

On Development Bank of Kazakhstan

Unofficial translation

The Law of the Republic of Kazakhstan dated 25 April, 2001 № 178.

Unofficial translation

Chapter 1. General provisions Article 1. Development Bank of Kazakhstan and its status

The Development Bank of Kazakhstan (hereinafter - the Development Bank) is a joint stock company, the controlling stake of which is owned by the national management holding. The Development Bank is a national development institution and a bank authorized to implement the state investment policy and state stimulation of industry.

Footnote. Article 1 is in the wording of the Law of the Republic of Kazakhstan dated 07.07.2006 № 178 (shall be enforced from the date of its official publication); as amended by the Law of the Republic of Kazakhstan dated 13.02.2009 № 135-IV (order of enforcement see Article 3); dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); dated 27.12.2021 № 87-VII (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 1-1. Basic concepts used in this Law

The following basic concepts are used in this Law:

1) inter-bank lending - issuing loans to second-tier banks and non-resident banks of the Republic of Kazakhstan;

2) project - an investment project, export operation, leasing operation;

3) investment project - a project providing for investments aimed at creating new, expanding and updating existing production facilities, including the acquisition of assets, shareholdings (stakes in the charter capital), property complexes;

4) credit instrument - ways of financing the borrower by the Development Bank, defined in the Memorandum;

5) restructuring - a set of measures aimed at restoring the economic indicators of an investment project being implemented by a borrower which violated obligations to the Development Bank and / or third parties that may include writing off the fees, fines and penalties and (or) financing or refinancing of a borrower's working capital, and (or) the transfer of rights of claims of the Development Bank to the borrower, and (or) the Development Bank's entry into the charter capital of the borrower, and (or) provision of a subsidized loan to a borrower, and (or) other activities that contribute to the restoration of economic indicators of the investment project;

- 6) borrower - a legal entity that has received a loan from the Development Bank;
- 7) mezzanine financing - provision of a subordinated loan with the right to convert it into shares or equity interests in the borrower's capital;
- 8) Memorandum - a memorandum on the credit policy of the Development Bank approved by the national managing holding specified in Article 1 of this Law;
- 9) syndicated loan - a loan operation carried out by the Development Bank jointly with other syndicate participants on the basis of one bank loan agreement, in which representation of the interests of the syndicate participants under the bank loan agreement, as well as credit administration under the loan, may be assigned to one of the syndicate participants;
- 10) subsidized loan - a loan which financing cost is set lower than the cost of borrowing established by the Development Bank to calculate interest rates on credit instruments. The parameters for subsidized loans shall be established by the Memorandum;
- 11) export operations - export of products, works and services produced and released on the territory of the Republic of Kazakhstan.

Footnote. Chapter 1 is supplemented by Article 1-1 in accordance with the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016).

Article 2. Legal regulation of activity of the Development Bank

1. The legislation on the Development Bank of Kazakhstan is based on the Constitution of the Republic of Kazakhstan, consists of this Law and other regulatory legal acts.

2. Legislation of the Republic of Kazakhstan regulating the activity of joint-stock companies, banking activity and other licensed types of activity shall apply to the Development Bank in the part not regulated by this Law and the Law of the Republic of Kazakhstan "On State Property".

The reorganization and liquidation of the Development Bank of Kazakhstan shall be carried out in accordance with the procedure provided for by the Civil code of the Republic of Kazakhstan.

3. Investment priorities of the Development Bank, quantitative restrictions on borrowing, limits, directions, possible conditions, procedure and terms of lending, placement of own capital, co-financing, provision of guarantees, performance of functions of a fiduciary (an agent), performance of export operations, granting of subsidized loan and restructuring shall be established by the Memorandum.

Footnote. Article 2 as amended by the Laws of the Republic of Kazakhstan dated 11.06.2003 № 434; dated 06.07.2004 № 571 (shall be enforced from 01.01.2004); dated 23.12.2005 № 108 (shall be enforced from the date of its official publication); dated 07.07.2006 № 178 (shall be enforced from the date of its official publication); dated 13.02.2009 № 135-IV (order of enforcement see Article 3); dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); dated 16.01.2026 № 259-VIII (shall come into force upon expiry of sixty calendar days after the date of its first official publication).

