption.

3. From the date of adoption of the decision on compulsory liquidation
of a bank and prior to the commencement of work of the Liquidation Commission,
the operational management of the bank shall be delegated to the temporary
Liquidator to be appointed by the National Bank. Powers of a temporary
Liquidator of a bank shall be defined by the National Bank.

Article 69. A
Voluntary Liquidation of a Bank

1. A bank on
the basis of the decision of the general meeting of shareholders shall have the
right to appeal to the National Bank with the petition to be issued the
permission for its voluntary liquidation.

2. To the
petition to be issued the permission of the National Bank for voluntary
liquidations a bank shall attach the list of steps and stages in preparation of
the bank to termination of its activities as approved by the general meeting of
the shareholders, the balance sheet which witnesses the completion of
settlements of the bank on its obligations and other necessary information.

3. A petition
to be issued the permission for a voluntary liquidation of a bank must be
processed by the National Bank within two months from the date of submission of
the petition.

4. In the case
of the denial of permission for voluntary liquidation of a bank, the National
Bank must substantiate its decision and to communicate the denial to the
management and shareholders of the bank.

5. The
decision to issue the approval of the voluntary liquidation of a bank shall be
adopted by the Board of the National Bank with a compulsory indication of
revocation on that basis of the permission to open the bank and annulment of
the license for conducting of banking transactions.

6. When the
permission Is received from the National Bank for a voluntary liquidation, the bank
shall form the Liquidation Commission to which the powers shall be transferred,
associated with the managing of the bank. That Commission shall include one or
more representatives from the National Bank as observers.

7. After
receiving of the permission for a voluntary liquidation, a bank shall be
obliged to publish information on that in two National newspapers.

8. The Liquidation Commission shall be obliged within seven days after
the approval to present to the National Bank and the Ministry of Justice the
liquidation balance sheet and the report.

Article 70.
Compulsory Liquidation of a Bank

1. In the
event of a revocation of the permission to open a bank and the annulment of the
license for conducting of banking operations, the National Bank shall have the
right to carry out a compulsory liquidation of the bank, which shall be carried
out in a non-judicial procedure by the Liquidation Commission.

2. A
compulsory liquidation of a bank shall be carried out on the bases indicated in
Articles 48 and 49 of this Edict.

3. A
Liquidation Commission may include persons who are not employees of the
National bank nor of the bank to be liquidated.

The rights and
obligations of the members of the Liquidation Commission and any other terms
shall be defined in agreements to be concluded with those persons.

Persons
Included in a Liquidation Commission shall be obliged to participate in its
activities until the completion of the bank liquidation process.

4. The
National Bank shall have the right to adopt the decision concerning the
introduction of alterations to the membership of the Liquidation Commission or
its entire replacement.

5. A
Liquidation Commission shall carry out its activities In accordance with
legislation of the Republic of Kazakhstan.

Special
considerations In activities of bank Liquidation Commissions shall be
established by normative acts of the National Bank.

6. The Liquidation Commission shall compile its report on liquidation
of the bank as well as the liquidation balance sheet and It shall send it to
the National Bank for approval. A liquidation balance sheet and a report on
liquidation of a bank shall be subject to publication in two National
newspapers.

Article 71.
Restrictions of Activities of a Bank Which is Subject to Compulsory Liquidation

1. From the
date of adoption by the National Bank of the decision on the compulsory
liquidation of a bank and until the liquidation proceedings are completed, the
powers of the general meeting of the shareholders and of the other bodies of
the bank shall be suspended.

2. Information
concerning the decision adopted by the National bank on compulsory liquidation
of a bank must be published in two National newspapers.

3. Acts which
are carried out on behalf or at the expense of the bank to be liquidated, may
have legal force only in the case where they are committed by the chief of the
Liquidation Commission or on the basis of a power of attorney issued by him.

4. Periods of
all the debt obligations of a bank to be liquidated shall be deemed to have
expired.

5. Accrual of
penalties and interest shall cease with regard to all types of debts of the
bank to be liquidated.

6. All the claims of property or financial nature from that moment may
only be applied to the Liquidation Commission of the Bank.

