



Corporate Governance Code of ATFBank JSC

Subject:	this Code governs relations arising in the process of managing ATFBank JSC, including relations between shareholders and authorized bodies of ATFBank JSC, between authorized bodies of ATFBank JSC, ATFBank JSC and interested parties	
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Article 1. Main terms

1. The terms and abbreviations used in this Corporate Governance Code of ATFBank JSC (hereinafter – the Code):

1) **shareholder** – a person who owns shares of ATFBank JSC;

2) **affiliates** – individuals or entities (except for the state bodies exercising control and oversight functions in terms of their authority) that are able to directly and (or) indirectly determine decisions and (or) influence decisions made by each other (by one of them), including by virtue of the concluded transaction. The list of the Bank affiliates is established by Article 64 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies”;

3) **Bank** – ATFBank JSC;

4) **official** – a member of the Supervisory Board of the Bank and (or) a member of the Management Board of the Bank;

5) **interested parties** – individuals, entities, groups of individuals or entities that influence or may be influenced by the Bank’s activities, its products or services and related actions by virtue of statutory provisions, concluded agreements (contracts) and (or) indirectly the main representatives of the above persons acting through shareholders, bondholders and other investors, employees, including the Bank’s management, customers, suppliers, state bodies, subsidiaries, creditors, public organizations, population of the regions where the Bank conducts its activities;

6) **legislation** – a set of regulatory legal acts of the Republic of Kazakhstan adopted as per the established procedure;

7) **conflict of interest** – a situation involving a contradiction between the personal interest of the Bank officials, its shareholders and (or) its employees and the proper exercise of their official powers or the property and other interests of the Bank and (or) its employees and (or) customers which will entail adverse consequences for the Bank and (or) its customers;

8) **corporate governance** – a system of relations between the Management Board of the Bank, the Supervisory Board of the Bank, shareholders, top executives and auditors, as well as relations between the authorized bodies of the Bank;

9) **corporate events** – events that have a significant impact on the Bank’s activities affecting the interests of the Bank’s security holders and the Bank’s investors as defined in Article 102 of the Law of the Republic of Kazakhstan No.461-II dated July 02, 2003 “On the Securities Market”;

10) **corporate conflict** – a disagreement or dispute between: the bodies of the Bank, the Bank and a shareholder, or between shareholders, that arose due to the exercise of rights by the shareholder, or a disagreement or dispute between shareholders, if this affects or may affect the interests of the Bank;

11) **Corporate secretary** – a Bank employee who is not a member of the Supervisory Board and (or) the Management Board, who is appointed by and reporting to the Supervisory Board, as well as, in terms of his/her activities, controls the preparation and holding of meetings of the General Meeting of Shareholders and the Supervisory Board, ensures drafting of materials on the agenda items of the General Meeting of Shareholders and materials for a meeting of the Supervisory Board, monitors the access thereto;

12) **CND(-s)** – corporate normative document(-s) of the Bank;

13) **corporate values** – certain principles and obligations of the Bank in relation to employees, shareholders, customers, society, based on which the corporate business ethics and behavior standards in the Bank are developed and common goals and objectives of the Bank are achieved;

14) **independent director** – a member of the Supervisory Board of the Bank who is not an affiliate of the Bank and has not been an affiliate for 3 (three) years preceding his/her election to the Supervisory Board of the Bank (except when he/she was an independent director of the Bank), not an affiliate in relation to the Bank’s affiliates; not bound by subordination with the Bank officials or affiliated organizations of the Bank, and has not been bound by subordination with them for 3 (three) years preceding his/her election to the Supervisory Board of the Bank; not a public servant; not the shareholder’s representative at the meetings of the Bank’s bodies and has not been such for 3 (three) years preceding his/her election to the Supervisory Board of the Bank; does not participate in the audit of the Bank as an auditor working as part of an audit organization, and did not participate in such an audit for 3 (three) years preceding his/her election to the Supervisory Board of the Bank;

15) **General Meeting of Shareholders** – the supreme body of the Bank;

16) **organizational structure** – an internal document and (or) a set of internal documents establishing the quantitative composition and system of management bodies, top executives and structural subdivisions of the Bank, reflect the structure of subordination and accountability;

17) **Management Board** – the executive collegiate body of the Bank exercising the general management of the Bank’s current activities, except for resolving the issues attributed by the legislation of the Republic of Kazakhstan, the Bank’s Charter, and CNDs to the exclusive competence of the General Meeting of Shareholders, the Supervisory Board, and other collegiate bodies or authorized persons of the Bank;

18) **risk culture** – a system of values, processes, and behaviors aimed at understanding, identifying, managing, and monitoring risks inherent in the Bank’s activities in order to minimize their impact on the Bank’s reputation and financial standing, as well as ethical standards and professional code of conduct of all participants of the organizational structure. Risk culture shall supplement the existing approved procedures, processes, and mechanisms of the Bank’s activities and be an integral component of the risk management system;

19) **corporate governance system** – the Bank management system which allows to organize the distribution of powers and responsibilities, as well as build the corporate decision-making process in the Bank;

20) **Supervisory Board** – the management body of the Bank exercising the general management of the Bank’s activities, except for resolving issues attributed by the legislation or the Bank’s Charter to the exclusive competence of the General Meeting of Shareholders;

21) **authorized body** – a state body carrying out the state regulation, control and supervision of the financial market and financial institutions.

2. Other terms and abbreviations applied in the Code and not specified in this article of the Code shall be used in the meaning as enshrined in the legislation of the Republic of Kazakhstan and other CNDs.

Article 2. General provisions

3. The Code is a set of rules establishing the system, principles, and components of corporate governance in the Bank, as well as other mandatory provisions, and are aimed at protecting the rights of the Bank’s shareholders, maintaining a balance of interests in the process of managing the Bank, regulating relations between the Bank’s shareholders, its bodies and officials, other interested parties, as well as govern the distribution of powers and responsibilities and the corporate decision-making process.

4. The goals of the Code are to improve corporate governance in the Bank, ensure management transparency, confirm the Bank’s commitment to exercise good corporate governance.

5. The objectives of the Code are to build the effective corporate governance system in the Bank, ensure good corporate governance practices and an appropriate level of business ethics and risk culture, as well as improve other aspects of the Bank’s corporate governance.

6. The Code has been developed as per the legislation of the Republic of Kazakhstan subject to the common international corporate governance practices, ethical standards, and specific conditions of the Bank’s activities at the current stage of development.

Article 3. Corporate governance principles

7. The Bank’s corporate governance shall be based on the principles of justice, integrity, responsibility, accountability, transparency, professionalism, and competence.

8. The Bank’s effective corporate governance structure shall imply respect for the rights and interests of all interested parties and contribute to the successful performance of the Bank’s activities, including the growth of its market value and maintenance of financial sustainability.

9. In its activities, the Bank shall strive to exercise good corporate governance and follow the best international practices, the legislation and the Bank’s Charter, clearly define the segregation of duties between various bodies of the Bank, while improving and developing its corporate governance system as per the fundamental principles.

10. The Supervisory Board shall ensure the compliance of the Bank's corporate governance system with corporate governance principles specified in this article of the Code.

11. Corporate governance shall be based on the following corporate governance principles that are the fundamental principles guiding the Bank in the process of building, functioning and improvement of its corporate governance system:

- 1) protection of the rights and interests of shareholders and equal treatment of all shareholders;
- 2) recognition and observance by the Bank of legal rights of interested parties on the basis of mutually beneficial cooperation;
- 3) effective management;
- 4) transparency and objectivity in the disclosure of information on the Bank's activities;
- 5) responsibility;
- 6) accountability;

12. The principle of **“Protection of the rights and interests of shareholders and equal treatment of all shareholders”**:

1) the Bank shall ensure the protection of the rights of shareholders provided for as per the civil and banking laws, the law on joint-stock companies due to their participation in the Bank's corporate governance, and support for exercising these rights, while providing a high level of trust between shareholders and the Bank;

2) the Bank shall ensure the observance of the rights of shareholders, which is a key condition for attracting investments in the Bank. The Bank shall ensure exercising of the rights of shareholders and fair treatment of each of them;

3) the Bank's corporate governance system shall ensure the equal treatment of all shareholders, including minority and foreign ones, and guarantee the effective protection of their rights. In case of differentiation of the rights of shareholders depending on the number of shares they own, the Bank shall guarantee that all shareholders of the same category are treated equally in the following aspects:

a) all shareholders have the same voting right depending on the number of voting shares of the same class that they own as per the legislation;

b) the rules and procedures for holding the General Meetings of Shareholders shall provide equal opportunities for all shareholders, and if the opportunities depend on the number of the Bank shares owned by shareholders, then they shall provide equal opportunities for the shareholders who own the same number of the Bank shares;

4) the use of internal and insider information to their own advantage shall be prohibited;

5) the Bank shall create the necessary conditions for the participation of all shareholders in the Bank's management through the General Meetings of Shareholders as per the legislation and the Bank's Charter. In the course of the General Meetings of Shareholders, the shareholders present at the meeting may express their opinion and ask questions of their interest as per the procedures established by the legislation and the Bank's Charter;

6) the Bank shall guarantee that its shareholders are provided with reliable information on corporate events and other information affecting the interests of shareholders as provided for by the legislation and established by the Code, the legal requirements, and the Bank's Charter;

7) the Bank shall provide equal conditions for the effective participation of its shareholders in the election/early termination of powers of officials of the Supervisory Board, including the provision of the shareholders with information on the elected candidates as per the legal requirements;

8) when preparing and holding the General Meetings of Shareholders, the Bank shall provide the shareholders with detailed information on each agenda item while meeting the requirements established by the legislation, the Bank's Charter, and the CND for the disclosure and submission of information in order for the shareholders to get a correct (objective) insight on a certain agenda item and take a relevant decision;

9) as per the legislation, at the annual General Meeting of Shareholders the Bank shall present to the shareholders the annual financial reporting, which includes the necessary information for conducting a year-end assessment of the Bank's performance.

13. The principle of **“Recognition and observance by the Bank of legal rights of interested parties on the basis of mutually beneficial cooperation”**:

1) the Bank's corporate governance system shall ensure a balance of interests of the Bank's interested parties;

- 2) in the interests of interested parties, the Bank shall assume the following obligations:
 - a) to provide employees with fair labor compensation, normal working conditions and occupational safety;
 - b) to provide customers/consumers with high-quality banking products and services;
 - c) to ensure fulfillment of assumed obligations under civil transactions;
 - d) to ensure reliability of investments by means of effective financial and economic operations;
 - e) to ensure proper implementation of the legislation.