Article 3. Main purposes and objectives of the Development Bank

Footnote. The title of Article 3 as amended by the Law of the Republic of Kazakhstan dated 17.07.2025 № 213-VIII (shall be enforced ten calendar days after the day of its first official publication).

1. The main purposes of the activity of the Development Bank shall be the improvement and increase of effectiveness of the state investment activity, development of production infrastructure and processing industry, assistance in attracting foreign and domestic investment into the country's economy.

2. The main objectives of the Development Bank are:

1) financing of investment projects through implementation of operations set forth by Article 7 of this Law (including target loans to banks, credit lines), medium-term (for a period of five years or more, except for bank guarantees issued for a period of one year or more) and long-term (for a period of ten to twenty years) basis, the acquisition by the Development Bank of bonds, the proceeds from which are used by the issuer to implement investment projects in accordance with the procedure set out in the Memorandum, as well as interim financing to ensure the preparation and implementation of investment projects;

2) financing of export operations through implementation of operations set forth by Article 7 of this Law (including target loans to banks, credit lines, the acquisition of bonds by the Development Bank, the proceeds from which are directed by the issuer to the implementation of export operations in accordance with the procedure specified in the Memorandum);

3) provision of mezzanine financing, project financing, provision of syndicated loans, financing of borrowers' current activities within the framework of projects financed by the Development Bank;

4) stimulating lending to the economy of the Republic of Kazakhstan by issuing guarantee obligations on loans provided by other credit institutions, as well as co-financing and interbank lending, issuing loans to leasing organizations, as well as organizations carrying out certain types of banking operations;

5) improvement of mechanisms of financing of projects;

6) other objectives in accordance with laws of the Republic of Kazakhstan.

Footnote. Article 3 is in the wording of the Law of the Republic of Kazakhstan dated 13.02.2009 № 135-IV (order of enforcement see Article 3); as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); dated 27.12.2021 № 87-VII (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 17.07.2025 № 213-VIII (shall be enforced ten calendar days after the day of its first official publication).

Article 4. Functions of the Development Bank

The functions of the Development Bank shall be:

- 1) search, selection and financing, including co-financing, of projects in accordance with the Memorandum;
- 2) carrying out the bank expertise of projects proposed for financing on a contractual basis ;
- 3) borrowing within the framework of the activity of the Development Bank;
- 4) interaction with international and national development institutions, organizations in the framework of implementation of state programs, projects;
- 5) monitoring the financial condition of the Development Bank's borrowers and implementing projects financed by the Development Bank, including monitoring of collateral;
- 6) taking measures to ensure the fulfillment of obligations by the borrowers of the Development Bank;
- 7) receiving, servicing and repaying of non-public loans, including state-guaranteed loans;
- 8) performing the functions of a fiduciary (agent) in the implementation of programs financed out budget funds aimed at lending to second-tier banks in order to improve and support the existing production facilities;
- 9) granting loans to second-tier banks for the purpose of subsequent implementation of financing and improvement of investment projects by second-tier banks, provided that the Development Bank receives resources for target funding;
- 10) other functions provided for by this Law, other regulatory legal acts of the Republic of Kazakhstan and the charter of the Development Bank.

Footnote. Article 4 in the new wording of the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); as amended by the Law of the Republic of Kazakhstan dated 23.01.2024 № 54-VIII (shall be enforced upon expiration of sixty calendar days after the day of its first official publication).

Article 4-1. Main principles of the activities of the Development Bank

The main principles of the Development Bank's activities are:

- 1) efficiency, consistency and efficiency in decision-making and their implementation;
- 2) transparency of the Development Bank's activities;
- 3) integrity and professionalism.

Footnote. Chapter 1 was supplemented with Article 4-1 in accordance with the Law of the Republic of Kazakhstan dated 17.07.2025 № 213-VIII (shall be enforced ten calendar days after the day of its first official publication).

Article 5. Powers of the Development Bank

The Development Bank shall have the right to:

- 1) determine its credit policy in accordance with the Memorandum;
- 2) determine the appropriateness of financing a project on a returnable basis on the results of a bank examination and a borrower's creditworthiness analysis;
- 3) attract experts and consultants for carrying out of bank expert examination;

4) attract the borrowed funds as well as those from the republican and local budgets within limits determined in the Memorandum;

4-1) allocate liquid funds including borrowed funds on internal and external markets of financial instruments within limits and in manner determined in the Memorandum;

5) carry out the selection of projects and their crediting, including co-financing, taking into account the restrictions set forth in the Memorandum;

6) issue own warrants, total volume of which shall be set in the Memorandum;

7) act as the organizer and participant of borrowing with participation of native and foreign banks and the other financial institutions;

8) act as the agent of legal entities included in the group of national administrative holding, on their financing;

9) to carry out restructuring.

