

APPROVED  
By the extraordinary General  
meeting of stakeholders  
of JSC “KazInComBank”  
on the “18th” of July 2011

Corporate Governance Code  
of Joint Stock Company  
“Kazakhstan Innovational Commercial Bank”

Karaganda, 2011

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## **Chapter 1. General Provisions**

1. Corporate Governance Code of Joint Stock Company "Kazakhstan Innovational Commercial Bank" (hereinafter - the Code) is the basic document that determines the basic principles and standards used in the management of Joint-stock company "Kazakhstan Innovational Commercial Bank" (hereinafter the Bank), including the relationship between the Board of Directors and the managing board, shareholders and officials of the Bank, as well as the functioning and decision-making of the indicated bodies of the Bank.
2. The main objective of corporate governance standards - is to protect the interests of shareholders of the Bank. Corporate governance is aimed at ensuring a high level of business ethics in the relationship between the shareholders of the Bank, its agencies and officials of the Bank, as well as in the relations of the Bank (its agencies, officers and employees) with third parties.
3. This Code has been developed in accordance with the provisions and requirements of current legislation of the Republic of Kazakhstan, the recommendations of the public authority for regulation and supervision of financial markets and financial institutions (hereinafter the authorized body), taking into account the prevailing international practices of corporate governance, ethical standards, the specific conditions of the Bank in the current stage of development.
4. This Corporate Governance Code is a public document of the Bank.

## **Chapter 2. Principles of Corporate Governance**

5. Principles of Corporate Governance - is the basic start, which the Bank uses in the formation, operation and improving its corporate governance system. Basic principles of corporate governance of the Bank are:

- 1) equality;
- 2) accountability;
- 3) manageability;
- 4) openness;
- 5) transparency;
- 6) control;
- 7) efficiency;
- 8) responsibility;
- 9) controllability.

6. Corporate governance of the Bank is primarily based on respect for rights and legal interests of all its shareholders and for the status of the Bank and is aimed at achieving the growth of effectiveness of the Bank, including the growth of the Bank's assets, creation of work places and maintaining financial stability and profitability of the Bank. Principles of corporate governance, as reflected in this chapter are intended to create trust in relations arising in the management of the Bank.

### **1. Principle of equality**

7. The principle of equality provides the same equal treatment to all stakeholders of the Bank. To implement this principle, the Bank:
- 1) holds the position of equal treatment to all categories of shareholders;
  - 2) creates the necessary conditions for the participation of all stakeholders in the management of the Bank, by making decisions at general meetings of shareholders in accordance with the laws of the Republic of Kazakhstan, the Bank's Charter and this Code;
  - 3) compliance with the procedure for convening and holding general meeting of shareholders, which provides a reasonable equal opportunity to all persons present at the meeting to express their opinions and ask questions. The procedure for convening and holding general meeting of shareholders is determined by Chapter 3 of this Code;
  - 4) comply with the order of the commission of major corporate actions, allowing shareholders to receive full information about such activities and ensure their rights regardless of the category of the shareholder. The order of the commission of major corporate actions is specified by Chapter 7 of this Code;
  - 5) comply with the order of equal opportunities for access of all shareholders to the same information, a unified procedure for the submission of information to all categories of shareholders;
  - 6) establish a transparent procedure for the election of officers to the body of the Bank providing representation of all shareholders regarding the information of such persons;
  - 7) takes all possible steps to resolve the conflict between the Bank and its shareholders, as well as between the shareholders, if such a conflict affects the interests of the Bank.
  - 8) Provisions governing the implementation of this principle are reflected in the Code.

## **2. Principle of accountability**

9. The principle of accountability ensures full accountability to the shareholders of the Bank, providing a timely and complete picture to the shareholders of the Bank of reliable information concerning the Bank's current financial position, achieved economic performance, business results, the structure of the Bank's management, which enables the Bank's shareholders and investors to make informed decisions. To implement this principle, the Bank:
- 1) presents to the shareholders detailed information on each agenda item during the preparation of general meetings of shareholders, in order to develop a correct representation of shareholders at an issue on the agenda;
  - 2) includes in the annual report submitted to the shareholders, the necessary information to evaluate the results of the Bank for the year;
  - 3) establishes a single, clear and accessible procedures for obtaining the Bank's shareholders information of interest;
  - 4) determines and complies with the order of control over the use and submission of confidential information that constitutes the subject of commercial and banking secrecy;
  - 5) complies with legal requirements for disclosure of information to be compulsory bringing to the attention of the shareholders.
10. The order of the right of shareholders to receive information of interest, a list of information classified as a banking and commercial secrecy, and the procedure for

obtaining such information is governed by the Bank's Charter, this Code and the internal regulations of the Bank.

### **3. Principle of manageability**

11. The principle of manageability allows shareholders to exercise their rights to participate in the management of the Bank. To implement this principle, the Bank:

- 1) provides a reliable and efficient system of registration of ownership of shares of shareholders, as well as the possibility of a free and quick disposal of their shares. Keeping a register of holders of securities of the Bank is conducted by Registrar Company, which has been licensed by the Authorized Agency and a positive business reputation. In the event of a change of Registrar company, selection of a new registrar will be based on the fact that the registrar should have a good business reputation to provide quality service to shareholders, to have a highly skilled workforce and, where possible, to have an extensive transfer-agent network;
- 2) complies with the procedure for convening and holding general meetings of shareholders, which allows to bring the information of a general meeting of shareholders to the maximum number of shareholders are properly prepared to participate in the general meetings of shareholders, learn the list of persons entitled to participate in the general meetings of shareholders. The choice of the place, date and time of the general meeting of shareholders of the Bank is carried out so that the shareholders would have real and easy opportunity to participate and exercise their right to manage the Bank, including through absentee voting. The procedure for convening and holding general meetings of shareholders shall be determined by the legislation of the Republic of Kazakhstan, the Bank's Charter and this Code;
- 3) defines the common requirements for the candidates to the Board of Directors and complies with the established laws of the Republic of Kazakhstan and the conditions of Charter of the Bank for the nomination for election to the Board of Directors of the Bank;
- 4) complies with the order of cumulative voting in electing members of the Board of Directors of the Bank, in order to ensure the right to participate in the management of the Bank, especially of minority shareholders.

### **4. Principle of openness**

12. The principle of openness provides the Bank's shareholders with actual participation in the Bank's distribution of profits (dividends). To implement this principle, the Bank:

- 1) establishes a transparent and clear mechanism for shareholders to determine the amount of dividends and order of their payment, takes measures to ensure the most affordable and lightweight order to receive dividends;
- 2) gives shareholders the information they need on the Bank's financial results and a proposal for the distribution of net profit, in order to form an accurate picture of the shareholders of the stock in the Bank of the conditions for the payment of dividends;
- 3) provides shareholders the opportunity to access the Bank's financial statements and annual reports.

### **5. Principle of transparency**

13. Principle of transparency ensures maximum transparency of the Bank's officials. To implement this principle, the Bank:

- 1) develops a clear procedure for election of Board of directors members and members of the managing Board, providing all shareholders with the required information on these persons;
- 2) establishes a strict ban on operations with the use of insider information;
- 3) Identifies and observes the established procedure for legislative acts of the officers of the Bank's accountability to shareholders.

14. Procedure for election and the basic requirements for the officials of the Bank, reporting officers of the Bank is governed by the laws of the Republic of Kazakhstan, the Charter and internal regulations of the Bank.

## **6. Control**

15. This principle provides conducting by the Board of Directors of the Bank's the strategic management of the Bank and effective control on its part in the activities of the Board, as well as the accountability of members of the Board of Directors to the Bank's shareholders. To implement this principle, the Bank:

- 1) approves the Strategy for the Development of the Bank by the decision of the Board of Directors, and also provides effective control of the Board of Directors over the Company's financial and business operations of the Bank;
- 2) defines and establishes for the candidates to the Board of Directors of the Bank's the requirements, which allow to select the members who are able to provide the most effective implementation of the functions conferred on the Board of Directors;
- 3) establishes the procedure that ensures the active participation of members of the Board of Directors in the management of the Bank, with a clear regulation of procedural matters;
- 4) takes measures to improve the structure of the Board of Directors and the establishment of committees that are required for a preliminary review of the most important issues relating to the jurisdiction of the Board of Directors;
- 5) defines the list and the dates on which the Board of Directors is provided with the management accounts and the report by the Management Board, in order to establish effective control over the activities of the Board.