Article 72.
Evaluation of Properties and Debts of a Bank. Costs (Expenditures) Associated
with Liquidation

1. Total
assets of a bank to be liquidated shall form the basis for the formation of the
liquidation (auction) mass.

Compilation of
inventories and evaluation of the bank's assets shall be carried out with the
assistance of hired experts.

2. The
Liquidation Commission shall have the right to sell assets of the bank to be
liquidated at public auctions.

3. Any costs
relating to liquidation of a bank shall be carried out only at the expense of
that bank.

When carrying
out settlements on obligations of a bank, the expenditures associated with the
liquidation proceedings" execution of functions of the entrusted person,
and also those ensuing from the necessity to provide for the functioning of the
bank, shall be made in a priority procedure.

4. It shall be
prohibited to the National Bank to finance expenditures associated with the
liquidation of a bank.

5. Claims of creditors which are not satisfied because of a shortage of
assets of the bank under the compulsory liquidation, which are not recognized
by its Liquidation Commission, shall be deemed to be canceled.

Article 73.
Monitoring by the National Bank of Activities of Banks to be Liquidated

1. A
Liquidation Commission of a Bank at the first request of the National Bank
shall be obliged to present comprehensive information on its work, reports and
any other information.

2. Information on activities of the Liquidation Commission and on
financial position of a bank may be sent to any other bodies and organizations
only with the permission of the National Bank.

Article 74.
Recognition of a Bank as Bankrupt

1. Creditors
of a bank shall have the right to file action with a court to recognize a bank
as bankrupt.

2. Recognition of a bank as bankrupt and its liquidation in a judicial
procedure may be effected only subject to special considerations established by
this Edict.

Section III. Conclusive Provisions

Chapter 10. Conclusive Provisions

Article 75.
The Sphere of Application of this Edict

1. The
provisions of this Edict shall apply to any banks which carry out their
activities in accordance with legislation of the Republic of Kazakhstan,
including those established in a special-purpose procedure i.e. on the basis of
separate legislative and normative acts which regulate the initial stage of
their organization.

2. Prior to
the adoption of a specific legislative act concerning non-banking financial institutions,
the requirements of this Edict shall also apply to all operating non-banking
institutions which carry out banking transactions and to those which are being
formed.

3. The status
and procedure for creation and activities of non-banking financial
institutions, the list of banking transactions which are carried out by them
and the bases for receipt of permissions for that, possible restrictions of
their activities shall be established by the normative acts of the National
Bank.

4. Provisions of this Edict shall apply to the National Bank only in
the cases specifically stipulated in this Edict.

Article 76.
Responsibility for Violation of This Edict

1. In the
cases of performing banking transactions without appropriate licenses of the
National Bank, income from those transactions shall be confiscated into the
Republic's Budget.

2. Audit of
banking activities performed by a firm of auditors which has not the license
from the National Bank shall be deemed to be invalid, and any income from those
activities shall be subject to confiscation into the Budget of the Republic.

3. For placement of advertisements which are not consistent with the
reality, banks and also legal entities which have not the license of the
National Bank for performing of banking transactions, concerning rendering the
services which fall into the category of banking transactions, shall be held
responsible in accordance with legislation of the Republic of Kazakhstan.

Article 77.
Challenging Acts of the National Bank

Acts of the National Bank of the Republic of Kazakhstan In the sphere
of regulating banking activities, may be challenged in a judicial procedure.

Article 78.
This Edict's Entering into Force

1. This Edict
shall enter into force from the date of its publication.

2. In the event that violations are revealed of the procedure for the
formation of charter fends of banks, committed during the period of validity of
Law of the Republic of Kazakhstan, dated April 14, 1993 "Concerning Banks
in the Republic of Kazakhstan" sanctions stipulated in this Edict shall
apply to the banks from the date of this Edict's entering into force.

President

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| of the Republic of Kazakhstan  | N.
Nazarbaev |