10) participate in syndicated financing and/or perform the functions of the agent bank and /or pledge manager in accordance with the legislation of the Republic of Kazakhstan on project financing and securitization.

Footnote. Article 5 as amended by the Laws of the Republic of Kazakhstan dated 11.06.2003 № 434; dated 13.02.2009 № 135-IV (order of enforcement see Article 3); dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); dated 02.01.2021 № 399-VI (shall enter into force upon expiry of ten calendar days after the day of its first official publication).

Article 6. Relationships of state bodies of the Republic of Kazakhstan with Development Bank

1. The authorized body for the regulation, control, and supervision of the financial market and financial organizations, and the National Bank of the Republic of Kazakhstan, within the powers established by the legislation of the Republic of Kazakhstan, shall exercise control over the compliance by the Development Bank of Kazakhstan with the legislation of the Republic of Kazakhstan regulating the activities of financial organizations, except for regulatory legal acts concerning prudential regulation of banks, banking conglomerates and reserve requirements, approval of managerial employees, classification of assets and contingent liabilities and creation of provisions (reserves) against them, requirements for the procedure of forming risk management and internal control systems, issuance (revocation) of permission for the establishment or acquisition of a subsidiary organization, as well as significant participation in the capital of organizations, including non-residents, for the purposes of arranging borrowing and financing.

2. Interference of the state bodies and their civil servants in the activity of the Development Bank in any form shall be prohibited with the exception of cases provided by the legislative acts of the Republic of Kazakhstan.

Footnote. Article 6 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 29.10.2015

№ 376-V (shall be enforced from 01.01.2016); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 16.01.2026 № 259-VIII (shall come into force upon expiry of sixty calendar days after the date of its first official publication).

Chapter 2. Activity of the Development Bank Article 7. Operations of the Development Bank

To perform its functions and tasks, the Development Bank carries out the following banking and other operations in national and foreign currency without a license:

1) loan operations: provision of loans in cash on terms of payment, maturity and repayment to resident legal entities or non-residents (subject to implementation of projects aimed at developing the country's economy, in accordance with the Memorandum);

2) issuance of bank warrants providing the performance in the monetary form, for legal entities – residents or non-residents on debentures being issued within transactions of securitization;

3) issuance of bank guarantees and other obligations for legal entities-residents or non-residents providing the performance in the monetary form;

4) opening (issuance) and confirmation of a letter of credit and fulfillment of obligations under it, including on behalf of a subsidiary of the Development Bank;

5) opening and maintaining current and correspondent accounts of banks and organizations carrying out certain types of banking operations;

6) opening and maintaining bank accounts of borrowers of the Development Bank or borrowers, lessees and other counterparties of a subsidiary of the Development Bank, including for crediting loans, paying for the leased asset, other operations of the Development Bank or a subsidiary of the Development Bank, other loans and funds, including funds of the republican and local budgets, for the purpose of making payments and transfers of money, reserving money to fulfill obligations to the Development Bank or a subsidiary of the Development Bank, stipulated by agreements concluded by the Development Bank or a subsidiary of the Development Bank within the framework of serviced projects or transactions;

7) opening and maintaining bank accounts when an agent acts as a legal agent for the group of national managing holding on their financing, as well as in performing the functions of a fiduciary (an agent) in implementation of programs financed from budgetary funds aimed at lending to second-tier banks in order to improve and support the existing production facilities;

8) accepting deposits, opening and maintaining bank accounts for crediting funds in order to ensure the fulfillment of obligations of resident and (or) non-resident legal entities to the Development Bank or a subsidiary of the Development Bank;

9) accepting deposits, opening and maintaining bank accounts of legal entities, including banks, in order to attract liquidity from the Development Bank;

10) carrying out of calculations by the order of legal entities-residents and (or) non-residents including borrowers of the Development Bank, banks-correspondents, organizations carrying out the particular types of bank operations on their bank accounts provided by subparagraphs 5)-9) of this Article;

11) transfer operations: performance of commissions of legal entities-residents and (or) non-residents on payments and money transfers;

12) acceptance of payment documents (with the exception of bills) for collection;

13) dealing activity in accordance with the legislation of the Republic of Kazakhstan;

14) lease activity;

15) issue of equity securities;

16) renting of own property;

17) exchange transactions with foreign currency with the exception of operations with foreign currency in cash;

18) activity of a financial consultant and underwriter on securities market in purpose conforming to the Memorandum;

19) provision of mezzanine financing.