14. The principle of **“Good governance”**:

1) The Supervisory Board shall ensure the compliance of the Bank’s corporate governance system with the scope and nature of the Bank’s activities, its structure, risk profile, and business model;

2) shareholders shall be entitled to participate in the Bank’s corporate governance by taking decisions at the General Meeting of Shareholders on the issues attributed by the legislation and(or) the Bank’s Charter to the competence of the General Meeting of Shareholders;

3) the Supervisory Board shall ensure the full transparency of its activities to shareholders as per the legislation and the Bank’s Charter. Members of the Supervisory Board shall be reporting to the General Meeting of Shareholders and must act in good faith and in the interests of the Bank’s shareholders;

4) the Supervisory Board shall monitor the activities of the Management Board of the Bank in order for the Management Board to most effectively perform its functions, including the implementation of the development strategy and effective risk management of the Bank;

5) the Supervisory Board may establish committees for preliminary consideration of the most important issues falling within the competence of the Supervisory Board;

6) the Management Board shall exercise management of the Bank’s current activities in order to fulfill the tasks, implement the strategy and plan of the Bank’s financial and economic activities;

7) the activities of the Supervisory Board and the Management Board shall be based on the principle of maximum compliance with the interests of Bank’s shareholders and implementation of decisions of the General Meeting of Shareholders as per the legislation.

15. The principle of **“Transparency and objectivity in the disclosure of information on the Bank’s activities”**:

1) the Bank shall ensure the timely, complete, transparent, and reliable disclosure of information on its activities as per the legal requirements, including the provision of the Bank’s shareholders and investors with reliable information on the Bank’s current financial standing, achieved economic indicators, performance results, the Bank’s management structure, which enables the Bank’s shareholders and investors to take reasoned decisions;

2) the Bank’s information policy shall be aimed at the possibility of obtaining free and easy access to information on the Bank’s activities in the manner and scope prescribed by the legislation, the Bank’s Charter and CNDs;

3) the disclosure of information on the Bank should be carried out in compliance with a reasonable balance between openness and confidentiality of a banking, commercial, official or other secret protected by law, while taking measures on its protection;

4) in order to give the shareholders an idea on the dividend payment conditions, the Bank shall provide them with information on the its financial performance and on the earned net profit distribution as established by the legislation and the Bank’s Charter;

5) the Bank shall develop a transparent procedure for the election of members of the Supervisory Board and members of the Management Board providing for the submission of the necessary information on these individuals to the authorized body as per the legal requirements;

6) the Bank shall regularly provide information on significant corporate events in the Bank’s activities, while following strict and reliable mechanisms for the disclosure and confidentiality of internal (sensitive) information determined by the Supervisory Board.

16. The principle of **“Responsibility”**:

1) the Bank shall act as per the legislation and the Bank’s Charter, generally accepted principles (customs) of business ethics and CNDs, which are developed based on the legal requirements, the Bank’s Charter, and corporate and business ethics standards;

- 2) officials shall be responsible to the Bank and its shareholders for the damage caused by their actions (inaction) as per the legislation;
- 3) this corporate governance principle shall also apply to the Bank's shareholders with regard to:
 - a) strict adherence to the code of ethics;
 - b) inadmissibility of abuse of rights;
 - c) inadmissibility of actions of shareholders carried out solely with the intent to harm other shareholders of the Bank, as well as other abuses of the rights of shareholders.
17. The principle of "**Accountability**":
 - 1) shall imply effective control over the Bank's financial and economic activities with a view to protect the rights of shareholders and other investors, other interested parties;
 - 2) the Bank shall build a multi-level system to ensure the effective control over the Bank's financial and economic activities;
 - 3) the competence of the Bank's bodies and structural subdivisions that are part of the system for controlling the Bank's financial and economic activities shall be clearly differentiated;
 - 4) building an effective control system shall be aimed at ensuring the Bank's operational efficiency, the safeguard of its assets, the compliance with statutory provisions, as well as the reliability of the financial reporting;
 - 5) the Bank shall ensure the effective operation of the Internal Audit Subdivision, which monitors the compliance of the Bank and its employees with the legal requirements, the Bank's internal rules and procedures, the implementation of reports of the Internal Audit Subdivision and external audit, other requirements of the Bank's bodies through conducting systematic audits in the Bank's structural subdivisions. There shall be exercised control for the compliance with the CND governing the risk management and internal control procedures in the Bank as per the internal audit action plan approved by the Supervisory Board;
 - 6) in its activities, the Internal Audit Subdivision shall be independent from the Management Board of the Bank and report to the Supervisory Board;
 - 7) the Bank shall ensure the availability of a system of high-quality and effective interaction of the Internal Audit Subdivision and external audit, the proper monitoring over the implementation of all the external audit recommendations.

Article 4. Components of the effective corporate governance system

18. The Bank's effective corporate governance system shall be based on respect for the rights and legitimate interests of its shareholders, aimed at creating trust in relations with the Bank and should contribute to the efficiency of the Bank's performance, including the maintenance of its financial sustainability and profitability.
19. The Bank shall act in strict conformity with the legislation, generally accepted principles (customs) of business ethics and CNDs, which are developed based on the legal requirements and corporate and business ethics standards.
20. Relations between shareholders, members of the Supervisory Board and the Management Board shall be based on accountability and control.
21. The main objective of corporate governance in the Bank shall be to balance the interests of shareholders, the Bank's management, and other interested parties (equation) and resolve conflicts of interest that arise/might arise in the divergence of interests of these parties.
22. The main components of the effective corporate governance system of the Bank shall include:
 - 1) the Bank's organizational structure;
 - 2) corporate values;
 - 3) the Bank's strategy;
 - 4) segregation of decision-making duties and powers between the authorized bodies of the Bank;
 - 5) mechanisms of interaction and cooperation between members of the Supervisory Board, the Management Board, external auditors, and the Internal Audit Subdivision of the Bank;
 - 6) procedures and methods of risk management;
 - 7) internal control system;

- 8) remuneration system;
 - 9) availability of an adequate management reporting system;
- corporate governance transparency.

Article 5. Organizational structure and staff policy of the Bank

23. The Bank 's organizational structure shall correspond to the selected business model, scope of activities, types and complexity of operations, minimizes the conflict of interest and segregates risk management powers between the authorized bodies and structural subdivisions of the Bank, including but not limited to:

- 1) Supervisory Board;
- 2) Committees of the Supervisory Board;
- 3) Corporate secretary;
- 4) Management Board;
- 5) Committees of the Management Board;
- 6) risk management subdivisions;
- 7) Compliance Control Subdivision;
- 8) Internal Audit Subdivision.

24. The Bank shall develop an organizational structure to be approved by the Supervisory Board.

25. Corporate governance in the Bank shall be built on the basis of protecting the rights of the Bank employees as stipulated by the legislation and should be aimed at developing partnerships between the Bank and its employees in resolving social issues and regulating working conditions.

26. The key priorities of the Bank's staff policy are:

a) attraction, development and retention of high-potential employees, as well as ensuring involvement in the banking activity of competent employees and top executives with the necessary experience, qualifications and impeccable business reputation who are able to manage the processes and risks associated with the Bank's activities;

b) maintenance of an optimal level of the number and quality of employees, their professional development, as well as a reasonable combination of processes of updating and retaining highly professional employees;

c) minimization of a conflict of interests during the performance of duties by employees;

d) mitigation of the risk of concentration of powers in the hands of one employee;

e) an internal employee compensation procedure, including the procedure for payment of remuneration and other types of material incentives;

f) performance assessment of the Bank employees;

g) preservation of jobs, improvement of working conditions in the Bank and observance of social protection standards for the Bank employees;

h) increasing the positive image and trust of customers, counterparties to the Bank.

27. The corporate governance structure should provide stimulation of the processes of creating a favorable and creative atmosphere in the workforce, and promote the improvement of qualifications of the Bank employees.

Article 6. Corporate values

28. The Bank's corporate values shall determine the rules of conduct and guidelines for those who are or want to become a member of the Bank's team.

29. The Bank's corporate values shall determine the relations of the Bank employees both with each other and with the external environment (its customers, suppliers, partners, the media and the state).

30. Corporate values shall be created on the basis of a strategic vision of the Bank's processes and approved by the Supervisory Board.

31. The Bank shall reckon concern, trust, desire to be the best, and responsibility among the main corporate values.

32. Corporate values shall be intended to help the Bank and its employees to concentrate all efforts on the implementation of the Bank's purpose and bringing its mission to fruition.

Article 7. Business strategy of the Bank

33. The Bank's strategy is a model, the Bank's action plan that shall determine the priorities of the Bank's activities, necessary resources, goals that the Bank strives for, and the sequence of steps to achieve these goals.

34. The strategy is one of the key components of the Bank's business model affecting the viability expressed in the Bank's ability to provide a sufficient level of profitability in the next 12 (twelve) months, and the stability expressed in the Bank's ability to provide a sufficient level of profitability for a period of at least 3 (three) years, which are based on budget planning, forecasting financial indicators and strategic planning.

35. The Bank's activities shall be carried out in terms of the strategy approved subject to the volume of assets, nature and level of complexity of operations, organizational structure, and risk profile of the Bank.

36. In the process of strategic planning, the Bank shall analyze key sources of profitability in order to identify potential risks. The Bank shall carry out the strategic planning in terms of the accepted and approved risk appetite levels.

37. The Bank's strategy shall be approved by the Supervisory Board for a period of at least 3 (three) years.

38. The Bank's strategy shall contain:

1) missions and development goals of the Bank. Goals shall be measurable, achievable, realistic, and have accurate deadlines;

2) target market segments by economy sectors and geographical distribution of the Bank's development;

3) analysis of strengths and weaknesses of the Bank's selected strategy subject to the key sources of income;

4) quantitative indicators of the loan portfolio, liquid assets, customer deposits and other raised funds subject to the established risk appetite levels, as well as relevant realistic assumptions taking into account available and accessible resources, existing and potential economic conditions;

5) analysis of key sources of income;

6) key types of investments, their structure and planned changes, including in terms of introduction and development of new products and services subject to the assessment of risks and processes associated with their introduction and development, as well as the assessment of the Bank's current capabilities to introduce and develop such products;

7) scenarios for the strategic development of the Bank's activities (negative and the most likely scenarios);

8) etc.

39. The Bank shall regularly monitor the implementation of the Bank's strategy, analyze the Bank's strategy in order to assess the impact of strategic risks and risks inherent in the Bank's activities thereon.

40. In order to keep the Bank's strategy up to date, the Bank shall annually analyze the target markets in which it operates, assess the competitive environment, the adequacy of resources and the ability to generate short-term and long-term returns.