## **7. Principle of efficiency**

16. This principle makes it possible to reasonably and in good faith to the board of directors effective management of the Bank's current activities, and establishes accountability of the Board of the Bank to the Board of Directors and shareholders. To implement this principle, the Bank:

- 1) determines the competence and authority of the Board, in accordance with the laws of the Republic of Kazakhstan and the Bank's Charter;
- 2) ensures the functioning of the system of control over the activities of the Board in order to most effectively implement the Board of its functions, including the implementation of the Strategy for the Development of the Bank;
- 3) determines the remuneration of the Chairman and members of the Board, and ensures that the remuneration of the Chairman, Board members and other officials of

the Bank matches the qualifications and a real contribution to the results of operations;

4) takes reasonable steps to comply with the board of directors interests of third parties, customers and partners of the Bank, state and local governments on whose territory the Bank or its affiliates are located;

5) adopts personnel policies and defines the system of recruitment and personnel management, which allows the Bank to promote the interest of workers in the efficient operation of the Bank, and allowing a gradual and steady increase in the welfare of employees of the Bank.

## **8. Principle of responsibility**

17. The principle of responsibility defines the ethical standards for officials of the Bank. The implementation of this principle is only possible with the direct participation and the free will of its shareholders through:

1) adoption of and compliance with the Code of Ethics and Business Conduct by the shareholders, particularly large shareholders, members of the Board of Directors, Board members and officers and employees of the Bank;

2) establishment of the requirements of non-abusing by the Bank's shareholders of exercising their rights;

3) establishment of the requirements of the inadmissibility of actions and intentions of the shareholders to harm other shareholders or the Bank.

18. This principle defines the responsibilities of officers of the Bank, according to the legislation of the Republic of Kazakhstan, in their exercising unlawful, guilty (intentional or negligent) acts or omissions.

## **9. Principle of controllability**

19. The principle of controllability ensures effective monitoring of financial and business operations of the Bank. To implement this principle, the Bank:

1) Establishes a system of internal controls and ensures compliance with internal controls and maintains a high level of integrated and effective control over the financial and economic activities of the Bank;

2) determines the competence and powers of authorities and departments of the Bank, included in the system of control over the financial and economic activities of the Bank.

3) creates the conditions for effective work of the organization of internal control and audit, supervising the observance of the Bank and its personnel of requirements of the legislation of the Republic of Kazakhstan, the internal regulations and procedures of the Bank, the execution of reports of internal and external auditors, interventions and other requirements of the Authorized Agency. Monitoring is carried out according to internal regulations on internal control and work plans approved by the Board of Directors;

4) implements a system of internal control and ensures the independence of the activity of the internal control and audit of the Management Board and the dissemination of information on the results of audits to the Chairman of the Board of Directors for appropriate action.

5) promoting quality and efficient interaction between the internal and external audit and proper control over the implementation of the recommendations of the external audit.

20. The order of activity of the internal control and audit, payment of labour and rewards to employees of that body is established by the Board of Directors of the Bank and are regulated by internal rules.

### **Chapter 3. General Meeting of Shareholders of the Bank**

21. General meetings of shareholders are divided into annual and extraordinary. The Bank shall conduct an annual general meeting of shareholders. Other general meetings of shareholders are extraordinary. The annual general meeting must be held within the period required by law of the Republic of Kazakhstan.

22. At the Annual General Meeting of shareholders there is being approved the annual financial statements, the allocation of net income of the Bank during the past fiscal year and the amount of dividend per ordinary share of the Bank is determined, the issue of appeals to the shareholders of the Bank and its officers and the results of their review.

23. The exclusive competence of the General Meeting of Shareholders includes the following:

- 1) amendments to the Charter of the Bank or the approval of its new edition;
- 2) approval of the Code of Corporate Governance, as well as changes and additions to it;
- 3) voluntary reorganization or liquidation of the Bank;
- 4) The decision to increase the number of authorized shares or changing the type of unallocated shares of the Bank;
- 5) determining the conditions and procedures for converting securities of the Bank, as well as their changes;
- 6) determination of the composition and term of office of the returning board, the election of its members and early termination of their powers;
- 7) The determination of the composition, term of office of the Board of Directors, election of its members and early termination of their powers, as well as determining the amount and terms of payment of remuneration to members of the Board of Directors;
- 8) definition of an audit organization performing audits of the Bank;
- 9) approval of annual financial statements;
- 10) approval of the order of distribution of net income of the Bank for the financial year, the decision to pay dividends on common shares and approval of the dividend per ordinary share of the Bank;
- 11) the decision not to pay dividends on common and preferred shares of the Bank upon the occurrence of cases provided by the Charter and the Law of the Republic of Kazakhstan "On Joint Stock Companies" (hereinafter - the Law on joint stock companies);
- 12) a decision on the Bank's participation in the establishment or the activities of other entities by transferring part or several parts of assets, in the sum representing twenty-five percent or more of total assets held by the Bank;
- 13) determination of the form of the notice by the Bank shareholders to convene a general shareholders meeting and the decision to place such information in the media;
- 14) approval of changes in the method (method statement, unless it was approved by the Constituent Assembly) of determination of the value of the shares at their redemption by the Bank in accordance with the Law on Joint Stock Companies;



- 15) Approval of the agenda of the General Meeting of Shareholders;
- 16) definition of the order to provide shareholders with information about the activities of the Bank, including the determination of the mass media, if such order is not defined by the Charter of the Bank;
- 17) Introduction and cancellation of the "golden share";
- 18) decision on voluntary delisting of shares.
- 19) other issues, making decisions on which is attributed by the Law on JSC and by the Charter of the Bank to the exclusive jurisdiction of the General Meeting of Shareholders;
24. Decisions of the General Meeting of shareholders on the matters specified in subparagraphs 1) -4) of paragraph 23 of present Code are taken by qualified majority of total voting shares.
25. Decisions of the General Meeting of Shareholders on other matters by a simple majority vote of the voting shares, voting, if the Law on JSC and the Charter provides otherwise.
26. The general meeting of shareholders has the right to cancel any decision of other bodies of the Bank on matters relating to the internal operations of the Bank.
27. At the General Meeting of Shareholders, held in full-time basis, during discussion of issues which are not of commercial secrecy, there may attend and speak persons who are not shareholders of the Bank. These persons are not eligible to vote on the agenda of the General Meeting of Shareholders.
28. Annual General Meeting of Shareholders shall be convened by the Board of Directors.
29. The Extraordinary General Meeting of Shareholders shall be convened at the initiative of:
  - 1) The Board of Directors;
  - 2) a major shareholder.
30. Preparation and implementation of the General Meeting of Shareholders is conducted by:
  - 1) the Board;
  - 2) The registrar of the Bank in accordance with the signed contract with it;
  - 3) The Board of Directors;
  - 4) The liquidation committee.
31. The list of shareholders entitled to participate in the General Meeting of Shareholders and to vote on it, is made by the registrar of the Bank on the basis of the share register of the Bank.
32. Shareholders should be informed about the upcoming General Meeting not later than thirty calendar days, in the case of absentee voting, or mixed - not later than forty-five calendar days before the date of the meeting. Notice of General Meeting of Shareholders shall be notified to shareholders by issuing a written notice with a notice in accordance with the applicable legislation of the Republic of Kazakhstan. If the number of shareholders will be more than fifty, the notice must be published in the media that meet the requirements established by the Authority.
33. Notice of General Meeting of Shareholders shall contain:
  - 1) the full name and location of the Board;
  - 2) information about the initiator of the convening of the meeting;
  - 3) The date, time and place of the General Meeting of Shareholders, the starting time of registration of meeting participants, and the date and time of the second General Meeting of Shareholders to be held, if the first meeting does not take place;
  - 4) The date of making the list of shareholders entitled to attend the General Meeting

of Shareholders;

5) The agenda of the General Meeting of Shareholders;

6) The procedure for reviewing the Bank's shareholders with the materials on the agenda of the General Meeting of Shareholders.

34. The agenda of the General Meeting of shareholders is formed by the Board of Directors and shall contain an exhaustive list of specific questions posed to be discussed.

35. The agenda of the General Meeting of Shareholders may be supplemented by a large shareholder or by the Board of Directors, provided that the shareholders are informed of these additions, not later than fifteen days before the date of the General Meeting.

36. The general meeting of shareholders is entitled to consider and decide on the agenda, if at the end of the registration of meeting participants in it there are registered shareholders or their representatives which are included in the list of shareholders entitled to participate in it and vote on it, holding in aggregate more than fifty and more percent of the voting shares of the Bank.

37. A shareholder has the right to participate in general shareholders meeting and vote on the issues in person or through a representative.

38. The members of the Bank, as well as other employees of the Bank are not eligible to act as representatives of the shareholders at the General Meeting of Shareholders.

39. Representative of a shareholder acts under the power of attorney executed in accordance with the laws of the Republic of Kazakhstan.

40. There is no need to have a power of attorney to attend the General Meeting of Shareholders and vote on matters under consideration for the person who has, in accordance with the laws of the Republic of Kazakhstan or the contract the right to act without a warrant on behalf of the shareholder or to represent its interests.