Footnote. Article 7 is in the wording of the Law of the Republic of Kazakhstan dated 13.02.2009 № 135-IV (order of enforcement see Article 3); as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); dated 23.01.2024 № 54-VIII (shall be enforced upon expiration of sixty calendar days after the day of its first official publication).

Article 8. Performance of bank expert examination by the Development Bank

Footnote. Article 8 is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016).

Article 9. Involvement and use of loans from the republican and local budgets by the Development Bank

1. Procurement of loans from the republican and local budgets by the Development Bank shall be carried out exclusively on the basis of payment, urgency and refundability.

2. Order and conditions of provision, use and repayment of loans received by the Development Bank from the republican and local budgets shall be determined by the legislation of the Republic of Kazakhstan.

3. Loans acquired from the budgets shall be used to lend the projects by the Development Bank that are selected independently by it in accordance with the Memorandum, as well as in the case provided by subparagraph 9) of Article 4 of this Law

Footnote. Article 9 is in the wording of the Law of the Republic of Kazakhstan dated 11 June, 2003 № 434; as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016).

Article 10. Implementation of enterprises recovery by the Development Bank

The Development Bank, within the limits established for counterparty banks, shall provide loans to second-tier banks for the purpose of subsequent implementation of financing and improvement of investment projects by the second-tier banks, provided that the Development Bank receives resources for target funding.

If the Development Bank exceeds the limits of the Development Bank to counterparty banks and also in other cases for the purposes of recovering enterprises, the Development Bank shall have the right to act as a fiduciary (an agent) in implementation of programs financed from budgetary funds aimed at lending second-tier banks in order to recover and support existing production facilities.

Footnote. Article 10 in the new wording of the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016).

Article 11. Monitoring of realization of investing projects served by the Development Bank

Footnote. Article 11 is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016).

Article 12. Provision of loans by the Development Bank

1. Financing by the Development Bank shall be performed on conditions, in manner and terms determined by the Memorandum.

The size of the interest rate on the granted loans shall be calculated taking into account the cost of borrowing and operating expenses by the Development Bank.

Competence of bodies of the Development Bank on taking decisions on financing shall be determined in the Memorandum and the charter of the Development Bank.

2. Loans provided by the Development Bank are secured by pledge, including pledge of property coming in the future, as well as expected systematic cash proceeds, property outside the Republic of Kazakhstan, rights of claim for the relevant property (property rights), guarantee, insurance and other means of providing fulfillment of obligations in accordance with the Memorandum, which must not contradict the legislation of the Republic of Kazakhstan.

The Development Bank shall have the right to grant loans to legal entities, which sole shareholder (participant) is the Development Bank, as well as to implement mezzanine financing and interbank loans without collateral.

3. The terms and procedure for financing and providing security for the fulfillment of obligations of legal entities belonging to the group of the national managing holding and implementing investment projects, the list of which is approved by the general meeting of shareholders, shall be determined in accordance with the Memorandum.

When determining and/or changing the terms of financing and provision of security for the performance of obligations of legal entities forming part of a national managing holding group, legal entities whose sole shareholder (participant) is the Development Bank of Kazakhstan, as well as when the Development Bank carries out other transactions with such and/or third parties, the requirements established by Article 50 of the Law of the Republic of Kazakhstan “On Banks and Banking Activity in the Republic of Kazakhstan,” as well as the procedure established by the legislation of the Republic of Kazakhstan on joint-stock companies for carrying out interested-party transactions with legal entities forming part of a national managing holding group and legal entities whose sole shareholder (participant) is the Development Bank, shall not apply to such persons.

4. Decisions on implementation by the Development Bank of leasing activity, on crediting of legal entities in which charter capitals the Development Bank participates, the issuance of guarantees and sureties for their obligations shall be approved by the Board of Directors of the Development Bank in accordance with the Memorandum.