Article 8. General Meeting of Shareholders and its arrangement

41. The competence of the General Meeting is enshrined in the Law on JSC and the Bank's Charter.

42. It shall not be allowed to transfer issues, the adoption of decisions on which are attributed to the exclusive competence of the General Meeting of Shareholders, to the competence of other bodies, officials and employees of the Bank, unless otherwise provided for by law.

43. The General Meeting of Shareholders shall be entitled to cancel any decision of other bodies of the Bank on the issues related to the Bank's internal activities, unless otherwise specified in the Bank's Charter.

44. The procedure for convening, preparing, and holding the General Meeting of Shareholders shall provide all shareholders of the Bank with an equal opportunity to participate in the General Meeting of Shareholders as per the legislation.

45. The arrangement and procedure for holding the General Meeting of Shareholders should satisfy the following requirements:

- 1) fair treatment of all shareholders;
- 2) accessibility of participation in the General Meeting for all shareholders as per the legislation, including the establishment of the date and time of the General Meeting of Shareholders to the effect that it can be attended by the largest number of individuals eligible to participate therein;
- 3) provision of materials and information in the volume necessary to make reasoned decisions on these issues as per the legal requirements;
- 4) simplicity and transparency of the General Meeting of Shareholders, including the use in the voting process of voting methods provided for by law, including the provision of shareholders with the right to participate in the in-presence General Meeting of Shareholders remotely using means of communication in the manner specified in the Bank's CNDs;
- 5) timely notification of shareholders on convening the General Meeting of Shareholders within the established deadlines as per the legal requirements and the Bank's Charter;
- 6) compilation of the list of shareholders of Integrated Securities Registrar JSC entitled to participate in the General Meeting of Shareholders and vote thereon, based on the data of the system of registers of the Bank's shareholders;
- 7) the exercisability of rights of shareholders to submit proposals to the meeting agenda, as well as to demand the convocation of a regular or extraordinary General Meeting of Shareholders, should be easily exercised with their clear justification as per the legal requirements.

46. The procedure for holding the General Meeting of Shareholders and determining the quorum for a meeting shall be determined as per the legislation and the Bank's Charter.

47. Arrived shareholders (their representatives) shall be registered prior to the opening of the General Meeting of Shareholders. A shareholder (a shareholder's representative) must have an identity document. A shareholder's representative must present a power of attorney confirming his/her authority to participate in and vote at the General Meeting of Shareholders executed as per the legal requirements, or any other document confirming the right to act without a power of attorney on behalf of the shareholder or to represent his/her interests. Legal entity shareholders must submit a statement of compliance with the requirements of the first part of paragraph 5 of Article 17 of the Law of the Republic of Kazakhstan "On Banks and Banking Activity in the Republic of Kazakhstan".

48. A shareholder (a shareholder's representative) who has not been registered shall not be taken into account in defining the quorum and shall not be entitled to vote.

49. The General Meeting of Shareholders shall open at the announced time if a quorum is present.

50. The General Meeting of Shareholders shall hold an election of the chairman and secretary of the General Meeting of Shareholders, determine the voting method – open or secret (by ballot).

51. The General Meeting of Shareholders shall be entitled to suspend its work or extend the operating time, as well as to postpone the consideration of certain agenda items of the General Meeting of Shareholders to the following day.

52. The General Meeting of Shareholders may be declared closed only after consideration of all agenda items and taking decisions thereon.

53. The procedure for collecting and counting votes should be as simple and transparent as possible. The Bank shall ensure that votes are cast and registered properly and that the information reflected in the minutes of the General Meeting of Shareholders is complete and reliable.

Article 9. Supervisory Board

54. The Supervisory Board shall exercise general strategic management and control over the Bank's activities, except for resolving issues attributed by the legislation or the Bank's Charter to the exclusive competence of the General Meeting of Shareholders, including the arrangement and

monitoring over the Bank's activities and its financial standing, establishment and arrangement of effective risk management and internal control systems in the Bank as per the legal requirements and the Banks CNDs.

55. The Supervisory Board shall not be entitled to take decisions on issues that, as per the Bank's Charter, are attributed to the competence of the Management Board of the Bank, as well as take decisions that contradict the decisions of the General Meeting of Shareholders.

56. In its activities, the Supervisory Board shall be reporting to the General Meeting of Shareholders and obliged to implement decisions of the General Meeting of Shareholders.

57. In its activities, the Supervisory Board shall be guided by the legislation, the Bank's Charter, the Code, the Regulation on the Supervisory Board, and other CNDs.

58. The Supervisory Board shall determine the development strategy and main action plans of the Bank, as well as ensure effective control over the Bank's financial and economic activities.

59. The Supervisory Board shall ensure compliance with the legislation and full transparency of the Bank's activities. The Supervisory Board shall carefully assess the achieved results and prospects of the Bank through objective monitoring of the current business situation and ensure maintenance and operation of a reliable internal control system in order to preserve the shareholders' investments and the Bank assets.

60. The activities of the Supervisory Board shall be based on the principle of maximum respect for the interests of shareholders, fair treatment of all shareholders and interested parties, and aimed at increasing the market value of the Bank.

61. The Supervisory Board is a key body in the Bank's corporate governance system ensuring communication and building relations between shareholders and the Management Board, as well as balancing the interests of shareholders, the Bank's management, and other interested parties.

62. The Supervisory Board shall ensure establishment of a high level of risk culture and effective operation of the risk management system, monitor and govern corporate conflicts.

The introduction of risk culture shall provide for:

1) increasing the significance of the risk management system and the role of its participants, in particular, the first line of defense subdivisions;

2) involvement of the authorized bodies, officials, and employees of the Bank in the processes of identifying, assessing, and managing risks in the course of their activities and taking decisions;

3) ensuring that the authorized bodies and employees of the Bank immediately inform the second line of defense subdivisions of all accepted risks and cases of a conflict of interest, violations of ethical standards, legislation, requirements of CNDs, and the Code;

4) implementation of the remuneration and bonus payment system for top executives and other employees of the Bank depending on their involvement in risk management and direct participation in the process of identifying, assessing, and managing risks.

63. The Supervisory Board shall ensure the Management Board's implementation of the Bank of the Bank's remuneration policy, including the monitoring over the amount of remuneration to top executives of the Bank, as well as the assessment of compliance of such policy with risk culture.

64. The basic principles of the Supervisory Board of the Bank shall include:

1) rational decision-making and acting in the interests of the Bank based on a comprehensive assessment of the information submitted with due care and diligence (duty of care). The obligation to exercise care and diligence shall not extend to errors in the process of taking business decisions, unless members of the Supervisory Board have shown gross negligence;

2) faithful and independent decision-making and acting in the interests of the Bank, being guided exclusively by the legal requirements with maximum regard for the interests of shareholders and the Bank, excluding the private interests of members of the Supervisory Board and individuals/entities having special relations with the Bank, to the detriment of the interests of the Bank (duty of loyalty);

3) active involvement in the Bank's activities and awareness of significant changes in the Bank's activities and external conditions, as well as timely decision-making aimed at protecting the interests of the Bank in the long run.

65. The composition of the Supervisory Board and qualifying requirements for its members shall meet the following criteria:

1) the composition of the Supervisory Board and its powers shall be sufficient to exercise effective control;

2) the Supervisory Board shall consist of individuals with the necessary qualifications, impeccable business reputation and experience as a whole to be sufficient for the general management of the Bank as per the selected business model, scope of activities, types and complexity of operations;

3) in the decision-making process, members of the Supervisory Board shall be focused on interaction, cooperation and critical discussion;

4) members of the Supervisory Board shall faithfully perform their duties and take decisions, minimize conflicts of interest.

66. The requirements for individuals elected to the Supervisory Board shall be established by the legislation, the Bank's Charter, and the Regulation on the Supervisory Board.

67. Once in office, a member of the Supervisory Board shall assume obligations to the Bank regarding his/her activities, namely:

1) to act as per the legal requirements, the Bank's Charter and CNDs based on the basis of awareness, transparency, in the interests of the Bank and its shareholders;

2) to fairly treat all shareholders;

3) to make an objective independent judgment on the issues under consideration.

68. The Supervisory Board shall exercise control over the activities of the Management Board.

69. The competence of the Supervisory Board, the procedure for electing its members, arrangement of activities, functions, rights, and responsibilities shall be determined by the legislation, the Bank's Charter, the Regulation on the Supervisory Board, and the Bank's CNDs.

70. In order to perform their duties, members of the Supervisory Board shall have access to complete, relevant, reliable and timely information. When necessary, the Supervisory Board shall be entitled to send a request for conducting periodic independent audits of the Bank's activities. In order to collect and analyze complete, reliable, and timely information for risk management purposes, the Supervisory Board shall provide the developed information technology infrastructure in the Bank. The Supervisory Board should be aware of the limitations of the Bank's information technology infrastructure in determining the risk appetite levels.

71. The Supervisory Board shall periodically (at least once a year) assess the performance of each member of the Supervisory Board. The procedure and assessment criteria shall be governed by a separate CND to be approved by the Supervisory Board.

Article 10. Committees of the Supervisory Board

72. In order to consider the most important issues (increase efficiency and more detailed work in certain areas of the Bank's activities) and give recommendations to the Supervisory Board, the Supervisory Board of the Bank shall establish the Committees of the Supervisory Board based on the selected business model, scope of activity, types and complexity of operations, and risk profile of the Bank.

73. The Committees of the Supervisory Board shall consider the issues related to:

1) strategic planning;

2) staff and remuneration;

3) audit;

4) risk management;

5) other issues provided for by law and Bank's corporate normative documents.

Consideration of issues listed in the first part of this paragraph may be attributed to the competence of one or more Committees of the Supervisory Board, except for the audit issues considered by a separate Committee of the Supervisory Board.

74. The Supervisory Board shall be entitled to establish any other committee the availability of which is required as per the legislation or is acceptable, in the opinion of the Supervisory Board, as per the legislation and CNDs.

75. The Supervisory Board shall eliminate a conflict of interest when establishing the Committees of the Supervisory Board.

76. In their activities, the Committees of the Supervisory Board shall be reporting to the Supervisory Board.

77. In their activities, the Committees of the Supervisory Board shall be guided by the legislation, the Bank's Charter, the Code, the Regulation on the Committees of the Supervisory Board, and other CNDs.

78. The Committees of the Supervisory Board shall be obliged to implement decisions of the General Meeting of Shareholders and the Supervisory Board.

79. The Committees of the Supervisory Board shall be composed of members of the Supervisory Board and experts with the necessary professional knowledge to work in a specific committee, except for the audit committee to consist exclusively of members of the Supervisory Board.

