Appendix No. 62

to the minutes of meeting of

Management Board of NMH “Baiterek” JSC

(Minutes No. 34/20) dated July 16, 2020

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| \\fileserver\Brandbook\Брендбук_новый\лого_рус.png | Superior internal document | The Charter of Housing Construction Savings Bank of Kazakhstan JSC |
| Owner of internal document | Corporate Secretary |
| Developed by | Acting Corporate Secretary – A.B. Amreyeva |
| Approved by | Minutes of meeting of Management Board of NMH "Baiterek" JSC (No. 01/18) dated 12.01.2018 |
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**The Corporate Governance Code**

**of the Housing Construction Savings Bank of Kazakhstan**

**Joint Stock Company**

Almaty, 2018

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| **Version number** | **Details of decision of the Bank's body on approval of amendments/additions** | **Procedure for putting the approved amendments/additions into effect** |
| **1** | **Decision of NMH "Baiterek" JSC 12.01.2018 (Minutes No. 01/18)** | **Decision shall take effect from 12.01.2018.** |
| **2** | **Decision of NMH "Baiterek" JSC 25.12.2019 (Minutes No. 61/19)** | **Decision shall take effect from 25.12.2019.** |
| **3** | **Decision of NMH "Baiterek" JSC 16.07.2020 (Minutes No. 34/20)** | **Decision shall take effect from 16.07.2020.** |
| **4** | **Decision of NMH "Baiterek" JSC 07.10.2020 (Minutes No. 47/20)** | **Decision shall take effect from 07.10.2020.** |

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**Chapter 1. General provisions**

1. The Corporate Governance Code (the Code) of Housing Construction Savings Bank of Kazakhstan Joint Stock Company (the Bank) is a set of rules and recommendations that the Bank follows in its activities to ensure efficiency, transparency, accountability, and high level of business ethics in relations within the Bank and with other stakeholders.

The Code has been developed in order to ensure that the Bank's corporate governance complies with the relevant standards of the Organization for Economic Cooperation and Development.

2. The purposes of this Code are to improve corporate governance in the Bank, ensure transparency and efficiency of management, and confirm the Bank's commitment to follow the standards of good corporate governance.

In particular:

1) The Bank is managed in accordance with the principle of legality and appropriate level of responsibility, clear separation of powers, accountability and efficiency in order to maximize the value of the Bank and other benefits for the sole shareholder;

2) information disclosure and transparency are ensured, including thorough assessment, disclosure and periodic review of purposes that justify state participation in the Bank;

3) risk management and internal control systems are functioning properly;

4) minimizing the risk of conflict of interest that may lead to decisions other than those based in the best interests of the Bank and the general public.

3. This Code has been developed in accordance with the provisions of legislation, taking into account the developing corporate governance[[1]](#footnote-1) practices in the Republic of Kazakhstan and the world.

4. In its activities, the Bank is obliged to strictly comply with the provisions of the Code. In case of failure to comply, the Bank shall explain the reasons for failure to comply with each of the provisions in the annual report, periodically (at least once every two years) evaluate (if necessary, an independent assessment) corporate governance and post the relevant results on the Bank's Internet resource.

5. Officials and employees of the Bank shall assume the obligations provided for by this Code, including on the basis of relevant agreements with the Bank, and undertake to comply with its provisions in the Bank.

6. The Board of Directors of the Bank shall control the implementation this Code by the Bank. The Corporate Secretary shall monitor and advise the Board of Directors and the executive body of the Bank on proper compliance with this Code, as well as prepare an annual report on compliance/failure to comply with its principles and provisions. Then, this report shall be submitted to relevant committee of the Board of Directors for consideration, approved by the Board of Directors and included in the Bank's annual report.

7. Cases of failure to comply with the provisions of this Code shall be considered at meetings of the relevant committee of the Board of Directors and the Board of Directors with the adoption of appropriate decisions aimed at further improving corporate governance in the Bank.

8. The following basic concepts are used in this Code:

1) sole shareholder - National Managing Holding "Baiterek" Joint Stock Company (the Holding), which exercises the rights of ownership and use of state-owned stake of the Bank;

2) official – member of the Board of Directors, executive body;

3) stakeholders– individuals, legal entities, groups of individuals or legal entities that influence or may be influenced by the activities of Bank a, its products or services and related actions by virtue of legislation, concluded agreements (contracts) or indirectly (indirectly); the main representatives of stakeholders are shareholders, employees, clients, suppliers, government agencies, bondholders, creditors, investors, public organizations, population of the regions in which the Bank operates;

4) institutional investor - legal entity that invests the money raised in securities and other financial instruments in accordance with the legislation of the Republic of Kazakhstan;

5) corporate events - events that have a significant impact on the activities of Bank, affecting the interests of the sole shareholder and investors of Bank, defined by the laws of the Republic of Kazakhstan "On Joint Stock Companies", "On Accounting and Financial Reporting" and "On the Securities Market", as well as Charter of Bank;

6) corporate conflict - disagreement or dispute between: the Bank's bodies; members of the Board of Directors and the executive body, the head of internal audit department, corporate secretary, Chief Compliance Officer;