Footnote. Article 12 is in the wording of the Law of the Republic of Kazakhstan dated 13.02.2009 № 135-IV (the order of enforcement see Article 3); as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); dated 23.01.2024 № 54-VIII (shall be enforced upon expiration of sixty calendar days after the day of its first official publication); dated 30.06.2025 № 205-VIII (shall be enforced ten calendar days after the date of its first official publication); dated 16.01.2026 № 259-VIII (shall come into force upon expiry of sixty calendar days after the date of its first official publication).

Article 12-1. Implementation of project financing by the Development Bank

The Development Bank shall have the right to carry out project financing in accordance with the legislation of the Republic of Kazakhstan on project financing and securitization.

Requirements for projects implemented through project financing by the Development Bank, ways to ensure the fulfillment of the borrower's obligations under project financing shall be established in the Memorandum.

Footnote. Chapter 2 is supplemented by Article 12-1 in accordance with the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016).

Article 13. Attracting of loans by the Development Bank

1. The Development Bank shall carry out the borrowing with provision of repayment of loan by own assets or under the state warrants of the Republic of Kazakhstan.

1-1. Debt securities issued by the Development Bank are the agents debentures from the moment of obtaining of status by it of financial agency in accordance with the legislation of the Republic of Kazakhstan on securities market.

2. (Is excluded – dated 7 July, 2006 № 178 (shall be enforced from the date of its official publication)).

3. The Development bank shall have a right to entrust all or part of activity linked with arrangement, redemption of securities and other bonds of obligations of the Development Bank and payment of reward on them to agents in accordance with the legislation of the Republic of Kazakhstan.

Footnote. Article 13 as amended by the Law of the Republic of Kazakhstan dated 11 June, 2003 № 434; dated 20 December, 2004 № 13 (shall be enforced from 1 January, 2005).

Article 14. Participation of the Development Bank in the charter capitals of legal entities

1. In accordance with the Memorandum and the legislation of the Republic of Kazakhstan , the Development Bank shall participate in the charter capitals of legal entities in cases of:

1) levy of execution on share of participation or stocks of the legal entities earlier formed by the Development Bank in gage with purpose of their further realization;

2) participation of legal entities in the charter capital being created by the professional participants of the securities market (stock exchange, central depository);

3) participation in the authorized capital of lessor organizations and other legal entities by decision of the general meeting of shareholders;

4) participation in the charter capitals of legal entities in the framework of financing investment projects, restructuring, as well as in the charter capitals of borrowers with mezzanine financing.

2. The Development Bank shall have the right to determine independently a necessity of existence of independent directors in the bodies of administration of organizations with absolute participation of the Development Bank in the charter capital.

Footnote. Article 14 is in the wording of the Law of the Republic of Kazakhstan dated 11.06.2003 № 434; as amended by the Laws of the Republic of Kazakhstan dated 23.12.2005 № 108 (shall be enforced from the date of its official publication); dated 13.02.2009 № 135-IV (order of enforcement see Article 3); dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); dated 23.01.2024 № 54-VIII (shall be enforced upon expiration of sixty calendar days after the day of its first official publication).

Article 14-1. General financial agreement with the participation of the Development Bank

The parties to the general financial agreement with the participation of the Development Bank shall carry out (apply) the offset of claims and (or) liquidation netting on the transaction

(transactions) under the general financial agreement in the manner and on the terms specified in the general financial agreement.

A net claim that has arisen (calculated) as a result of the offset of claims and (or) liquidation netting carried out (applied) in the manner and on the terms specified in the general financial agreement shall be satisfied on a general basis in accordance with the rules for settlements with creditors established by this Law and civil legislation of the Republic of Kazakhstan.

Footnote. Chapter 2 is supplemented by Article 14-1 in accordance with the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after the day of its first official publication).

Article 15. Limitation of the activity of the Development Bank

The Development Bank shall be prohibited to:

1) issue credits to individuals, credit cooperatives, administrating investment portfolio with a right of attracting willful retirement investments, investing funds, insurance organizations as well as bank warrants, guarantees and the other obligations providing the performance in monetary form, on their obligations;

2) attract deposits of individuals and open bank accounts for individuals;

3) to grant loans without observing the principles of maturity, payability, repayment;

4) carry out the cash serving of individuals;

5) to carry out additional external borrowing in the presence of overdue (more than one year) liabilities on previously borrowed loans.