41. Shareholder of the Bank, which is the owner of the preference shares is entitled to attend the General Meeting of Shareholders held in full-time basis, and participate in the discussion of the issues.

42. Prior to the opening of the General Meeting of Shareholders there is held a registration of arrived shareholders (their representatives). The representative of the shareholder must submit a power of attorney evidencing his authority to participate and vote at the General Meeting of Shareholders.

43. The general meeting of shareholders is opened at the time declared if a quorum is present. General Meeting of Shareholders shall elect a chairman (the presidium) and Secretary (Secretariat) of the General Meeting. The general meeting of shareholders determines the form of voting - open or secret (for newsletters). Board members can not chair the General Meeting of Shareholders, except when all the shareholders present at the meeting are included in the Board. The general meeting of shareholders may be adjourned only after consideration of all issues on the agenda and make decisions on them.

44. Decisions of the General Meeting of Shareholders may be taken by absentee ballot. Absentee voting can be used together with the vote of shareholders present at the General Meeting of Shareholders (mixed voting), or without a meeting of the General Meeting of Shareholders.

45. In case of the absentee voting the ballots of a single form are sent (distributed) persons who are included in the list of shareholders.

46. The ballot shall be sent to persons on the list of shareholders, not later than forty-five days before the date of the meeting of the General Meeting of

Shareholders. During absentee voting without a general meeting of shareholders the Bank with the number of five hundred or more shareholders is required to publish in the media, defined by the Charter, an absentee ballot at the General Meeting of Shareholders, together with notice of the General Meeting of Shareholders.

47. Voting at the General Meeting of Shareholders shall be according to the principle of "one share - one vote", except for the following:

- 1) limitation of the maximum number of votes on shares granted to one shareholder, in cases stipulated by legislative acts of the Republic of Kazakhstan;
- 2) cumulative voting in electing the members of the Board of Directors;
- 3) provision to each person entitled to vote at the General Meeting of Shareholders, one voice on matters of procedure of the General Meeting of Shareholders.

48. As a result of a vote counting the commission shall prepare and sign the minutes of voting.

49. In the presence of a shareholder's dissenting opinion on the issue submitted for voting, the counting board of the Bank is obliged to place on record the corresponding entry.

50. The protocol on the voting results shall be attached to the minutes of the General Meeting of Shareholders.

51. The voting results of the General Meeting of Shareholders or the results of absentee ballots are submitted to the shareholders by publishing them in the media or written notice to each shareholder within ten days after the close of the General Meeting of Shareholders.

52. Minutes of the General Meeting of Shareholders should be drawn up and signed within three working days after the close of the General Meeting of Shareholders.

53. The minutes of the General Meeting of Shareholders shall include:

- 1) full name and address of the Management Board;
- 2) The date, time and place of the General Meeting of Shareholders;
- 3) information on the number of voting shares represented at the General Meeting of Shareholders;
- 4) The quorum of the General Meeting of Shareholders;
- 5) The agenda of the General Meeting of Shareholders;
- 6) the procedure for voting at the General Meeting of Shareholders;
- 7) The Chairman (Presidium) and Secretary of the General Meeting of Shareholders;
- 8) statement of the persons participating in the General Meeting of Shareholders;
- 9) Total number of votes of the shareholders of each item on the agenda of the General Meeting of Shareholders, put to vote;
- 10) issues put to the vote, the vote thereon;
- 11) decisions taken by the General Meeting of Shareholders.

54. Minutes of the General Meeting of Shareholders shall be signed by:

- 1) Chairman (members of the presidium) and secretary (secretariat) of the General Meeting of Shareholders;
- 2) The members of the Counting Commission;
- 3) the shareholders holding ten percent or more of the voting shares of the Bank and participating in the general meeting of shareholders.

55. If the number of shareholders in the Bank is less than a hundred, the function of the counting commission is conducted by the secretary of the General Meeting of Shareholders. The Counting Commission is elected at the General Meeting of Shareholders if the number of shareholders will be one hundred or more. The term

of the Counting Commission (Secretary of the General Meeting of Shareholders) of the Bank is determined by the General Meeting of Shareholders.

#### **Chapter 4. Board of the Directors of the Bank**

56. The Board of Directors is responsible for general management of the Bank, except for matters referred by the Law on Joint Stock Companies and the Charter to the exclusive competence of the General Meeting of Shareholders.

57. The exclusive competence of the Board of Directors includes the following:

- 1) determination of the priorities of the Bank;
- 2) a decision on convening annual and extraordinary general meetings of shareholders;
- 3) The decision on offering (sale), including the number of placement (sold) shares within the number of authorized shares, method and cost of their accommodation (implementation);
- 4) The decision on the purchase of shares by the Bank or other securities and the price of their redemption;
- 5) preliminary approval of the annual financial statements;
- 6) determination of the conditions for issuance of bonds and derivative securities of the Bank;
- 7) The determination of the composition, term of office of the Board, election of its leader and members, as well as early termination of their powers;
- 8) determining the size of salaries and conditions of remuneration and bonuses for the leader and members of the Board;
- 9) determination of the composition, term of office of the Internal Audit Service, the appointment of its head and members, as well as the termination of their powers, the definition of the order of the Internal Audit Service, the amount and terms of remuneration and bonuses of employees of the Internal Audit;
- 10) the appointment, the definition of the term of office of corporate secretary, early termination of his powers, as well as the determination of the amount of the salary and conditions of remuneration of the Corporate Secretary;
- 11) determination of the amount of pay for the audit firm, as well as an appraiser to estimate the market value of property subject to a major transaction;
- 12) approval of the documents governing the internal operations of the Bank (except for the documents adopted by the executive body for the organization of the Bank), including an internal document, which establishes conditions and procedures for conducting auctions and subscription of securities of the Bank;
- 13) decision on the establishment and closing of branches and representative offices of the Bank and the approval of regulations on them;
- 14) the decision to acquire by the Bank of ten percent or more of the shares (shares in the authorized capital) of other legal entities;
- 15) making decisions on activities related to the general meeting of shareholders (participants) of legal entity, ten percent or more of the shares (shares in the authorized capital), which belongs to the Bank;
- 16) increase in liabilities in the amount of ten percent or more of the size of its equity;
- 17) selection of the registrar of the Bank in case of termination of the contract with the former registrar of the Bank;
- 18) definition of information about the Bank or its activity, part of the service, commercial or other secrets protected by law;

- 19) decision on the conclusion of major transactions and transactions in which the Bank has an interest;
- 20) approval of the Bank's organizational structure;
- 21) other issues specified by the Law on JSC and the Charter of the Bank, which are non-exclusive jurisdiction of the General Meeting of Shareholders.
59. The Board of Directors shall not be entitled to take decisions on matters which, in accordance with the Charter, are within the competence of the Board and make decisions that are contrary to the decisions of the General Meeting of Shareholders.
60. In the case of considering the decision to conclude a major transaction and (or) a transaction in which there is interest, information about the transaction must include information on the sides of the transaction, the terms and conditions of execution of the transaction, the nature and scope of interests of those involved, as well as a report appraiser, in the cases stipulated by the Law on Joint Stock Companies.
61. The Board of Directors shall:
  - 1) monitor and where possible eliminate potential conflicts of interest between the officers and shareholders, including misuse and abuse by the Bank for transactions in which there is an interest;
  - 2) monitor the effectiveness of corporate governance practices in the Bank.
62. Member of the Board of Directors may only be an individual.
63. Members of Board of directors are elected from among:
  - 1) The shareholders - physical persons;
  - 2) persons proposed (recommended) to be elected to the Board of Directors as representatives of shareholders;
  - 3) other persons (the number of such persons may not exceed fifty percent of the Board of Directors.).
64. Election of board members by cumulative voting. When selecting the members of the Board of Directors the shareholders are provided with information about age, education of the candidate, information about jobs and positions held over the past three years, information about the affiliation of the Bank, and other information confirming the qualifications, work experience of candidates.
65. Members of the Managing Board, except for its head, can not be elected to the Board of Directors. Head of the Board shall not be elected Chairman of the Board of Directors.
66. The number of Board members is at least three people. Not less than one-third of the members of the Board of Directors shall be independent directors.
67. Persons elected to the Board of Directors may be re-elected an unlimited number of times.
68. The term of office of the Board is established by the General Meeting of Shareholders.
69. Chairman of the Board of Directors shall be elected from among its members by a majority vote of all members of the Board of Directors by secret ballot.
70. Chairman of the Board of Directors organizes the work of the Board of Directors, conducts its meetings, as well as performs other functions that are defined by the Charter.
71. Members of the Board of Directors shall:
  - 1) act in accordance with the laws of the Republic of Kazakhstan, the Charter and internal documents of the Bank, employment contract on the basis of awareness, transparency in the interests of the Bank and its shareholders;
  - 2) treat all shareholders fairly, to exercise objective independent judgment on

corporate affairs.