80. The composition of the Committees of the Supervisory Board and qualifying requirements for their members shall meet the following criteria:

1) the composition of the Committees of the Supervisory Board and their powers shall be sufficient to perform their functions;

2) the Committees of the Supervisory Board shall consist of individuals with the necessary qualifications, impeccable business reputation and experience as a whole to be sufficient for performing their functions as per the selected business model, scope of activities, types and complexity of operations;

3) in the decision-making process, members of the Committees of the Supervisory Board shall be focused on interaction, cooperation and critical discussion;

4) members of the Committees of the Supervisory Board shall faithfully perform their duties and take decisions, minimize conflicts of interest.

81. Members of the Committees of the Supervisory Board shall be obliged to comply with the requirements and principles as established by the Code, perform their duties with due care and prudence and in the interests of the Bank and its shareholders.

82. The Committees of the Supervisory Board shall participate in the implementation of corporate governance standards and requirements as established by the Code.

83. The Supervisory Board shall provide for the periodic rotation of members of the Committees of the Supervisory Board (except for the experts) in order to avoid the concentration of powers and promote new approaches.

84. The procedure for the establishment and operation of the Committees of the Supervisory Board, powers, competence, principles of work, tasks assigned to members of the Committees of the Supervisory Board, restrictions on the term of powers of members of the Committees of the Supervisory Board and the term of their periodic rotation, the number of Committees of the Supervisory Board, and their composition, requirements for the composition and members of the Committees of the Supervisory Board shall be determined by the Regulation on the Committees of the Supervisory Board to be approved by the Supervisory Board.

85. For the effective performance of duties, the Supervisory Board through the Committees of the Supervisory Board shall monitor and control the issues of risk management, audit, compliance with the legal requirements and CNDs.

Article 11. Corporate secretary

86. In the Bank, the Corporate secretary shall be appointed in order to exercise the rights and interests of shareholders.

87. In his/her activities, the Corporate secretary shall report to the Supervisory Board.

88. An individual who is the Bank's affiliate and who has a criminal record for committing crimes, which may impede the performance of functional duties by the Corporate secretary, should not be appointed to the position of the Corporate secretary.

89. The Corporate secretary shall ensure and monitor the arrangement, preparation, and holding of the General Meeting of Shareholders, the Supervisory Board as per the legal requirements, the Bank's Charter, and CNDs. The Corporate secretary shall ensure drafting of materials on the agenda items of the General Meeting of Shareholders and materials for the meeting of the Supervisory Board of the Bank, ensure interaction between the Bank and its shareholders in terms of protecting the rights and legitimate interests of shareholders.

90. The Corporate secretary shall coordinate the actions of the Bank officials in implementing corporate procedures. The Corporate Secretary shall act as a liaison between

shareholders, the Supervisory Board, and the Bank's management, other authorized bodies and employees of the Bank. The Corporate secretary shall be the main channel for providing the necessary information to members of the Supervisory Board.

91. The appointment, determination of the term of powers of the Corporate secretary, early termination of his/her powers, as well as determination of the rate of salary and terms of remuneration of the Corporate secretary shall be defined by decision of the Supervisory Board. The appointment procedure and activities of the Corporate secretary, his/her rights, duties and functions shall be governed by the relevant CNDs to be approved by the Supervisory Board.

Article 12. Management Board

92. The Management Board shall exercise general management of the Bank's current activities as per the selected business model, scope of activities, types and complexity of operations, risk profile, internal documents approved by the Supervisory Board, and shall be responsible for its operational efficiency, including ensuring implementation of the Bank's strategy, compliance by the Bank and its employees with CNDs approved by the Supervisory Board.

93. The Management Board shall reasonably, faithfully, exclusively in the interests of the Bank and its shareholders exercise effective management of the Bank's current activities.

94. The main objectives of the Management Board shall be the adoption of a policy aimed at increasing the Bank's profitability and competitiveness, ensuring its stable financial and economic standing, implementing risk culture and establishing and arranging the risk management, internal control systems, protecting the rights of shareholders, ensuring the efficiency of their investments, and implementing other goals and objectives of the Bank as determined by the Bank's Charter and CNDs.

95. In its activities, the Management Board shall report to the Supervisory Board.

96. In its activities, the Management Board shall be guided by the legislation, the Bank's Charter, the Code, the Regulation on the Management Board, and other CNDs.

97. The Management Board shall be obliged to implement decisions of the General Meeting of Shareholders, the Supervisory Board, and the Committees of the Supervisory Board.

98. Members of the Management Board shall be obliged to comply with the requirements and principles established by the Code, to perform their duties with due care and prudence and in the interests of the Bank and its shareholders.

99. The Management Board shall participate in the implementation of corporate governance standards and requirements as established by the Code.

100. The Management Board shall be responsible for providing the Supervisory Board of the Bank with the necessary information for monitoring and assessing the performance of the Management Board as per the CND, which includes:

1) implementation by the Management Board of the strategy and policies approved by the Supervisory Board, decisions of the General Meeting of Shareholders; results of monitoring the implementation of the strategy and assessing the compliance of the Bank's strategy with the current market and economic situation, risk profile and financial potential; achievement by the Management Board of the Bank of the goals set forth in the Bank's strategy, indicating, if any, the reasons that impede their achievement;

2) execution by the Management Board of internal documents governing the activities of the Management Board as per the legislation; compliance of the Bank's activities with the strategies and policies approved by the Supervisory Board;

3) the Bank's performance and its financial standing, including information on the sustainability (volatility) of the Bank's profitability;

4) non-compliance of the Bank's decisions with the procedures, processes and policies approved by the Supervisory Board;

5) excess of the approved risk appetite levels and the reasons for their violation;

6) information on ensuring implementation of the internal control system by the Management Board;

7) information on the timeliness, completeness, and quality of elimination by the Management Board of violations and shortcomings identified by the compliance control, risk management, internal control, internal audit subdivisions, external audit, and the authorized body, as well as information on the implementation of their recommendations;

8) information on the state of internal control in terms of the timely detection of incorrect, incomplete or unauthorized operations, shortcomings in activities associated with safeguarding assets, errors in the preparation of financial and regulatory reporting, violations of the Bank's internal documents, legal requirements, and the elimination of conflicts of interest and internal abuse and fraud, including in relation to individuals/entities having special relations with the Bank.

101. The Management Board and other top executives shall ensure maintenance of a high level of risk culture, identify and consider risks in the course of its activities, including the decision-making process as part of the authorized bodies of the Bank, and be responsible for managing the identified risks.

102. The composition of the Management Board must ensure the most effective performance of duties assigned thereto. To this end, the Management Board must be elected as per a transparent procedure, providing for the submission of exhaustive information on these individuals to the Supervisory Board.

103. The composition of the Management Board and qualifying requirements for its members shall meet the following criteria:

1) the composition of the Management Board and its powers shall be sufficient to exercise effective control;

2) the Management Board shall consist of individuals with the necessary qualifications, impeccable business reputation and experience as a whole to be sufficient for the general management of the Bank as per the selected business model, scope of activities, types and complexity of operations;

3) in the decision-making process, members of the Management Board shall be focused on interaction, cooperation and critical discussion;

4) members of the Supervisory Board shall faithfully perform their duties and take decisions, minimize conflicts of interest.

104. The quantitative and personal composition of the Management Board, the term of powers, election of the CEO and members of the Management Board, early termination of their powers, as well as the amount and terms of remuneration and bonus payments to members of the Management Board shall be determined by the decision of the Supervisory Board with due regard for the statutory provisions, the Bank's Charter, and CNDs.

105. The Bank's shareholders and the employees who are not the Bank's shareholders may be the members of the Management Board. The requirements for the individuals elected to the Management Board shall be established by the legislation and CNDs.

106. The functions, rights, and responsibilities of a member of the Management Board shall be determined by the legislation, the Bank's Charter, the Regulation on the Management Board, other CNDs, as well as the employment contract concluded between a member of the Management Board and the Bank.

107. In order to accomplish the tasks entrusted to the Management Board, the Management Board shall be entitled to delegate part of its powers and carry out its activities through the established collegiate bodies of the Management Board, subject to the legal requirements, the Regulation on the Management Board, and other CNDs. The Management Board shall be entitled to delegate part of its powers to the authorized persons of the Bank, a group of authorized persons of the Bank, subject to the legal requirements, the Regulation on the Management Board, and other CNDs. The Management Board shall be entitled to delegate to the collegiate bodies of the Management Board, authorized persons of the Bank, a group of authorized persons of the Bank only the powers specified in the Regulation on the Management Board of the Bank approved by the Supervisory Board.

108. The Management Board shall be responsible for the proper performance of its duties delegated to collegial bodies or employees of the Bank in terms of the Bank's approved organizational structure.

109. Members of the Management Board shall inform on their financial interest in transactions concluded by the Bank or in matters relating to the Bank.

Article 13. Committees of the Management Board

110. For the effective management of the Bank's processes and activities, the specialized authorized bodies of the Management Board may be established, namely the committees and directorates (hereinafter – the Committees of the Management Board), to which the Management

Board shall delegate the respective powers not assigned by the legislation and the Bank's Charter to the exclusive competence of the Management Board for taking decisions as prescribed by the Bank's Charter, the Regulation on the Management Board, and CNDs.

111. The Committees of the Management Board shall be established for a more detailed study of issues in certain areas of the Bank's activities not falling within the exclusive competence of the Management Board as per the legislation and the Bank's Charter, subject to the scope of activities, types and complexity of operations, and risk profile of the Bank.

112. In their activities, the Committees of the Management Board shall report to the Management Board.

113. In their activities, the Committees of the Management Board shall be guided by the legislation, the Bank's Charter, the Code, the Regulation on the Committees of the Management Board, and other CNDs.

114. The Committees of the Management Board shall be obliged to implement decisions of the General Meeting of Shareholders, the Supervisory Board, and the Management Board.

115. The Committees of the Management Board shall be authorized to take decisions within their competence as per the legal requirements and CNDs.

116. The Committees of the Management Board may submit proposals and recommendations, give opinions to the Management Board on the issues falling within the competence of the relevant committee.

117. The composition of the Committees of the Management Board and qualifying requirements for their members shall meet the following criteria:

1) the composition of the Committees of the Management Board and their powers shall be sufficient to perform their functions;

2) the Committees of the Management Board shall consist of individuals with the necessary qualifications, impeccable business reputation and experience as a whole to be sufficient for performing their functions as per the selected business model, scope of activities, types and complexity of operations;

3) in the decision-making process, members of the Committees of the Management Board shall be focused on interaction, cooperation and critical discussion;

4) members of the Committees of the Management Board shall faithfully perform their duties and take decisions, minimize conflicts of interest.

118. The procedure for the establishment and operation of the Committees of the Management Board, their quantitative and personal composition, the terms of powers of members and the CEO shall be determined by the regulations on such committees approved by the Management Board.