Footnote. Article 15 is in the wording of the Law of the Republic of Kazakhstan dated 13.02.2009 № 135-IV (order of enforcement see Article 3); as amended by the Law of the Republic of Kazakhstan dated 21.06.20013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016).

Chapter 3. Capital of the Development Bank

Footnote. Title of Chapter 3 as amended by the Law of the Republic of Kazakhstan dated 13.02.2009 № 135-IV (order of enforcement see Article 3).

Article 16. Charter capital of the Development Bank

1. Charter capital of the Development Bank shall consist of no less than two hundred and fifty billion tenge.

2. For purpose of provision of financial stability of the Development Bank, the Government of the Republic of Kazakhstan shall determine the characteristics of financial

stability (rates) of the Development Bank, their threshold values and the method of calculation.

If the parameters of financial stability (coefficients) are expected to change in the direction of deterioration and threshold values are reached for at least one of the parameters (coefficients), the authorized capital of the Development Bank may be increased in accordance with the procedures established by the budget legislation of the Republic of Kazakhstan.

The authorized capital may also be increased in other cases in accordance with the legislation of the Republic of Kazakhstan.

The maximum ratio of the loan portfolio to assets is established by the Memorandum.

3. Is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016).

Footnote, Article 16 is in the wording of the Law of the Republic of Kazakhstan dated 19.03.2014 № 179-V (shall be enforced from the date of its first official publication); as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); dated 23.01.2024 № 54-VIII (shall be enforced upon expiration of sixty calendar days after the day of its first official publication).

Article 17. Formation of provisions (reserves) by the Development Bank

Footnote. Article 17 is excluded by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 18. Dividend policy

Dividend policy of the Development Bank shall be determined by the shareholder meeting

Footnote. Article 18 is in the wording of the Law of the Republic of Kazakhstan dated 13.02.2009 № 135-IV (order of enforcement see Article 3).

Chapter 4. Record, reporting and independent audit of the Development Bank Article 19. Record policy of the Development Bank

1. The record policy of the Development Bank shall be approved by the board of directors of the Development Bank.

2. Maintenance of business accounting and preparation of the financial reporting shall be carried out by the Development Bank in accordance with the legislation of the Republic of Kazakhstan on business accounting and the international standards of the financial reporting.

Footnote. Article 19 as amended by the Laws of the Republic of Kazakhstan dated 06.07.2004 № 571 (shall be enforced from 01.01.2004); dated 13.02.2009 № 135-IV (order of

enforcement see Article 3); dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 20. Reporting

The Development Bank shall represent the reporting:

- 1) on expenses of money of the republican budget – to the authorized body on performance of the budget on a monthly basis;
- 2) on local budget expenditures - to the local executive bodies of regions (cities of republican importance, the capital) on a monthly basis;
- 3) on the use of borrowed funds allocated to the Development Bank from the republican budget to the authorized body on state planning, from local budgets - to the corresponding local executive bodies of regions (cities of republican importance, the capital) on a monthly basis;
- 4) is excluded by the Law of the Republic of Kazakhstan dated 13.02.2009 № 135-IV (order of enforcement see Article 3).

Footnote. Article 20 as amended by the Laws of the Republic of Kazakhstan dated 11.06.2003 № 434; dated 20.12.2004 № 13 (shall be enforced from 01.01.2005); dated 13.02.2009 № 135-IV (order of enforcement see Article 3); dated 24.11.2011 № 495-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 13.06.2013 № 102-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 28.12.2018 № 210-VI (shall be enforced upon the expiration of ten calendar days after the date of its first official publication).

Article 21. Audit of the Development Bank

1. The audit (external audit) of the Development Bank's activities is carried out annually by an audit organization determined by the general meeting of Shareholders, in accordance with the legislation of the Republic of Kazakhstan.

2. Is excluded by the Law of the Republic of Kazakhstan dated 13.02.2009 № 135-IV (order of enforcement see Article 3).

3. Annual financial reporting of the Development Bank shall be considered and approved by the general shareholder meeting on accomplishment of the audit.