72. Board of Directors meeting may be convened at the initiative of its Chairman or the Board or at the request of:

- 1) any member of the Board of Directors;
- 2) of the Internal Audit of the Bank;
- 3) The audit organization conducting audits of the Bank;
- 4) a major shareholder.

73. The requirement to convene a meeting of the Board of Directors is presented to the Chairman of the Board of Directors by sending a written notice containing the proposed agenda for the meeting of the Board of Directors.

74. In the event of refusal by the Chairman of the Board of Directors to convene a meeting, the initiator may apply with the specified requirement to the Managing Board, which shall convene a meeting of the Board of Directors.

75. Meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors or the Board no later than ten days after receipt of the request to convene.

76. Written notice of the meeting of the Board of Directors with the application materials for the agenda should be sent to members of the Board of Directors no later than three working days prior to the date of the meeting.

77. Notice of meeting of the Board of Directors shall include the date, time and place of the meeting and its agenda.

78. The quorum for a meeting of the Board of Directors shall be not less than 50% of the total number of members of the Board of Directors.

79. Each Board member shall have one vote. Decisions of the Board of Directors are taken by simple majority vote of the Board members present at the meeting.

80. In case of equality of votes the Chairman of the Board shall be decisive.

81. Board of Directors may decide to hold a closed session, which may involve only members of the Board of Directors.

82. Decisions of the Board of Directors, adopted at its meeting held in the internal order in the protocol.

83. Decisions of the Board of Directors may be taken by absentee ballot issues to be voted to the Board of Directors without a vote of full-time, or by absentee ballot at the voting board members present at a meeting of the Board of Directors (the mixed voting).

84. The decision by absentee ballot is recognized accepted if received by a quorum of ballots within the prescribed period in accordance with the legislation of the Republic of Kazakhstan, the Bank's Charter.

85. Any banking transaction associated with the conclusion of the transaction by the Bank with a person connected with the Bank's special relationship is on the same basis without the provision of preferential treatment.

## **Chapter 5. Managing Board of the Bank**

86. Daily management of the Bank is carried out by the Board.

87. The Board shall have the right to make decisions on any matters of the Bank, not falling within the Law on JSC, other legislative acts of the Republic of Kazakhstan and the Charter to the competence of other bodies and officials of the Bank.

88. The Board shall carry out the decisions of the General Meeting of Shareholders and Board of Directors.

89. Board members can be shareholders and employees of the Bank who are not its shareholders. Major shareholder of the Bank shall be appointed (elected) to the position of Chairman of the Board.

90. The functions, rights and duties of the Board are determined by the Law on JSC, other legislative acts of the Republic of Kazakhstan, the Charter, the Bank's internal regulations, as well as the employment contract between the said people with the Bank.

91. Any questions related to the functioning of the Bank, not covered by the Charter to the exclusive jurisdiction of the General Meeting of Shareholders and Board of Directors, within the purview of the Board.

92. Powers of the Board:

- 1) a preliminary discussion of all matters to be considered by the Board of Directors and General Meeting of shareholders in connection with the preparation of these required documents;
- 2) organize the implementation of decisions of the General Meeting of Shareholders and Board of Directors;
- 3) control matters relating to banking activities;
- 4) is preparing a report of the Bank;
- 5) carries out development projects of the Charter and Regulations of branches, representative offices, the Bank's organizational structure;
- 6) approve the internal rules and procedures of the Bank of determining: objectives, functions and powers of the Bank's units, rights and responsibilities of heads of departments, the powers of officers and employees of the Bank in carrying out transactions on behalf of and at the expense of the Bank, the order of interaction between departments of the Bank, other questions of current activities of the Bank;
- 7) The decision of questions about the selection, appointment, training and retraining;
- 8) determine the payment terms of individual motivation and employees of the Bank;
- 9) appoint and remove directors of the Bank's branches and representative offices;
- 10) Approves the staffing of the Bank, its affiliates and representatives, shall take a decision to make in these amendments;
- 11) perform other functions that are defined by the Charter and the resolutions of the General Meeting of Shareholders and Board of Directors.

93. Powers of the Chairman of the Board:

- 1) organize the implementation of decisions of the General Meeting of Shareholders and Board of Directors;
- 2) no attorney acting on behalf of the Bank's relations with third parties;
- 3) gives power of attorney for the submission of the Bank in its dealings with third parties;
- 4) receives, transfer and dismissal of employees of the Bank shall apply to actions to promote and impose disciplinary punishments, sets the size of salaries of employees of the Bank and the personal allowances for salaries in accordance with the staffing of the Bank, determines the amount of premiums the Bank's employees, except employees accountable Board of Directors of the Bank;
- 5) in the case of absence, his duties, confers on a member of the Board;
- 6) assigns responsibilities, and lines of authority and responsibility among members of the Board;
- 7) perform other duties without restrictions, except for the matters referred to the exclusive jurisdiction of other agencies of the Bank.

94. Board meetings are held as needed, they, the President of the Board, and in his

absence, the Board directs the work of the Deputy Chairman or a member of the Board, appointed by the Chairman of the Board.

95. Transfer of voting member of the Board to any other person, including another member of the Board is not allowed.

96. The quorum for meetings of the Board of a simple majority of the members of the Board. The Board is authorized to take decisions at its meeting if there is a simple majority of the members of the Board, provided that it is attended by Chairman of the Board or his deputy, authorized the Board to hold meetings without the presence of the Chairman of the Board. Board decisions are taken by simple majority vote of the attending members of the Board, provided that this decision is voted Chairman of the Board or his deputy, authorized the Board to hold meetings without the presence of the Chairman of the Board.

97. In case of equality of votes at a meeting of the Board voting is a vote of the Chairman of the Board or the Vice Chairman of the Board authorized the Chairman, to conduct the Board meeting in his absence.

98. Board decisions are made by Protocols of the Board, which must be signed by all present at the meeting of the members of the Board and contain the questions put to the vote, voting results to reflect the result of a vote of each member of the Board on each issue.

## **Chapter 6. Responsibility of the Officials**

99. Officials of the Bank's responsibility, established by the laws of the Republic of Kazakhstan, the Bank and its shareholders for damages caused by their actions and (or) omissions, and for losses incurred by the Bank, including but not limited to losses incurred as a result of:

- 1) provision of information, misleading or false information;
- 2) violation of the provision of information established by the JSC Law;
- 3) the proposal to the conclusion and (or) making the conclusion of major transactions and (or) deals, in which there is an interest that led to the emergence of the Bank's losses as a result of fraud, and (or) omissions, including the purpose of obtaining them, or their affiliated entities income (profit) as a result of the conclusion of such transactions with the Bank.

100. The adoption by the General Meeting of shareholders in cases stipulated by the Law on joint stock companies, and (or) the company's charter, the decision on the conclusion of a major transaction and (or) a transaction in which there is interest, not exempt from liability official invitation for them to imprisonment, or official , acted in bad faith and (or) sitting dormant in the body of the Bank, of which it is, including the purpose of obtaining them, or their affiliated entities income (profit), if as a result of their performance losses caused by the Bank.

101. Bank on the basis of the decision of the General Meeting of shareholders or a shareholder (shareholders) owning (owning in the aggregate) by five percent or more of the voting shares of the Bank, on its behalf may apply to the court against the officer for reimbursement of the Bank of damage or losses caused to the Bank, and the return of the Bank Officer and (or) its affiliates earnings (income), the resulting decision on the conclusion (sentence to imprisonment), major transactions and (or) deals, in which there is an interest that led to the emergence of losses of the Bank, if the officer acted in bad faith and (or) inactive.

102. Bank on the basis of the decision of the General Meeting of shareholders or a shareholder (shareholders) owning (owning in the aggregate) by five percent or more



of the voting shares of the Bank, on its behalf may apply to the court against the officer of the Bank and (or) a third party for compensation for damages to society caused by the Bank as a result of the deal with the Bank by a third party, if at the conclusion and (or) the implementation of the transaction that the official of the Bank through an agreement with such third party acted in violation of the laws of the Republic of Kazakhstan, the present Charter and internal documents of the Bank or its employment contract. In this case, this third party and an official of the Bank acted as joint debtors of the Bank for reimbursement of the Bank of such damages.

103. Before applying to the courts shareholder (shareholders) owning (owning in the aggregate) by five percent or more of the voting shares of the Bank, shall apply to the Chairman of the Board of Directors with the requirement for an issue of reimbursement of losses caused by the officials of the Bank and the Bank of returning officers bank and (or) their affiliates their profits (income) resulting from the award of (proposals to the conclusion) major transactions and (or) deals, in which there is interest, the Board of Directors meeting.

104. Chairman of the Board of Directors shall convene a meeting of the full-time Board of Directors no later than ten calendar days from the date of application.