119. The Management Board shall eliminate a conflict of interest when establishing the Committees of the Management Board.

120. Members of the Committees of the Management Board shall be obliged to comply with the requirements and principles established by the Code, to perform their duties with due care and prudence and in the interests of the Bank and its shareholders.

121. The Committees of the Management Board shall participate in the implementation of corporate governance standards and requirements as established by the Code.

Article 14. Risk management subdivisions, CRO

122. The Supervisory Board shall ensure the availability of the risk management subdivisions supervised and (or) headed by the CRO having sufficient powers, independence, and resources to interact with the Supervisory Board.

123. The risk management subdivisions shall be the second line of defense in the risk management system. The independence of the risk management subdivisions from business subdivisions shall be a key factor in the effective risk management system.

124. The risk management subdivisions shall have a sufficient number of employees with the necessary experience and qualifications, including knowledge of the market, products, and risk management systems. The employees of these subdivisions shall be provided with all the necessary resources, tools, and systems for identifying and managing risks. The Bank shall ensure their training and raising the level of their professional knowledge and expertise.

125. The Supervisory Board shall ensure interaction and control over the performance of the CRO.

126. The risk management subdivisions shall perform, inter alia, the following functions:

- 1) development of the risk management system, including risk management policies and procedures, the risk appetite strategy and determination of the risk appetite levels;
- 2) identification of significant current and potential risks inherent in the Bank's activities;
- 3) risk assessment and determination of the aggregated level(s) of risk appetite;
- 4) development of the risk appetite levels for their subsequent submission to the Risk Management and Internal Control Committee of the Supervisory Board and approval of the Supervisory Board, monitoring of compliance with the risk appetite levels;
- 5) development of early warning systems and triggers aimed at identifying violations of the risk appetite levels;
- 6) provision of management reporting to the Management Board, the Risk Management and Internal Control Committee of the Supervisory Board, and the Supervisory Board.

127. The qualifications and professional experience of the CRO shall correspond to the selected business model, scope of activities, types and complexity of operations, and risk profile.

128. The independence of the CRO shall be determined by the following:

- 1) regardless of subordination, the CRO shall be appointed and dismissed by the Supervisory Board;
- 2) the CRO shall have unhindered access to the Supervisory Board to the exclusion of the Management Board;
- 3) shall have access to any information necessary to perform his/her duties;
- 4) shall not combine the position of the Chief Operations Officer, the Financial Director, other similar functions of the Bank's operating activities (except for underwriting or collateral), the head of the Internal audit division.

129. The CRO shall interact with the Supervisory Board and (or) the Risk Management and Internal Control Committee of the Supervisory Board on a regular basis.

130. Information on the decision to dismiss the CRO shall be brought to the notice of the authorized body; upon receipt of a request from the authorized body the Supervisory Board shall provide it with a rationale for such a decision.

Article 15. Compliance Control Subdivision, Chief Compliance Officer

131. The Compliance Control Subdivision shall arrange procedures to comply with the civil, tax, banking laws, the laws on the state regulation, control, and supervision of the financial market and financial institutions, the law on the currency regulation and control, on payments and payment systems, on retirement insurance, on the securities market, on accounting and financial reporting, on credit bureaus and the formation of credit records, on debt collection, on mandatory deposit insurance, on anti-money laundering and combating the financing of terrorism, on joint-stock companies, the laws of foreign countries that influence the Bank's activities, as well as the Bank's internal documents governing the procedure for rendering services and conducting operations in the financial market by the Bank.

132. The Compliance Control Subdivision shall provide the Supervisory Board with complete and reliable information on the presence of compliance risks.

133. The Supervisory Board shall ensure the availability of the Compliance Control Subdivision supervised and (or) headed by the Chief Compliance Officer and appointed by the Supervisory Board.

Article 16. Internal Audit Subdivision

134. The Internal Audit Subdivision shall provide independent, reasonable, and objective guarantees to the Supervisory Board, the Management Board, and the Audit Committee of the Supervisory Board regarding the quality and efficiency of the internal control system, risk management system, corporate governance in general aimed at ensuring protection of the Bank and its reputation.

135. The Internal Audit Subdivision shall be responsible for the performance of an internal audit function and coordination of the activities of the Bank and its subsidiaries on internal and external audit issues, including for the development of a procedure for their interaction.

136. The purpose of the Internal Audit Subdivision is to achieve the Bank's goals using a systematic and consistent approach to assessing and improving the efficiency of the risk management, control, and corporate governance processes.

137. The effective performance of the Internal Audit Subdivision shall be based on the following principles:

- 1) independence and objectivity that shall be achieved through the following:
 - a) audit of any subdivision of the Bank, type of operations of the Bank and its subsidiaries based on a risk-oriented approach;
 - b) absence of involvement of the Internal Audit Subdivision in the development, implementation and application of internal control measures;
 - c) absence of a conflict of interest in the activities of employees of the Internal Audit Subdivision;
 - d) rotation of performed duties between employees of the Internal Audit Subdivision, if possible, without prejudice to the competence and expertise of employees;
 - e) absence of connection between the remuneration of employees of the Internal Audit Subdivision and the financial performance of structural subdivisions of the Bank. The bonus part of the remuneration (if any) of the head and employees of the Internal Audit Subdivision shall be determined in such a manner as to eliminate a conflict of interest and not to cast doubt on the independence and objectivity of the Internal Audit Subdivision;
 - f) submission of reports of the Internal Audit Subdivision for consideration of the Supervisory Board and the Audit Committee of the Supervisory Board and for acknowledgement of the Management Board without the right to make amendments thereto;
 - g) accountability of the head of the Internal Audit Subdivision directly to the Supervisory Board that shall appoint, control his/her performance and, when necessary, take a decision on his/her dismissal;
 - h) bringing of information on the decision to dismiss the head of the Internal Audit Subdivision to the notice of the authorized body, as well as the Bank's provision of a rationale for such a decision upon receipt of a request from the authorized body;
- 2) professional competence and professional diligence d meet the following parameters:
 - a) ability of employees of the Internal Audit Subdivision to collect and perceive information, verify and assess the revealed facts, and interact with employees of the Internal Audit Subdivision;
 - b) responsibility of the head of the Internal Audit Subdivision for and constant monitoring and assessment of the required level of skills;
 - c) the skill level of employees of the Internal Audit Subdivision and (or) external experts who meet the requirements of professional competence, and the ability to conduct an internal audit of the inspected areas of the Bank's activity at an adequate level;
 - d) improvement of qualifications in order to comply with changes in the internal and external environment;
- 3) professional ethics that shall meet the following principles:
 - a) faithful performance of duties by employees of the Internal Audit Subdivision, their responsibility, decency, and integrity;
 - b) observance of confidentiality of information obtained in the course of performing duties;
 - c) elimination of a conflict of interest. Employees of the Internal Audit Subdivision recruited from among the Bank employees shall not be allowed to audit the subdivision where they worked within the following 12 (twelve) months from the date of their transfer to the Internal Audit Subdivision;
 - d) employees of the Internal Audit Subdivision shall comply with the requirements of internal documents, the law on banks, and the law on joint-stock companies.

138. When establishing the Internal Audit Subdivision, the Bank shall take into account, but not be limited to the following factors:

- 1) the Bank's strategy and the types of the Bank's activities;
- 2) the scope, nature, and complexity of the Bank's activities;
- 3) the Bank's organizational structure;

4) the level and types of risks inherent in the Bank's activities.

139. The independence of the Internal Audit Subdivision shall be ensured by the following factors:

1) the Internal Audit Subdivision shall have the status of an independent structural subdivision of the Bank;

2) the Internal Audit Subdivision shall be headed by the supervisor appointed by the Supervisory Board and report to the Supervisory Board;

3) employees of the Internal Audit Subdivision cannot hold concurrent positions in other structural subdivisions (subsidiaries) of the Bank;

4) the head and employees of the Internal Audit Subdivision cannot simultaneously manage (oversee) other subdivisions (subsidiaries) of the Bank and be members of the Committee of the Supervisory Board and other bodies of the Bank;

5) employees of the Internal Audit Subdivision, within their competence, shall be entitled to have unlimited access to the Bank's documents, data, tangible objects, management reporting, records and minutes of all meetings and sessions, decisions, request any information from structural subdivisions, subsidiaries of the Bank, and involve any employee of the Bank and its subsidiary to facilitate the performance of internal audit functions.

140. Upon completion of audits (inspections), the Internal Audit Subdivision shall submit to the Audit Committee of the Supervisory Board a report on the results of the internal audit reflecting general information, a list of violations and shortcomings identified during the audit, and recommendations thereon.

141. When necessary, further to consideration of a report on the results of the internal audit, the Audit Committee of the Supervisory Board shall give recommendations to the Supervisory Board.

142. All reports on audits of the Bank's subdivisions shall be considered within a reasonable time at the meeting of the Supervisory Board.

143. The Supervisory Board shall monitor the elimination of shortcomings and violations identified following the audits (inspections) and their prevention in the future.

144. The Bank shall ensure establishment and functioning of the internal control system through systematic and effective control over the implementation of all the Bank's financial and economic activities, conducting regular audits (inspections) of all structural subdivisions of the Bank, including branches and subsidiaries.

145. The Internal Audit Subdivision shall interact with both the risk management and internal control subdivisions in terms of complying with the principles and procedures of risk management and internal control in the Bank, with state regulatory and supervisory bodies on issues of prudential activities, the accounting and reporting accuracy, in terms of arranging and improving the activities of the Internal Audit Subdivision in the Bank, and shall hold joint meetings with external auditors to discuss shortcomings in the Bank's internal control system.

Article 17. External audit

146. In order to verify and confirm the reliability of the Bank's annual financial reporting and assess the risk management and internal control systems, the Bank shall ensure the performance of an external audit.

147. An external audit shall be conducted by an external audit organization (external auditor) and represent:

1) an independent audit of the Bank in order to express an opinion on the reliability of the financial reporting and other information related to the Bank's financial reporting;

2) an audit of other information, which is an independent audit of processes and information not associated with the financial reporting, in respect of the assessment of the risk management and internal control system, including in respect of the strategy and business model, the assessment of the corporate governance system, the assessment of the information technology risk management system, the assessment of the effectiveness of the information security system, as well as the effectiveness of the internal control system in the field of anti-money laundering and combating the financing of terrorism. The list of issues subject to inspection in terms of the audit of other information shall be established by the legislation and CNDs.