Footnote. Article 21 as amended by the Laws of the Republic of Kazakhstan dated 11.06.2003 № 434; dated 05.015.2006 № 139 (order of enforcement see Article 3 of the Law of the Republic of Kazakhstan № 139); dated 13.02.2009 № 135-IV (order of enforcement see Article 3); dated 23.01.2024 № 54-VIII (shall be enforced upon expiration of sixty calendar days after the day of its first official publication).

Chapter 5. Management of the Development Bank Article 22. Shareholders of the Development Bank

(Is excluded – dated 7 July, 2006 № 178 (shall be enforced from the date of its official publication)).

Article 23. Bodies of the Development Bank

1. The bodies of the Development bank are:

- 1) the supreme body – the general shareholder meeting;
- 2) the body of administration – the board of directors;
- 3) the executive body - head office;
- 4) other bodies in accordance with the legislation of the Republic of Kazakhstan and the charter of the Development Bank.

2. Functions, powers and order of activity of the bodies of the Development Bank shall be determined by this Law, the other regulatory legal acts of the Republic of Kazakhstan and the charter of the Development Bank.

Footnote. Article 23 as amended by the Laws of the Republic of Kazakhstan dated 06.07.2004 № 571) shall be enforced from 01.01.2004); dated 13.02.2009 № 135-IV (order of enforcement se Article 3).

Article 24. Board of directors

1. Members of the Board of directors, including the Chairman of the Board of directors shall be elected without agreement with the authorized body for regulation, control and supervision of the financial market and financial organizations.

2. Order of election and powers of the board of directors shall be determined in accordance with the legislation of the Republic of Kazakhstan and the charter of the Development Bank.

Footnote. Article 24 is in the wording of the Law of the Republic of Kazakhstan dated 13.02.2009 № 135-IV (order of enforcement see Article 3); as amended by the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Article 25. Head office

1. The head office is a collegiate body and shall carry out the administration of current activity of the Development Bank.

The chairman and members of the Board shall be elected without agreement with the authorized body for regulation, control and supervision of the financial market and financial organizations.

The head office shall be headed by the chairman of the head office.

The head office shall have a right to make decisions on any questions of activity that are not related to the competence of other bodies and civil servants of the Development Bank by the Laws of the Republic of Kazakhstan and the charter of the Development Bank.

2. Order of election of the head office shall be determined in accordance with the legislation of the Republic of Kazakhstan and the charter of the Development Bank.

Footnote. Article 25 is in the wording of the Law of the Republic of Kazakhstan dated 13.02.2009 № 135-IV (order of enforcement see Article 3); as amended by the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Chapter 6. Additional provisions Article 26. (Is excluded – by the Law of the Republic of Kazakhstan dated 13 December, 2004 № 11 (shall be enforced from 1 January, 2005). Article 27. Responsibility of the Development Bank and order of conflicts resolution

1. The Development Bank shall bear responsibility for non-performance of its obligations on the grounds and in manner provided by the legislation of the Republic of Kazakhstan.

2. All disputes arising between the Development Bank, local executive bodies of regions (cities of republican importance, capital), state bodies, legal entities on execution of this Law shall be settled in accordance with the legislation of the Republic of Kazakhstan.

3. Persons being guilty in the breach of this Law shall bear responsibility in accordance with the legislative acts of the Republic of Kazakhstan,

Footnote. Article 27 as amended by the Law of the Republic of Kazakhstan dated 20 December, 2004 № 13 (shall be enforced from 1 January, 2005); dated 28.12.2018 №. 210-VI (shall be enforced upon the expiration of ten calendar days after the date of its first official publication).

Article 28. Supervisory response measures

In cases when the authorized body for regulation, control and supervision of the financial market and financial organizations detects violations of the requirements of the legislation of the Republic of Kazakhstan on the issues that are within its competence, the authorized body for regulation, control and supervision of the financial market and financial organizations shall apply supervisory response measures to the Development Bank, provided for by the Law of the Republic of Kazakhstan "On Banks and Banking Activities in the Republic of Kazakhstan".

The Development Bank shall be obliged to notify the authorized body for regulation, control and supervision of the financial market and financial organizations on the implementation of supervisory response measures within the terms established in them.

Footnote. Chapter 6 is supplemented by Article 28 in accordance with the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); is in the wording of the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

*The President
of the Republic of Kazakhstan*

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