105. The Board of Directors for the treatment of a shareholder (shareholders) owning (owning in the aggregate) by five percent or more of the voting shares of the Bank, brought to his (their) data for three calendar days from the date of the meeting. Upon receipt of the decision of the Board or its non-receipt within the time specified in this paragraph, the shareholder (shareholders) owning (owning in the aggregate) by five percent or more of the voting shares of the Bank is entitled to his own name bring an action in court to protect the interests of the Bank in the presence of documents confirming the address of the shareholder to the Chairman of the Board of Directors of the Company on the above subject.

106. Officials of the Bank, except for the official concerned in the transaction and offered to conclude a deal, resulting in the execution of which the Bank has suffered loss, shall be exempt from liability in case voted against the decision of the Bank's authority, which caused losses of the Bank or the shareholder, or participate in voting for valid reasons.

107. Officer shall be exempt from the payment of damages resulting from the commercial (business) decisions, if it is proved that he acted properly in accordance with established principles of law on joint stock companies of the Bank's officials, based on current (good) information at the time of solutions and reasonably believed that such a solution is in the interest of the Bank.

108. Officials of the Bank, was found guilty of crimes against property in the area of economic activity or service against the interests of the commercial or other organizations, as well as exempt from criminal liability for non-rehabilitation grounds for the commission of these crimes can not be within five years from the date of maturity or withdrawal in the manner prescribed by law, a conviction or release from criminal responsibility to serve as officers of the Bank, as well as representatives of shareholders at the General Meeting of Shareholders.

109. If the financial statements distort the position of the Bank, officers of the Bank, signed the financial statements of the Bank shall be liable to third persons, who as a result has suffered material damage.

110. For the purposes of this Chapter, the definitions will include:

1) good faith, that is a decision (proposal to the conclusion) is not in the interests of the Bank for the conclusion of major transactions and (or) deals, in which there is interest, in violation of the Act, the principles of joint-stock company officials, which

resulted in the bank suffered losses not covered by the usual business risks;  
2) inaction, that is, an official of the Bank refrained when deciding whether to execute transactions and (or) deals, in which there is interest, which resulted in the Bank suffered losses not covered by normal entrepreneurial risk, or did not participate in the vote without a valid reasons.

## **Chapter 7. Significant Corporate Actions**

111. Significant corporate actions are actions that can lead to changes in the legal status of the Bank and its property and substantially affect the interests of the Bank and its shareholders.

112. The Bank recognizes that significant corporate actions are accompanied by maximum openness and transparency, which is achieved by compliance with certain laws of the Bank, the Bank's statutes and this Code of Procedure of committing significant corporate actions.

113. When making major corporate actions the Bank will not allow the accomplishment of actions that cause or may cause damage to the interests of the Bank.

114. The essential corporate actions the Bank include:

- 1) a big deal, a transaction in which the Bank has an interest, as well as transactions with parties related to the Bank a special relationship;
- 2) acquisition of 30 percent or more of outstanding shares of the Bank;
- 3) the reorganization and liquidation of the Bank;
- 4) other activities and events which involve fundamental corporate change.

115. The market value of property subject to the transaction, which in their characteristics is essential to corporate activity, determined by an independent appraiser having an appropriate license, except in cases where transactions are subject to securities (including securities issued by the bank) or credit transactions . The market value of securities is established on the basis of the official quotation on the organized market, and in their absence, in accordance with the Bank's internal documents.

116. When transactions Bank is obliged to take all possible steps from him, aimed at identifying the issue: whether the transaction is a significant corporate action.

117. Affiliated persons of the Bank, in turn, are obliged to inform the bank that they:

- 1) a party to the transaction;
- 2) and \ or are affiliated persons of the legal entity that is party to the transaction, or participating in it as a representative or intermediary;
- 3) and \ or known to them committed or anticipated transactions in which they can be recognized as stakeholders.

### **§ 1. The order of making large transactions, transactions in which there is interest, and transactions with persons connected with bank by special relations**

118. Recognized as a major transaction:

- 1) a transaction or set of interconnected transactions as a result of which (are) the Bank acquired or disposed of (could be purchased or expropriated) property whose value is twenty-five percent or more of the total value of the assets of the Bank;
- 2) a transaction or set of interrelated transactions, which resulted in (which) may be redeemed by the Bank placed its securities are bought or sold their securities of the

Bank in the amount of twenty-five percent or more of the total number of outstanding securities of the same species

3) a transaction, recognized by the Charter of the Bank as a major transaction.

119. Interlinked with each other are recognized:

1) The number of transactions made with the same person or group of persons affiliated with each other in respect of the acquisition or disposition of the same property;

2) deal to be signed by one contract or several contracts related to each other

3) other transactions that are recognized as interconnected by the Charter or the General Meeting of Shareholders.

120. In the case of considering the decision to conclude a major transaction and (or) a transaction in which there is interest, information about the transaction must include information on the sides of the transaction, the terms and conditions of execution of the transaction, the nature and scope of interests of those involved, as well as a report appraiser, in the cases stipulated by the Law on Joint Stock Companies.

121. In order to inform the creditors and shareholders of the Bank shall, within five working days after the Board of Directors decision on the conclusion of a big deal to publish in the official and other languages in the media, meeting the requirements set by the Notified Body, the message about the transaction.

122. In case of disagreement with the decision of the Bank to conclude a major transaction, taken in accordance with the JSC Law and the Charter, the shareholder has the right to demand redemption of his shares by the Bank in accordance with the laws of the Republic of Kazakhstan on joint stock companies.

123. The persons concerned in the commission of the Bank of the transaction (hereinafter - the interested parties) shall be deemed affiliates of the Bank, if they:

1) are party to the transaction or to participate in it as a representative or intermediary;

2) are affiliated persons of the legal entity that is party to the transaction or participates in it as a representative or intermediary.

124. It is not a transaction of which the Bank is interested:

1) The acquisition of shares of a shareholder or other securities of the Bank and the Bank's repurchase of its outstanding shares;

2) the transaction is the commitment not to disclose information containing banking, commercial or secrets protected by law;

3) the reorganization of the Bank carried out in accordance with the Law on Joint Stock Companies;

4) the transaction of the Bank with its affiliated entity, performed in accordance with Kazakhstan legislation on public procurement.

125. The decision to conclude the transaction by the Bank, in which there is interest, made by a simple majority vote of the Board of Directors who are not interested in committing it.

126. The decision to conclude the transaction by the Bank, in which there is interest, adopted by the General Meeting of Shareholders by a majority vote of the shareholders are not interested in making it, in the following cases:

1) if all members of the Board of Directors of the Bank are interested parties;

2) inability to adoption by the Board of Directors decision on the conclusion of this transaction in the absence of the number of votes necessary for a decision.

127. The decision to conclude the transaction by the Bank, in which there is interest, adopted by the General Meeting of Shareholders by a simple majority of total voting shares in the event that all members of the Board of Directors and all shareholders owning ordinary shares, are stakeholders. In this case the General Meeting of

Shareholders are provided with information (with documents) necessary to make an informed decision.

128. Board of Directors may decide on the preliminary approval of transactions, in which there is interest, and committed by the Bank under the current activity. In the prior approval of the Board of Directors may set a limit of transactions (the maximum size of the total transaction amount), the list of transactions and a list of companies that performed the transaction.

129. Failure to comply with the requirements of the Charter of the JSC Law when making large transactions and transactions in which there is interest, entails the recognition these transactions invalid at law on the claim concerned.

## **§ 2. The acquisition by third-party of 30 or more percent of the voting shares of the Bank (acquisition)**

130. In accordance with the laws of the Republic of Kazakhstan the person who intends to purchase in the secondary securities market and more than 30 percent of the voting shares of the Bank shall send a notification to the Bank and the authorized body in the established order.

131. Management Board within 3 working days considers this notice and determines the position of the Bank's upcoming acquisitions and requests that the Board of Directors of the Bank for approval of text and data message to the shareholders of the Bank, containing the opinion of the Bank regarding the upcoming acquisitions, for publication of such opinions in print.

132. The Board of Directors of the Bank not later than 5 working days of the Board shall consider the petition and take one of the following decisions:

1) approve the application and the Board agree with the position of the Bank, proposed by the Management Board regarding the upcoming acquisitions and approve the text of the Announcement to the shareholders of the Bank, or  
2) deny the petition and the Board reconsider its position regarding the upcoming Bank of absorption, as proposed by the Management Board, with the introduction of appropriate adjustments to the text of the informational message.

133. Information Notice published in the newspapers, certain Charter of the Bank, within 5 working days from the date of approval by the Board of Directors of the text message information to the shareholders of the Bank.