148. An external audit of the Bank's financial reporting shall be conducted annually as per the legal requirements. An external audit of the financial reporting for a period other than the annual period may be conducted at the initiative of the Supervisory Board or the Management Board. An external audit of the financial reporting may be conducted at the request of a major shareholder of the Bank at the expense of a major shareholder. The audit of other information at the request of the authorized body shall be conducted by an external auditor no more than once a year, the audit of other information on one issue shall be conducted no more than once every 3 (three) years.

149. The selection of an external auditor shall be based on the principles of independence from the Bank, elimination of a conflict of interest, objectivity, and professional competence.

150. The procedure and criteria for selecting an external auditor of the Bank, including minimum mandatory requirements for an external auditor, as well as the term of election, the procedure and conditions of payment for services, and the responsibility of an external auditor shall be established by the CND governing the procedure for engaging an external auditor in the Bank.

151. An external auditor should be free of any interest that may be recognized (regardless of its actual outcome) as incompatible with the principles of decency, objectivity, and independence. An external auditor shall not be entitled to carry out actions that entail a conflict of interest or pose a risk of a conflict of interest.

152. Under terms of confidentiality, the Bank shall be obliged to provide all the necessary information and documents requested by an external auditor. An external auditor shall be obliged to ensure safety of commercial secrets (information confidentiality). An external auditor and its employees shall not be entitled to transfer information and documents constituting a commercial secret to third parties or to disclose this information and the contents of documents without the prior written consent of the Bank, except as otherwise provided by law.

153. The Management Board and the Supervisory Board of the Bank shall be responsible for the completeness and reliability of the information provided to the external auditor for auditing the financial reporting and auditing other information. This responsibility shall involve the development, introduction, and maintenance of the internal control system necessary for the preparation and presentation of the reliable financial reporting and other audited information that does not contain material misstatements due to fraud or errors; selection and application of a relevant accounting policy; use of reasonable estimates as appropriate.

154. An external auditor shall identify shortcomings and violations of the legal requirements and CNDs, the information on which is subject to communication to the Management Board, the Audit Committee of the Supervisory Board, and the Supervisory Board.

155. The Audit Committee of the Supervisory Board shall ensure interaction with an external auditor on the quality of provided information regarding the Bank's activities, preliminary consideration of the findings (reports) of external auditors regarding the structure and effectiveness of the overall risk management and internal control system in the Bank, monitoring over the Management Board's timely performance of actions to eliminate violations and implement recommendations of an external auditor, discrepancies with the Bank's policies, legal requirements and international financial reporting standards.

156. The Supervisory Board shall get familiar with the findings (reports) of external auditors on improving the risk management and internal control system, instruct the Audit Committee of the Supervisory Board to control the Management Board's development and submission for approval of an action plan to eliminate the identified shortcomings and violations, and monitoring over its implementation.

157. The Bank shall consider the audit of the financial reporting as an essential component of financial control.

158. Ensuring transparency of the process of engaging an external auditor, the functioning of the effective mechanism for the procurement of audit services by the Bank, as well as ensuring effective corporate governance in the Bank shall be aimed at the most complete satisfaction of the needs of interested parties (individuals/entities to any extent having interest in the Bank's activities: shareholders, investors, customers, partners, media representatives, state bodies, other individuals and entities) for obtaining reliable and complete information on the Bank's financial standing and the objective assessment of the Bank's risk management and internal control system.

Article 18. Procedures and methods of risk management

159. The Supervisory Board shall ensure the availability of the risk management system that corresponds to the selected business model, scope of activities, types and complexity of operations, and provides an appropriate process of identifying, measuring and assessing, monitoring, controlling, and mitigating the Bank's significant risks in order for the Bank to determine the amount of equity and liquidity required to cover the significant risks inherent in the Bank's activities.

160. The availability of the risk management system shall allow the Bank to comply with the legal requirements for corporate governance, the availability of banking practices, asset and liability management practices, the functioning of information systems and management information systems.

161. The risk management system is a combination of components providing a mechanism for the interaction of internal procedures, processes, policies, structural subdivisions of the Bank developed and regulated by the Bank in order to timely identify, measure, control, and monitor the risks of the Bank, as well as mitigate them to ensure its financial sustainability and stable operation.

162. The risk management system shall ensure:

1) optimal ratio between the profitability of the main areas of the Bank's activities and the level of taken risks based on the selection of a viable and sustainable business model, the effective strategy and budget planning process, subject to the risk appetite strategy;

2) objective assessment of the Bank's exposure, the completeness and documentation of risk management processes, their preventive identification, measurement and assessment, monitoring and control, mitigation of significant types of risks at each level of the organizational structure with the optimal use of financial resources, staff and information systems in order to maintain the adequate amount of the Bank's equity and liquidity;

3) coverage of all types of the Bank's activities exposed to significant risks at all levels of the organizational structure, the completeness of the assessment of certain significant types of risks, their mutual influence in order to determine the risk profile of the Bank and build the risk appetite strategy;

4) the availability of the risk appetite levels for all types of significant risks and operating procedures in cases of violation of the established levels, including the responsibility for taking risks the level of which has been defined as high, the procedures for informing the Supervisory Board, Committees of the Supervisory Board and the Management Board in terms of the risk appetite strategy;

5) awareness of the decision-making authorized bodies of the Bank that take decisions carrying risks by building an effective corporate governance system, the availability of complete, reliable, and timely management information on the significant risks inherent in the Bank's activities;

6) rational decision-making and acting in the interests of the Bank based on a comprehensive assessment of the information submitted in good faith, with due care and diligence (duty of care). The obligation to exercise care and diligence shall not extend to errors in the process of taking business decisions, unless employees and officials of the Bank have shown gross negligence;

7) decision-making by employees and officials of the Bank and acting in good faith in the interests of the Bank, excluding the private interests and interests of individuals/entities having special relations with the Bank, to the detriment of the interests of the Bank (duty of loyalty);

8) clear segregation of the risk management functions, duties, and powers between all structural subdivisions and employees of the Bank and their responsibility subject to minimization of a conflict of interest;

9) separation of the risk management and internal control functions from the Bank's operating activities by building a three lines of defense system, including:

a) the first line – at the level of structural subdivisions of the Bank.

The first line of defense shall be ensured by all structural subdivisions of the Bank, except for the subdivisions assigned to the second and third lines. The first line of defense subdivisions shall be risk owners and hold responsibility for the timely identification and assessment of risks, and risk management. A mandatory element of the first line of defense in the risk management system shall be the immediate informing of the second line of defense subdivisions on all the risks identified in the course of their activities and the management measures taken in their relation;

b) the second line – at the level of the risk management subdivisions performing control functions.

The second line of defense shall be ensured by the stand-alone risk management, compliance control, and other subdivisions exercising control functions (including, within their competence, the subdivisions performing security, financial control, staffing, legal risk and (or) operational risk management functions). The risk management subdivisions shall conduct a comprehensive risk analysis of the Bank's activities, generate the necessary reports to the Supervisory Board, the Risk Management and Internal Control Committee, and the Management Board, facilitate the critical assessment and identification of risks by members of the Management Board, top executives, and business subdivisions, update risk management systems, including risk management policies and procedures, risk appetite strategies, and determination of the risk appetite levels.

The Compliance Control Subdivision shall arrange the procedures for complying with the legal requirements, the laws of foreign countries that influence the Bank's activities, as well as the Bank's internal documents governing the procedure for the Bank to render services and conduct operations in the financial market, and provide complete and reliable information to the Supervisory Board on the presence of compliance risks;

c) the third line – at the level of the Internal Audit Subdivision in terms of assessing the effectiveness of functioning of the risk management system.

The third line of defense shall be ensured by the stand-alone Internal Audit Subdivision responsible for assessing the quality and effectiveness of the risk management and internal control system, the first and second lines of defense;

10) availability of documents designed to govern the Bank's activities, the establishment and operation of effective risk management and internal control systems in the Bank complying with the relevant strategies, organizational structure, risk profile of the Bank, and the legal requirements, as well as their periodic review and updating;

11) compliance with the legal requirements, the laws on the state regulation, control, and supervision of the financial market and financial institutions, the law on the currency regulation and control, on payments and payment systems, on retirement insurance, on the securities market, on accounting and financial reporting, on credit bureaus and the formation of credit records, on debt collection, on mandatory deposit insurance, on anti-money laundering and combating the financing of terrorism, on joint-stock companies;

12) compliance with the existing procedures, processes, policies, and other risk management internal documents of the Bank by building an effective internal control system.

163. The risk management system shall be improved as per changing the risk profile of the Bank, as well as subject to the changes in the external environment.

164. The risk management system is a process that shall include four main components: risk assessment, risk measurement, risk control, and risk monitoring. Identification, measurement, monitoring and control of risks shall be carried out on an ongoing basis at all levels of the Bank's management. The Bank shall identify all significant risks inherent in the Bank's activities (including on and off-balance sheet transaction risks, risks by groups, portfolios, and certain types of activities of business subdivisions).

165. In order to effectively manage significant risks, the Supervisory Board, the Risk Management Committee of the Supervisory Board, and the CRO shall regularly assess the risks inherent in the Bank's activities, as well as maintain the relevance of the risk profile of the Bank. The risk assessment procedure shall include a continuous analysis of current risks, identification of new and potential risks, as well as the assessment of possible ways to reduce risks.

166. A key factor of a high level of risk culture in the Bank shall be the regular informing of the Supervisory Board, the Committees of the Supervisory Board, the Management Board, and the Committees of the Management Board on risk-related issues, including risk management policies and procedures. Risk culture shall facilitate the full exchange of risk information and call for an open discussion and critical assessment of issues related to risk-taking by employees, the Supervisory Board, the Committees of the Supervisory Board, the Management Board, and the Committees of the Management Board.

167. The Supervisory Board and the Management Board shall not support the excessive risk-taking; all employees shall be responsible for identifying, assessing, and managing risks in the course of their activities.

168. Employees shall be obliged to inform their immediate supervisors and risk management subdivisions on the realized or potential risks that they identified in the course of their activities or

which they became aware of through the existing communication channels, including those providing anonymity.

169. The Bank shall have reliable internal and external information in order to manage risks, take strategic business decisions, and determine the adequacy of equity and liquidity.

170. The Supervisory Board and the relevant Committees of the Supervisory Board shall take decisions related to risk-taking on the basis of high-quality, complete, timely, effective, and reliable data provided by the Management Board and the relevant structural subdivisions of the Bank.

171. Significant information on risk-related issues that requires an immediate decision or urgent actions shall be promptly brought to the notice of the Supervisory Board, the Risk Management and Internal Control Committee of the Supervisory Board and, when necessary, the Management Board, responsible officials and heads of the monitoring subdivisions, for taking preventive measures.

172. The CRO shall inform the Supervisory Board and the Risk Management and Internal Control Committee of the Supervisory Board on the presence of significant discrepancies between the opinion of the Risk Management Subdivision and the decision of the Management Board regarding the level of risks taken by the Bank, the methods used, the potential shortcomings of risk management models, and the analytical approaches in the Bank.

173. The Bank shall exclude the establishment of closed groups within certain subdivisions that impede the effective exchange of information on risks and lead to decision-making by the authorized bodies of the Bank without taking into account the opinion (expert examination) of the involved subdivisions of the Bank.

174. In order to overcome the problems associated with the exchange of information, the Supervisory Board, the Management Board, and the monitoring subdivisions of the Bank shall ensure effectiveness of the internal communications system and, when necessary, make appropriate changes.

175. When arranging the risk management system, the Bank shall develop CNDs covering all components of the risk management system.

Article 19. Internal control system

176. The Bank shall ensure the availability of the internal control system that corresponds to the current market situation, strategy, volume of assets, level of complexity of the Bank's operations.

177. Internal control is a process built into the day-to-day activities that shall be carried out by the authorized bodies of the Bank, structural subdivisions, and all employees of the Bank in the performance of their duties, cover all areas of the Bank's activities and business processes, and be implemented on an ongoing basis (continuity) and aimed at the following goals:

1) to ensure effectiveness of the Bank's activities, including the effectiveness of managing bank risks, assets and liabilities, to ensure safeguard of assets;

2) to ensure completeness, reliability, and timeliness of financial, regulatory, and other reporting for internal and external users;

3) to ensure information security;

4) to ensure the Bank's compliance with the requirements of the civil, tax, banking laws, the laws on the state regulation, control, and supervision of the financial market and financial institutions, the law on the currency regulation and control, on payments and payment systems, on retirement insurance, on the securities market, on accounting and financial reporting, on credit bureaus and the formation of credit records, on debt collection, on mandatory deposit insurance, on anti-money laundering and combating the financing of terrorism, on joint-stock companies, and CNDs;

5) to prevent the involvement of the Bank and its employees in illegal activities, including fraud, errors, inaccuracies, false pretenses, legitimization of proceeds of crime (money laundering).

178. When arranging the internal control system, the Bank shall analyze the current market situation, consider the strategy and assess the amount, the level of complexity of the Bank's operations, and develop CNDs covering the components of the internal control system. The internal control system shall be improved as per changing the risk profile of the Bank, as well as subject to the changes in the external environment.

179. The internal control procedures, identification and limitation of banking risks and the reliability of accounting and reporting shall contribute to the achievement of the internal control objectives, and all bodies, subdivisions, officials and employees of the Bank must comply with such procedures.

180. In terms of internal control, the processes related to the performance of the Bank's activities shall be inspected for compliance with internal policies and procedures, as well as the requirements of the civil, tax, banking laws, the laws on the state regulation, control, and supervision of the financial market and financial institutions, the law on the currency regulation and control, on payments and payment systems, on retirement insurance, on the securities market, on accounting and financial reporting, on credit bureaus and the formation of credit records, on debt collection, on mandatory deposit insurance, on anti-money laundering and combating the financing of terrorism, and on joint-stock companies.

181. The effective internal control shall consist of 5 (five) interrelated components:

1) management control (general attitude, awareness, and practical actions of the Supervisory Board and the Management Board aimed at the establishment and effective functioning of the internal control system);

2) identification and assessment of a risk (carried out by all subdivisions of the Bank and by external audit);

3) control and separation of powers (the use of effective control methods and separation of powers as per the legislation, including the "absence of a conflict of interest" measure);

4) information and interaction (effective feedback between subdivisions of the Bank);

5) monitoring and correction of shortcomings (timely adoption of measures to eliminate shortcomings and violations, including the correct implementation of measures).

182. The proper functioning of these components shall be an important condition for the effective operation of the Bank, the operation of information systems, and compliance with prudential standards and other rules and limits of the Bank as established by the state authorized body.

183. The functioning and control of the Bank's internal control and risk management system shall be carried out as per the legislation and the Bank's CNDs.

184. The Risk Management and Internal Control Committee of the Supervisory Board shall monitor the functioning of the internal control system, consider the results of assessing the quality and effectiveness of the internal control system for further submission for approval of the Supervisory Board.

185. The Audit Committee of the Supervisory Board shall, on a quarterly basis, monitor and give recommendations on the effectiveness of the Management Board's implementation of internal control policies in order to maintain the effective internal control system.

186. The Bank shall develop procedures whereby the Bank employees confidentially report violations related to the Bank's activities. The Bank employees and other interested parties shall be entitled to freely inform the Bank officials of the illegal and unethical actions of others, and their rights should not be infringed. The Supervisory Board shall monitor the effectiveness of compliance with the Bank's procedures whereby the Bank employees confidentially report violations related to the Bank's activities and the legislation, as well as abuses.

Article 20. Control over the Bank's financial and economic activities

187. The current system of control over the Bank's financial and economic activities is designed to support the correctness of the Bank's management policy, while ensuring investor confidence in the Bank and its bodies, and allowing the assessment of banking risks.

188. The main goal of controlling the Bank's financial and economic activities is to protect the shareholders' investments and the Bank assets.

189. The Bank's financial and economic activities shall be controlled through the internal control system and the internal and external audit procedures.

190. The internal control over the Bank's financial and economic activities shall be an ongoing process carried out by the Supervisory Board, the Management Board, subdivisions and employees of the Bank in order to provide reasonable guarantees for the Bank to achieve its goals.

191. The key structural elements of the system of internal control over the Bank's financial and economic activities are:

1) Supervisory Board;

2) Strategic Planning Committee of the Supervisory Board;

3) Audit Committee of the Supervisory Board;

4) Internal Audit Subdivision;

5) external auditor.

192. The Supervisory Board shall be responsible for establishing a control environment and ensuring effective operation of the system of internal control over the Bank's financial and economic activities.

193. The Audit Committee of the Supervisory Board shall perform the following functions:

- 1) periodic analysis and provision of recommendations to the Supervisory Board on the main risks of the Bank in the Bank's financial and economic activities;
- 2) preliminary analysis of the interim and annual financial reporting and statements on the Bank's preliminary financial performance prior to their publication;
- 3) development of recommendations on the selection and appointment of the head of the Internal Audit Subdivision, including an analysis of his/her professional expertise and independence, the risk of a conflict of interest, the amount of remuneration;
- 4) development of recommendations on the selection of an external auditor of the Bank;
- 5) preliminary consideration of the reports of the Internal Audit Subdivision and provision of recommendations to the Supervisory Board;
- 6) annual analysis of the external audit quality and provision of recommendations to the Supervisory Board on the conclusion, extension or termination of the contract with an external auditor;
- 7) preliminary consideration and provision of recommendations to the Supervisory Board on the approval of the annual internal audit plan.

194. The procedures for internal control over the Bank's financial and economic activities, identification and limitation of banking risks and the reliability of accounting and reporting shall contribute to the achievement of the internal control objectives, and all bodies, subdivisions, officials and employees of the Bank must comply with such procedures.

Article 21. Management control and management reporting (information) system

195. Management control and the culture of control (control environment) shall be shaped by the Supervisory Board and the Management Board of the Bank on the basis of ethical principles, professional code of conduct and corporate governance standards, which together with their legislatively established duties and responsibilities shall ensure adequate control by the Supervisory Board of the Bank, including the control over:

- 1) arranging the Bank's activities, including the development and implementation of the Bank's strategy and corporate normative documents;
- 2) functioning of the banking risk management system and the assessment of banking risks;
- 3) distribution of powers in banking and other transactions (organizational structure);
- 4) data management (receipt and transmission of information) and ensuring information security;
- 5) establishment and functioning of the internal control system.

196. The Bank shall ensure the availability and functioning of the integral, adequate, and effective management reporting (information) system, which allows for proactive risk management of the Bank.

197. The management reporting (information) shall mean the aggregate of the Bank's internal reports on the conditions and performance of the Bank, its structural subdivisions, certain areas of the Bank's activities developed on the basis of and as per the legal requirements and the CND and submitted to the Management Board, the Committees of the Supervisory Board, the Supervisory Board, other authorized bodies of the Bank.

198. The Bank shall ensure development of the CND determining the functioning of the management information system to ensure regular submission of complete, reliable, relevant, effective, accurate, accessible, and timely management information to the Management Board, the Committees of the Supervisory Board, the Supervisory Board, and, when necessary, other authorized bodies of the Bank.

199. The CND determining the functioning of the management information system shall govern the criteria, composition, frequency of generation, and form of submission of management information indicating the structural subdivisions, the bodies of the Bank in charge of the timely preparation and communication of information to the Management Board, the Committees of the Supervisory Board, the Supervisory Board, other authorized bodies of the Bank. The forms of

management reporting must contain information and information provided for by law and other necessary information established by the Bank.

200. The frequency of management reporting (information) shall reflect the extent of the Bank's exposure to risks, as well as the pace and nature of changes in its activities.

201. The processes of generating management reporting (information) shall be analyzed in order to continuously improve the Bank's risk management and further develop the principles, procedures, and processes for managing these risks.

Article 22. Remuneration system

202. The Bank's remuneration system shall be developed as per the legal requirements, the Bank's Charter, and the CND, comply with the business plan, goals, strategies, directions, and scope of the Bank's activities, financial prospects, the establishment of an appropriate and effective corporate governance mechanism and arrangement of the Bank's risk management. The Bank's remuneration system shall be designed to help achieve the following goals:

- 1) to increase the interest and responsibility of the Bank employees in achieving the Bank's strategic goals, the planned results, and the Bank's effective performance;
- 2) to comply with the legal requirements, CNDs, and executive documents of the Bank;
- 3) to improve the efficiency and quality of performance of the Bank employees;
- 4) to staff the Bank with highly qualified and competent specialists with the necessary experience, qualifications, and impeccable business reputation (for top executives of the Bank), who are able to manage the processes and risks associated with the Bank's activities;
- 5) to ensure compliance of the rate of remuneration of employees with their skill level, the amount and quality of their duties;
- 6) to encourage employees to continuously raise their qualifications, grow professionally, improve the results and quality of work;
- 7) to mitigate risks of unjustified bonuses to employees;
- 8) to ensure transparency, significance, objectivity of the remuneration system;
- 9) to implement a systematic approach to the remuneration of employees;
- 10) to minimize a conflict of interest in the course of performing their duties.
- 11) to identify and manage risks across the board, as well as inform the relevant employees/subdivisions of the Bank thereon.

203. The principles for accrual of remuneration to the Bank employees shall be:

- 1) legality – the remuneration of employees should conform to the legislation;
- 2) validity – the amount of remuneration of employees should be determined depending on the qualifications of an employee, complexity, amount, quality, and conditions of the work performed;
- 3) guarantee of the right to fair remuneration.