134. Bank in the manner specified by the legislation of the Republic of Kazakhstan, may make an offer to a person who wishes to sell shares of the Bank, on their purchase by the Bank or a third party at a price exceeding the price offered. The proposal of the Bank shall contain the information about the number of shares, price and customer details in the case of acquisition of shares by a third party.

135. In the case of consent of the person who wants to sell shares to the offer of the Bank, the deal contract of sale of shares is carried out in accordance with the legislation of the Republic of Kazakhstan with regard to the requirements in respect of major transactions, and the order of redemption by the Bank of outstanding shares.

136. A person who, alone or together with its affiliates has acquired in the secondary securities market and more than 30 percent of the voting shares of the Bank, within 30 days from the date of purchase must be published in the media offer to other shareholders sell their shares of the Bank in a period of not more than 30 days from the date of publication of the proposal to sell them.

137. Notification of the acquisition on the secondary securities market and more than 30 percent of the voting shares of the Bank shall also be sent to shareholders who

individually or together with its affiliates has acquired a specified number of shares to the Bank within 3 working days. From the date of receipt of such notice the Bank monitors compliance with the shareholder, who alone or together with its affiliates has acquired a specified number of shares.

### **§ 3. Reorganization of the Bank**

138. The question of the reorganization of the Bank with the application of conditions such reorganization shall be submitted to the General Meeting of Shareholders by the Board of Directors.

139. The Board of Directors is actively involved in determining the conditions and procedures for the reorganization of the Bank.

140. Before making a decision on reorganization in the form of acquisition, merger, separation, individual members of the Board shall have the right to participate in negotiations on the reorganization carried out by the Management Board, the executive bodies of the companies involved in the reorganization, and organized discussion of the progress of these negotiations, the Board of Directors. Board of Directors approves the final draft document on the reorganization and make the issue of reorganization to the general meeting of shareholders with an application view of the Board on this issue.

141. The Board of Directors to the Board prior to making the latest issue of the reorganization at a general meeting of shareholders of the information and materials relating to the proposed reorganization. Board of Directors of the following documents:

- 1) a draft agreement on merger (acquisition) or the draft decision on the division (separation);
- 2) The constituent documents of the project re-established as a result of reorganization (merger, division, separation or transformation) organizations, or the constituent documents of the organization to which the connection;
- 3) The annual financial statements of all organizations involved in the merger (accession) for the last 3 completed financial years;
- 4) quarterly reports prepared not later than six months prior to the date of the meeting, which shall be made on the question of the reorganization, if the end of the last financial year has been more than six months;
- 5) The draft deed of transfer or separation balance sheet;
- 6) The rationale for the reorganization.

142. In the event of a disagreement, the Bank has the right to determine the ratio of conversion of shares in the reorganization of the Bank to draw the appraiser.

143. Notification of a joint general meeting of each company is involved in the merger (accession), in accordance with the laws and charters of these companies.

144. Boards of Directors of the reorganized companies may hold a joint meeting to determine the date, time and place of holding a joint general meeting of shareholders, and in the case of voting in absentia - date by which completed ballots should be sent, and postal address to which they should be sent.

145. Procedure for voting at a joint general meeting of the entities involved in the merger or consolidation, the person performing the functions of a general meeting of members shall be determined in accordance with the rules set forth in the agreement on merger (accession).

### **§ 4. Liquidation of the Bank**

146. The grounds and procedure for liquidation of the Bank is governed by the legislation of the Republic of Kazakhstan.

147. The bank may be liquidated:

- 1) to address the general meeting of shareholders with the permission of an authorized body (voluntary liquidation);
- 2) the court decision in the cases stipulated by legislative acts of the Republic of Kazakhstan (compulsory liquidation).

148. In the case of voluntary liquidation of the Bank's general meeting of shareholders after obtaining permission of the authorized agency by agreement with creditors and their control in accordance with the laws of the Republic of Kazakhstan is determined by the procedure of liquidation and the liquidation committee shall be appointed. Since the appointment of the liquidation committee are transferred to it the authority to manage the affairs of the Bank.

149. Features of the liquidation committee for the voluntary liquidation of the Bank are determined by laws of the Republic of Kazakhstan.

150. Shareholders holding in aggregate ten percent or more (only large shareholders) of the voting shares of the Bank shall be entitled to have a representative in the liquidation committee.

151. Forced liquidation by the court in connection with:

- 1) The bankruptcy of the Bank;
- 2) The revocation of licenses of the Bank to conduct banking transactions on the grounds provided by the banking legislation of the Republic of Kazakhstan;
- 3) application (claim) the authorized state bodies, legal entities or individuals on the termination of the Bank on other grounds stipulated by legislative acts.

152. Insolvency and the failure of the Bank established the conclusion of the authorized body, submitted to the court, made up taking into account the method of calculating prudential standards (and other binding norms and limits), the size of the Bank's capital.

153. The bank may be declared bankrupt by a court only in the prescribed manner. Extrajudicial liquidation procedure to resolve the insolvent bank's creditors and the Bank is not allowed.

154. Liquidation (competitive), the mass is formed in the manner specified by the legislation of the Republic of Kazakhstan.

155. The claims of creditors in the involuntary liquidation of the Bank are satisfied in the manner prescribed by the banking legislation of the Republic of Kazakhstan.

156. The bank is considered to have terminated its activities from the time of the relevant entry in the state register of legal entities.

157. Remaining after payments to creditors of the Bank's property is distributed by the liquidation commission among the shareholders in the manner prescribed by the banking legislation of the Republic of Kazakhstan.

## **Chapter 8. Corporate behaviour - interaction with investors and other interested parties**

### **§ 1. Interaction with the investment community**

158. The Bank aims to increase its attractiveness by increasing openness and transparency and to maximize shareholder value by increasing the liquidity of the Bank shares and reduce the risk premium associated with the lack of information

and lack of confidence of investors in the prospects of the Bank.

159. A key factor in the interaction with the investment community is a timely disclosure of objective, reliable and consistent information in accordance with applicable laws, rules and requirements, as well as providing an active dialogue with investors and analysts.

160. The Bank complies with the principles of fair competition. Thus the bank in the process of relationships with customers, competitors and business partners do not use of any kind of manipulation, concealment or misrepresentation of the information, conflicts of interest of officers and other dishonest ways of doing things.

161. Through interaction with the information community bank implements a number of measures aimed at improving the transparency of the Bank, including:

- 1) The meetings and presentations to investors and analysts;
- 2) Road shows and meetings with investors' one-on-one ";
- 3) conference calls;
- 4) the distribution of press releases;
- 5) publication in the professional media.

162. The Bank attaches great importance to control the disclosure of subsidiaries, the financial statements which the Bank will consolidate and ensure the coherence and consistency of the information policy of the Bank and its subsidiaries.

163. With respect to confidential information, the Bank carries out its activities in accordance with the requirements of applicable law.

164. To do this, the Bank implemented a balanced approach to provide investors and analysts needed information, aimed at increasing understanding of the Bank's business, its opportunities and prospects for development, but it does not reduce the competitiveness of the Bank.

## **§ 2. Interaction with the public and the media**

165. The Bank is working to maintain and develop effective dialogue with the media and the public with an interest in the Bank, as well as to raise the overall level of openness and transparency.

166. In order to ensure maximum transparency, the Bank regularly participates in major international and national conferences and forums organized a meeting of representatives of the media and the public with the leadership of the Bank.

167. The main principles of the PR activities of the Bank are:

- 1) a single information policy;
- 2) a constant stream of news and current, most complete and objective coverage of all aspects of the Bank;
- 3) providing timely responses to all requests for information received by the Bank;
- 4) regular meetings of representatives of the media and the public with the management of the Bank.

## **§ 3. Development of partnerships with stakeholders**

168. Important role in the activities of the Bank is not only the confidence of shareholders and investors in the management of the Bank, but also the confidence of clients, creditors, partners and other stakeholders in the activities of Bank officials. In this regard, an important moment in the formation of corporate governance of the Bank is to maintain and develop sustainable and trusting relationships with interested parties, both in the short and long term.

169. The Bank adheres to the principle of neutrality with respect to financial and industrial groups, government agencies, political parties and associations.

170. When building relationships with customers bank focused on maximum satisfaction of their needs, including: the quality of services, service level, while respecting the compliance cost of service prevailing market conditions.

## **Chapter 9. Information Policy**

171. Realizing the importance of information disclosure on the Bank to assess the current financial condition and prospects, the Bank ensures the provision of timely, complete and accurate information on its activities for shareholders, potential investors, the Authorised Body. The nature and amount of information should allow to make a real idea of the Bank, to give a reasonable opportunity to take the decision to participate in the management of the Bank (investment funds), to be sufficient for the proper control of the authorized body.

172. Disclosure of timely, complete and accurate information on the Bank to allow a confidence of the shareholders, potential investors, the Commissioner authority to transparency, reliability and profitability of the Bank.