204. The remuneration system shall provide for the measures to prevent a conflict of interest. Motivation (incentive) programs shall contribute to the implementation of risk culture, in terms of which the decision-making practice shall meet the established criteria and encourage employees to act not only in their private interests or in the interests of their own subdivision, but also in the interests of the Bank (with due regard for the interests of customers), subject to existing risks. Bonus (premium) payments provided for by the motivation (incentive) program shall not facilitate the employees to take excessive risks or encourage making formally favorable changes in the performance results.

205. The remuneration of the Bank employees shall be carried out within the limits of funds provided for this purpose by the approved budget of the Bank, in cases provided for by the CND – over the approved budget of the Bank.

206. The Supervisory Board shall approve the CND governing the procedure for paying remuneration to top executives and employees of the Bank directly reporting to the Supervisory Board.

207. Remuneration of labor, bonus payments, as well as other types of material incentives for top executives of the Bank shall be developed as per the requirements of the authorized body. The amount of remuneration to top executives shall directly depend on the risk to outcome ratio. Methods of paying remuneration to top executives against the income receivable, the term and probability of which are uncertain, shall be carefully weighed based on the accepted qualitative and quantitative indicators. The system of remuneration to top executives shall provide for the possibility of changing

the amount of indirect remuneration subject to all risks, including violations of the limits of risk appetite, internal procedures or requirements of the authorized body. The remuneration system shall be a key management component whereby the Supervisory Board and the Management Board ensure the efficient operation of the Bank, implement the principle of proportionality, and maintain a high level of risk culture in the Bank.

Article 23. Corporate governance transparency

208. Considering the importance of disclosing information on the Bank in order to assess its current financial standing and prospects, as well as to maintain confidence therein, the Bank shall ensure the timely provision/disclosure of reliable information on its activities to shareholders, potential investors, the authorized body, and other interested parties, as per the requirements and within the time limits specified by the legislation.

209. The disclosure of timely and reliable information on the Bank shall allow establishing confidence among shareholders and potential investors on the transparency and reliability of the Bank's activities.

210. When submitting information, unreasonable disclosure of information constituting a commercial, official, or other secret protected by law shall not be allowed, except as established by the Bank's Charter and the legislation.

211. The Bank shall disclose information, including information on corporate events, on the Internet resource of the Depository of Financial Reporting and the Internet resource of the Stock Exchange in the manner prescribed by the Law of the Republic of Kazakhstan No.461-II dated July 02, 2003 "On the Securities Market" and regulatory legal acts of the authorized body. The disclosure of information shall be understood as ensuring its accessibility to all interested parties, regardless of the purpose of obtaining such information as per the legislation.

212. The Bank shall recognize that information on corporate events should be accompanied by maximum openness and transparency to be achieved by the Bank's compliance with the legal requirements and the Bank's Charter regarding its disclosure.

213. The procedure for the Bank's disclosure of information, the requirements for the contents of information to be disclosed by the Bank, as well as the time limits for disclosing information on the Internet resources of the Depository of Financial Reporting and the Stock Exchange shall be established by the regulatory legal act of the authorized body and internal documents of the Stock Exchange, respectively.

214. Information on the Bank's affiliates shall not be the information constituting an official, commercial, banking or other secret protected by law.

215. The Bank shall keep a record of its affiliates based on the information provided by them or the central depository (only with respect to major shareholders in the manner prescribed by the authorized body for the regulation, control, and supervision of the financial market and financial institutions).

216. The individuals and legal entities that are the Bank's affiliates must provide the Bank with information on themselves and their affiliates within 7 (seven) calendar days from the date of affiliation. In case of changes (additions) in the information submitted earlier, the Bank's affiliates shall be obliged to notify the Bank of such changes (additions) within 7 (seven) calendar days from the date of their occurrence.

217. The Bank's affiliates shall submit information on their affiliates in the manner prescribed by the legislation, the Bank's Charter, and CNDs.

218. The Bank's affiliates must inform the Bank within 3 (three) business days:

- 1) that they are a party to the transaction or participate therein as a representative or intermediary; and/or
- 2) that they are affiliated with the individual/entity who is a party to the transaction or participate therein as a representative or intermediary; and/or
- 3) on the committed or alleged transactions that they are aware of where they might be recognized as interested parties.

Article 24. Corporate conflict resolution

219. Considering the importance of maintaining a good business reputation of the Bank and the extreme undesirability of corporate conflicts, the Bank shall develop mechanisms to prevent and resolve corporate conflicts.

220. In the event of corporate disputes, shareholders and the Bank shall seek ways to resolve them through negotiations in order to ensure the effective protection of both the rights of shareholders and the Bank, and the business reputation of the Bank. If it is impossible to resolve corporate disputes through negotiations, they must be resolved in strict conformity with the legislation.

221. In the event of a corporate conflict, the Bank shall, within a reasonable time, determine its position on the conflict with due regard for the interests of the Bank. When determining its position, the Bank shall be guided by the statutory provisions, while ensuring a reasonable combination of the interests of the Bank and all of its shareholders.

222. In case the Bank is a party to the conflict, the Management Board of the Bank or the Supervisory Board of the Bank, when determining the Bank's position on the corporate conflict, shall also determine the list of the Bank's actions aimed at resolving the conflict. In resolving such a conflict, the Bank shall be entitled to sign an agreement for settling corporate conflicts.

The competence of the Bank's bodies for the consideration of corporate conflicts shall be differentiated depending on whether the corporate conflict issue falls within the competence of a particular body of the Bank.

223. When necessary, the Bank shall provide the party to the conflict, the court, the authorized body and other state bodies with the necessary information to clarify the actual state of things on the conflict and take measures to resolve it in the manner prescribed by the legislation, the Bank's Charter, and CNDs.

224. The Bank shall be obliged to make all reasonable efforts to resolve the developed corporate conflict and enable shareholders to exercise and protect their rights. In the event of an involuntary failure to satisfy a shareholder's request, the Bank shall be obliged to act in strict conformity with the statutory provisions, the Bank's Charter, and CNDs.

225. Members of the Management Board or the Supervisory Board of the Bank who are:

- 1) a party to the conflict;
- 2) an affiliate with the party to the conflict

should not participate in the consideration of the issue regarding the determination of the Bank's position on the corporate conflict.

226. In the event of a corporate conflict between shareholders that could affect the interests of the Bank, the Bank shall be entitled, but not obliged, to participate in the process of its settlement as an intermediary.

Article 25. Conflict of interest management

227. The corporate governance structure should provide for the control and settlement of conflicts of interest/potential conflicts of interest.

228. The Supervisory Board shall monitor and, where possible, eliminate potential conflicts of interest at the level of officials and shareholders, including the unlawful use of the Bank's property and abuse when entering into related-party transactions.

229. Members of the Supervisory Board and the Management Board, as well as the Bank employees, shall perform their functions reasonably and in good faith, with due care and prudence and in the interests of the Bank and its shareholders, while avoiding conflicts of interest, as well as ensure that their activities are fully consistent not only with the legal requirements, but also with ethical standards and customary business ethics rules.

230. The conflict of interest management shall involve:

- 1) decision-making by employees and officials of the Bank and acting in good faith in the interests of the Bank, excluding the private interests and interests of individuals/entities having special relations with the Bank, to the detriment of the interests of the Bank (duty of loyalty);
- 2) clear allocation of the risk management functions, duties, and authority between all structural subdivisions and employees of the Bank and their responsibility subject to minimization of a conflict of interest;

231. The Compliance Control Subdivision shall arrange the activities in the Bank aimed at identifying, assessing, and monitoring over the conflicts of interest.

232. In order to manage a conflict of interest, the Bank shall develop the CND governing the procedure for managing a conflict of interest and mechanisms for its implementation and follow-up. The procedure should contain the following components:

- 1) a mechanism for minimizing conflicts of interest in the Bank's activities;
- 2) the approval process that a member of the Supervisory Board goes through prior to proceeding with the functions of an official in another organization in order to prevent a conflict of interest;
- 3) the obligation of members of the Supervisory Board to immediately submit information on any issue that creates a conflict of interest or is a potential reason for its occurrence;
- 4) the obligation of members of the Supervisory Board to abstain from voting on issues in terms of which a member of the Supervisory Board has a conflict of interest;
- 5) the mechanism of the Supervisory Board for responding to violations of the procedure's provisions.

Article 26. Responsibility

233. Those who violate the provisions of the Code shall bear responsibility as per the legislation and CNDs.

234. The Bank officials shall bear responsibility established by the legislation to the Bank and shareholders for the damage caused by their actions (inaction) and for the losses incurred by the Bank, including but not limited to the losses incurred as a result of:

- 1) providing misleading or knowingly false information;
- 2) violating the procedure for the provision of information established by the legislation;
- 3) proposing to enter into and/or take decisions to enter into major transactions and/or related-party transactions entailing the Bank's losses as a result of their fraud and/or inaction, including for the purpose of obtaining profits (income) by them or their affiliates upon entering into such transactions with the Bank.

235. The Bank officials, except for the official who was interested in a transaction and proposed to conclude a transaction as a result of which the Bank incurred losses shall be exempted from responsibility if they voted against the decision taken by the Bank's body that entailed losses to the Bank or a shareholder, or did not participate in voting for good reasons.

236. An official shall be exempted from reimbursement of losses incurred as a result of a commercial (entrepreneurial) decision, if it is proved that he/she acted properly, in compliance with the operating principles of the Bank officials established by the legislation, based on the relevant (appropriate) information at the time of decision and reasonably believed that such a decision served the interests of the Bank.

237. If the Bank's financial reporting distorts the Bank's financial standing, the Bank officials who had signed the Bank's financial reporting shall bear responsibility to third parties who suffered financial damage as a result thereof.

Article 27. Final provisions

238. The Code shall enter into force from the date of its approval by the General Meeting of Shareholders of the Bank, unless otherwise provided for by the decision of the General Meeting of Shareholders of the Bank at the time of approval.

239. The provisions of the Code shall be binding upon the Bank's shareholders, officials and employees of the Bank, and must be taken into account in the development of other CNDs.

240. The changes and/or additions to the Code shall be made in the manner prescribed by the CND governing the procedure of drafting, coordination, approval, entry into force, validity, amendment, and termination of CNDs.

241. If as a result of changes in the legislation or the Bank's Charter certain provisions of the Code conflict with the legislation of the Republic of Kazakhstan or the Bank's Charter, the Code shall be applied in so far as it does not contradict the legislation and the Bank's Charter.

242. The issues not expressly provided for by the Code shall be governed by the legislation and/or the Bank's Charter.