173. The Bank provides disclosure on all material issues of its activities, identifying:

- 1) availability of information to be disclosed to all interested persons, depending on the purpose of receiving it;
- 2) the procedure, methods and timing of disclosure and provision of information.
- 3) Compliance with information security in order to avoid unnecessary disclosure of information that is confidential or proprietary in nature.

### **§ 1. The order of presentation of information to authorized bodies and shareholders of the Bank**

174. The Bank provides the following information to the Authorized Agency, daily, monthly, quarterly and annual financial statements of the Bank, which includes the Bank's balance sheet, statement of income and expenditure, cash flow statement and other reporting (information) in accordance with the laws of the Republic of Kazakhstan. Annual financial statements of the Bank (after the approval of shareholders' meeting) within the deadline set by the Charter of the Bank, and quarterly financial statements are published in newspapers, prescribed by the Charter of the Bank.

175. In accordance with the laws of the Republic of Kazakhstan in order to ensure transparency the Bank provides a mandatory disclosure to shareholders and the Authorized Agency in accordance with current legislation the following information:

- 1) The decisions of the General Meeting of Shareholders and Board of Directors and execution of decisions;
- 2) the issue of bank shares and other securities, as well as approving the report on the results of registration and placement of securities, reports on the basis of repayment of the securities, the cancellation by the Authorised Body of securities of the Bank;
- 3) the commission of the Bank of large transactions and transactions in which there is interest;
- 4) the receipt of loan by the Bank, constituting 25 percent or more of the equity capital of the Bank;
- 5) the receipt by the Bank of licenses to engage in any activities of the suspension or termination of the previously received licenses to engage in any activities;



- 6) the Bank's participation in a legal entity, or the establishment of the Bank of the legal entity;
- 7) confiscation of the property of the Bank;
- 8) about the occurrence of cases of emergency nature, which resulted in the destruction of property of the Bank's book value of more than 10 percent of the total assets of the Bank;
- 9) about the involvement of the Bank and its officers into administrative liability;
- 10) the decision on forced reorganization of the Bank;
- 11) financial statements as prescribed by the laws of the Republic of Kazakhstan and the Bank's Charter;
- 12) and other information in accordance with the laws of the Republic of Kazakhstan and the Bank's Charter.

176. Disclosure of information specified in paragraph 175 of present Code is carried out by the publication of information in the information system of the organizer of trading in the securities or news agency no later than 5 working days from the date of the events, acts of commission, the decision referred to in this chapter of the Code.

177. The information referred to in subparagraphs a), 3) -5) and 7) -9) of paragraph 175 of this Code, within days to the Bank to the authorized agency by written notice by mail or courier service.

178. During the placement the Bank provides the following information disclosure to shareholders, potential investors and the notified body:

- 1) The information contained in the prospectus of securities issue;
- 2) The information contained in reports about the placement of securities, the Bank sent to the authorized body in accordance with the laws of
- 3) The Republic of Kazakhstan;
- 4) information included in financial statements;
- 5) any other information to be disclosed in accordance with the laws of the Republic of Kazakhstan or the requirements of the organizer of trading in securities.

179. The information presented in paragraph 178 of present Code, disclosed by the Bank:

- 1) providing information to the authorized body in accordance with the laws of the Republic of Kazakhstan, the Bank's Charter and this Code;
- 2) providing information to the organizer of trading in securities in accordance with the internal regulations of the organizer of trading in securities and this Code;
- 3) the publication of information in the information system of the organizer of trading in the securities or news agency.

180. In the process of applying the Bank's equity securities on the secondary market securities The Bank provides the following information disclosure to shareholders, potential investors and the notified body:

- 1) changes in the officials of the Bank;
- 2) changes in the major participants of the Bank;
- 3) reorganization or liquidation of the Bank or the Bank's subsidiaries and affiliated corporations of the Bank;
- 4) The seizure of property of the Bank;
- 5) the receipt, suspension or revocation of a license of the Bank;
- 6) The decision of the general meeting of shareholders;
- 7) changes in the list of organizations in which the Bank is a major participant.

181. The information referred to in paragraph 180 of this Code shall be disclosed by:

- 1) providing information to the authorized body in accordance with the laws of the Republic of Kazakhstan, the Bank's Charter and this Code;

2) the publication of information in the information system of the organizer of trading in the securities or news agency.

182. In accordance with the laws of the Republic of Kazakhstan and the Charter, the Bank provides its shareholders with access to the following documents:

- 1) Charter of the Bank, changes and additions made to it;
- 2) The decision on the establishment of the Bank, the certificate of state registration (re-) of the Bank as a legal entity;
- 3) The license to conduct banking activities and other types of licenses to engage in certain activities and (or) the commission of certain acts;
- 4) documents confirming the Bank's right to property that is (was) on its balance sheet;
- 5) The prospectus of the Bank;
- 6) documents confirming the state registration of securities of the Bank, the cancellation of the securities and approval of reports on results of placement and redemption of securities of the Bank, submitted to the authorized body;
- 7) The provisions of the Bank's branches and representative offices;
- 8) minutes of general meetings of shareholders, together with the protocols of the counting commission on the voting results, the materials on the agenda of general meetings of shareholders;
- 9) list of shareholders, submitted to the General Meeting of Shareholders;
- 10) minutes of the meetings (meetings of the decision in absentia) Board of Directors, the materials on the agenda of the Board of Directors;
- 11) minutes of the meetings (decisions) of the Board of the Bank;
- 12) the internal rules and documents of the Bank, approved by the general meeting of shareholders and other bodies of the Bank, due on the Bank's shareholders in accordance with the laws of the Republic of Kazakhstan;
- 13) Financial Statements of the Bank;
- 14) other documents in accordance with decisions of general meetings of shareholders or the Board of Directors of the Bank.

183. Information to be provided to shareholders of the Bank in accordance with the law, the Bank's Charter and this Code shall be submitted to the holders of depositary receipts for shares in the Bank through the depositary bank.

- 1) changes in the major participants of the Bank;
- 2) reorganization or liquidation of the Bank or the Bank's subsidiaries and affiliated corporations of the Bank;
- 3) The seizure of property of the Bank;
- 4) the receipt, suspension or revocation of a license of the Bank;
- 5) The decision of the general meeting of shareholders;
- 6) changes in the list of organizations in which the Bank is a major participant.

184. The information referred to in paragraph 183 of this Code shall be disclosed by:

- 1) providing information to the authorized body in accordance with the laws of the Republic of Kazakhstan, the Bank's Charter and this Code;
- 2) the publication of information in the information system of the organizer of trading in the securities or news agency.

185. Information to be provided to shareholders of the Bank in accordance with the law, the Bank's Charter and this Code shall be submitted to the holders of depositary receipts for shares in the Bank through the depositary bank.

## **§ 2. The procedure for obtaining documents of the Bank**

186. For documents not forming the subject of a commercial or other confidential information of the Bank, the shareholder shall send to the Chairman of the Board a written request indicating the name of the documents and the date as of which they are made (to be made) that a shareholder would like to see or obtain copies(certified extracts from them), specifying the address to which they should be sent.

187. The application shall be considered within 15 calendar days, except in cases established by the legislation of the Republic of Kazakhstan. After this period the Bank shall notify the applicant of the results of the submitted application.

188. Upon written request of the shareholder is the Bank (send by registered mail) to him a copy of the Constitution, amendments thereto, within five working days of receipt of such request.

189. The Bank sets the fee for providing copies of documents, which can not exceed the value of the cost of making copies of documents and payment of costs associated with the delivery of shareholder documents, as well as payment for services of an independent registrar.

190. Decision of the Chairman of the Board of documents bearing the confidential and proprietary components, commercial or other secrets protected by law, may be limited.

191. To obtain the necessary information that constitutes the subject of a commercial or other secrets protected by the Bank, a shareholder of the Bank:

- 1) Submit to the Chairman of the Board a written request indicating the name of the documents and the date as of which they are made (to be made) that a shareholder would like to see or get copies of them;
- 2) The Chairman of the Board is considering a request for the possibility of providing the requested information, shareholder, and the type of documents submitted (a copy thereof, certified extract from a document, etc.) and the presentation of the information requested. In the event that the Chairman of the Board decision on the requested information relevant structural unit of the shareholder reports the time and place of access to documents or the amount of the costs of making copies of documents (certified extracts from them, etc.) and sending or delivering shareholder, as well as details on which the shareholder has to pay for these expenses;
- 3) within five working days of receipt of money in postage costs and expenses of the Bank for making copies of documents and signature of the shareholder obligations to disclose banking, commercial and official secret bank sends a registered letter or by personally handing a copy of the shareholder requested documents (certified extracts from them).

192. In case of not signing a shareholder of the above commitments, the requested information (documents), the Bank does not appear.

193. In the event that the Chairman of the Board decision not to present the shareholder information requested, the relevant structural unit of a notice sent to shareholders outlining the reasons and motives for refusal.

194. In preparation for the Annual General Meeting of shareholders (their representatives) at the time of their registration as members of the General Meeting of the materials submitted to the address specified in the message to shareholders of the General Meeting of Shareholders in the manner provided in Chapter 3 of this Code.

## **Chapter 10. Monitoring the economic - financial activities of the Bank**

195. The system of internal control over financial and economic activities of the Bank must provide assurance of shareholders of the correctness of the policy of the Bank, receiving dividends on investments, investors' confidence in the Bank and the Bank authorities, an assessment of banking risks. The main purpose of internal control is to protect the legitimate interests of the Bank, its investors, creditors and clients on issues directly related to banking activities, by ensuring an adequate level of reliability, the appropriate nature and scale of the Bank's operations, ensure compliance of the Bank with required applicable legislation of the Republic of Kazakhstan.

196. Achieving this goal is carried out by compliance of the bodies, departments, officials and employees of the Bank with effective internal control procedures, management systems in the Bank, the identification, measurement, evaluation and control of banking risks, the reliability of accounting and reporting.

### **§ 1. The Internal Audit Service**

197. Control over financial and economic activities of the Bank is carried out by the Internal Audit and the independent audit organization (auditor).

198. Internal Audit reports directly to the Board of Directors and reports to it after inspections (audits). All reports on inspection of units of the Bank are considered in the optimum time at meetings of the Board of Directors, taking into account the decision by the Board. The results of audits by the Internal Control and Audit are reflected in the minutes of meetings of the Board of Directors for the complete control and preventing the removal of deficiencies, violations in the future.

199. The Bank ensures the establishment and effective functioning of the internal control system through a systematic and effective monitoring of all business transactions of the Bank, carrying out inspections (audits) on a regular basis for all structural units of the Bank, including subsidiaries, affiliates and subsidiaries.

200. The Bank distinguishes between competence and powers of the departments and individuals within the system of internal control and monitoring of financial activity in the Bank's policy of dual control, approved by the Board of Directors and other internal regulatory documents.

201. Control system for financial and economic activities of the Bank shall ensure:

- 1) The implementation of development strategy of the Bank;
- 2) the execution of capital investment plan, business plan and budget of the Bank;
- 3) The effective functioning of the internal control units;
- 4) the appropriate level of the employees of the Bank statutory acts regulating banking activity and the internal regulations of the Bank;
- 5) compliance with international standards and improve accounting and reporting system of the Bank (data);
- 6) identification of additional risks of the Bank related to the introduction of new products and banking services;
- 7) reducing the risk of conflict of interest.

202. Employees of the Internal Audit Service should have the experience and meet the qualification requirements for employees of the Internal Audit Service.

203. The Internal Audit Service from time to time, but at least, as a rule, once a year, according to the instructions of conducting scheduled and unscheduled internal audits of departments and individual employees of the Bank carrying out the functions of the

commission of bank operations, including, in order to improve risk management systems and internal control systems, keep records of violations and monitors the implementation of operations and provides information on such violations to the Board.

204. Internal Audit Service verifies the Bank's operations in order to detect and prevent manipulation of income and risk taking, inadequate equity capital and income of the Bank.

205. The internal regulations of the Bank provides a right of access of Internal Audit Service to all necessary documents relating to the activities of the inspected units, including having a privacy mode.

206. Internal Audit Service is involved in discussions about the introduction of new products or services, coordinates the internal regulations for compliance with the laws of the Republic of Kazakhstan and the Bank's internal control system and risk control.

207. Proposals for addressing the identified deficiencies of audit of the Internal Audit shall be binding upon the Bank's offices.

208. The Internal Audit Service works with departments of risk management in the observance of the principles and procedures for risk management and internal control in the Bank, the competent authorities, holds joint appointments with the external auditors to discuss the deficiencies in the entity's internal control.

## **§ 2. External audit**

209. The bank provides an annual inspection of its financial activities by the international audit firm to confirm the financial statements in conformity with international standards, effective management of banking risks and the reliability of the system of internal control. The choice of an international audit firm, which has a solid reputation in the world, is approved by the General Meeting of Shareholders.

210. International audit firm identifies deficiencies and irregularities in financial and business operations of the Bank, the requirements of legislation of the Republic of Kazakhstan and communicate information about these shortcomings, violations to the Board of Directors of the Bank. The Board of Directors of the Bank analyzes the conclusions (reports) of external auditors to improve the system of internal control, bank risk management and oversees the elimination of the identified deficiencies, violations.

## **Chapter 11. Settlement of corporate disputes**

211. Given the importance of maintaining the good reputation of the Bank and the extreme undesirability of corporate disputes, the Bank considers it necessary to develop a mechanism for the prevention and settlement of corporate conflicts.

### **§ 1. General Provisions**

212. Corporate conflict within the framework of this Code is recognized by the Bank as any disagreement or dispute between the body of the Bank and its shareholders that have arisen in connection with a shareholder in the Bank, either disagreement or dispute between the shareholders, if it affects or may affect the interests of the Bank.

213. In the event of the corporate conflict the bank as soon as possible determines its

position on the arisen conflict, takes appropriate action and communicate it to the attention of the shareholders.

214. In determining its position the Bank is based on the norms of the legislation of the Republic of Kazakhstan and ensures a reasonable combination of the interests of the Bank and all its shareholders.

215. If necessary, the Bank provides the party of the conflict, the court or authorized body and other state agencies with the information needed to clarify the real situation of arisen conflict and to take the measures to resolve it in the manner prescribed by the Bank's Charter, this Code and the Bank's internal documents.

216. The bank agrees to take all possible measures to resolve arisen corporate conflict and provide shareholders with the opportunity to realize and protect their rights. In the case of forced denial of the request of the shareholder, the Bank agrees to comply strictly based on the provisions of applicable laws.

217. Competence of the Bank's bodies to review corporate conflicts is delimited according to pertaining of issue of corporate conflict to the competence of this or that body of the Bank.

218. In the event of a conflict between corporate shareholders that could affect the interests of the Bank, the Bank may ask the parties to the conflict for the Bank's participation in the process of settlement as a mediator between the parties.

219. In addition, the Bank is entitled to offer itself as a consultant and the parties to submit the necessary information and documents, advice on current legislation, the provisions of the Bank's internal documents.

## **§ 2. The procedure for determining the position of the Bank on corporate conflict**

220. In the event of a corporate conflict or a situation that could lead to a corporate dispute, the relevant structural unit not later than three business days shall put this issue to consideration to the Board of the Bank with the documents and disclosures that are required to make an informed decision and determine the position of the Bank.

221. In case if the question, as to which there may arise or has arisen a corporate conflict, is the responsibility of the Board of Directors, then the Management Board, having considered the relevant documents and formulating its position on this issue applies to the Board of Directors of the Bank for approval of the Bank's position.

222. The Board of Directors, having considered the petition of the Board, may adopt one of the following decisions:

- 1) approve the proposed position of the Board of the Bank;
- 2) reject the proposed position of the Board of the Bank and determine another position on the issue of corporate conflict.

223. In consideration of the determination of the position of the Bank's corporate conflict there should not be involved members of the Board or the Board of Directors of the Bank, which are:

- 1) a party to the conflict;
- 2) an affiliated person of the conflict.

224. The position of the Bank's corporate conflict should be brought to the attention of the parties (sides) of the conflict of shareholders within 3 working days from the date of determination of the position of the Bank.

225. In the event that the Bank is party to the conflict, the Management Board or the Board of Directors in determining the Bank's position on the issue of corporate conflict approve a list of actions of the Bank to resolve the conflict.

226. With the consent of shareholders who are parties to the conflict in the corporate conflict, the Board and (or) the Board of Directors (their members) can participate in the negotiations between the shareholders, the shareholders present at their disposal and relating to conflict of information and documents to explain the applicable laws of the Republic of Kazakhstan and the position of internal rules of the Bank, to give advice and recommendations to shareholders, to prepare draft documents for settlement of the conflict for their shareholders signing on behalf of the Bank, within its competence to enter into commitments to shareholders to the extent that it can contribute to conflict resolution.

227. As a result of actions to resolve the corporate conflict the bank is entitled to sign an agreement on the settlement of the conflict.

## **Chapter 12. FINAL PROVISIONS**

228. This Code of Corporate Governance shall take effect from the date of approval by the General Meeting of Shareholders.

229. Certain provisions of this Code are reflected in internal policies and regulations of the Bank.

230. The provisions of this Code are binding the Bank's shareholders, officers and employees of the Bank.

231. Persons who violate the provisions of this Code shall be liable in accordance with the laws of the Republic of Kazakhstan.

**Bind and numbered**

On 30 pages

*Secretary*