7) key performance indicators ( KPIs) - indicators that characterize the level of efficiency of Bank, Bank's officials, and Bank's employees, which allow assessing their performance. KPIs have a quantitative value approved for the Bankin Bank's development strategy and/or development plan, or approved differentially for each employee of Bank and corresponding to the results of their activities for the planned and reporting periods;

8) independent director – member of the Board of Directors who is not an affiliated person of Bank and has not been an affiliate for three years prior to his/her election to the Board of Directors (except in the case of his/her tenure as an independent director of Bank, is not an affiliated person in relation to affiliated persons of Bank; is not subordinated to officials of this Bank - affiliated persons of Bank and was not subordinated to such persons during the three years preceding his/her election to the Board of Directors; is not a civil servant; is not a shareholder's representative at meetings of the bodies of the Bank and was not a shareholder during the three years preceding his/her election to the Board of Directors; does not participate in the audit of the Bank as an auditor working as part of an audit organization, and did not participate in such an audit during the three years preceding his/her election to the Board of Directors;

9) ombudsman - person appointed by the Board of Directors of Bank, responsible for advising Bank's employees who have applied to him/her, and assisting in resolving labor disputes, conflicts, problematic issues of social and labor nature, as well as for observing the principles of business ethics by Bank's employees;

10) partners – suppliers and contractors, partners in joint projects;

11) development plan - document defining the main areas of activity, indicators of financial and economic activity and key performance indicators of Bank for a five-year period, subject to approval by the Board of Directors;

12) management board - executive body of the Bank, acting collectively;

13) board of directors - governing body of Bank, which carries out general management of Bank's activities, except for issues required to be resolved by the sole shareholder in accordance with Law of the Republic of Kazakhstan "On Joint Stock Companies" and/or the Charter of Bank;

14) development strategy - document defining and justifying the mission, vision, strategic goals, objectives and key performance indicators of Bank for a ten-year period, subject to approval by the Board of Directors of the Bank;

15) sustainable development - development in which the Bank manages the impact of its activities on the environment, economy, and society and makes decisions taking into account the interests of stakeholders. Sustainable development must meet the needs of the current generation without depriving future generations of the opportunity to meet their needs;

16) fiduciary duties - duties assumed by a person who carries out professional activities for the benefit of another person. There are two main fiduciary duties: integrity and reasonableness. Duty of integrity requires the subject of duty to act solely in the interests of the Bank in case of conflict of interests. Duty of reasonableness requires application of skills, knowledge and abilities that are usually required in such a situation.

Subjects bound by fiduciary obligations towards the Bank include members of the management bodies of Bank, its employees, the sole shareholder, as well as other stakeholders. For example, members of management bodies of Bank, its employees, as well as the sole shareholder are not entitled to use the business opportunities of Bank solely in their own interests. The opposite would mean a violation of the duty of integrity towards the Bank;

17) Bank - legal entity operating in accordance with the Constitution of the Republic of Kazakhstan, the Civil Code of the Republic of Kazakhstan, the laws of the Republic of Kazakhstan "On Banks and Banking Activities in the Republic of Kazakhstan", "On Joint Stock Companies", "On Housing Construction Savings in the Republic of Kazakhstan" and other regulatory legal acts of the Republic of Kazakhstan, as well as Charter of the Bank.

18) authorized body for management of the relevant branch (sphere) of public administration (authorized body of the relevant branch) – central executive bodies, local executive bodies or their departments, which received the Holding's rights of ownership and use of state-owned stake, as well as State Property and Privatization Committee or its territorial divisions performing the functions of shareholder in accordance with the Law on State Property; *Subclause 18), clause 8 has been supplemented in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

9. The terms used, but not defined in this Code shall have the meaning assigned to them in the legislation of the Republic of Kazakhstan, the Charter of the Bank. *Clause 9 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

9-1. The Bank shall conduct an independent assessment of corporate governance at least once every three years, the results of which shall be posted on the Bank's Internet resource. *Clause 9-1 has been supplemented in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

 Chapter 2. Information about the Bank

10. The Bank is established in accordance with the Decree of the Government of the Republic of Kazakhstan dated April 16, 2003 No. 364 "On the establishment of housing construction savings Bank", the laws of the Republic of Kazakhstan "On Housing Construction Savings in the Republic of Kazakhstan", "On Banks and Banking activities in the Republic of Kazakhstan", "On Joint-stock Companies" as joint-stock company with 100% (one hundred percent) state participation in the authorized capital of the Bank and is part of the unified banking system of the Republic of Kazakhstan.

The purpose of creation of the Bank is to develop housing construction savings system in the Republic of Kazakhstan.

The founder of the Bank is the Government of the Republic of Kazakhstan represented by the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan.

The Bank's mission is to meet the need of each depositor for its own housing.

Bank's vision - sustainable, customer-oriented, socially significant bank that implements the principles of housing construction savings system throughout the Republic of Kazakhstan, participates in the implementation of social state programs, and supports the development of housing construction to provide housing for the wider population.

Financial and economic activities of the Bank shall be carried out on the basis of its property, economic, financial and economic independence.

The main task of the Bank is to provide high-quality banking services to improve housing conditions.

The purpose of the Bank's activity is to generate income based on the effective use of spare cash, provide licensed banking services for individuals and legal entities.

The Bank puts the following values at the forefront of its activities:

1. Responsibility: for intentions and actions;
2. professionalism: high proficiency to perform tasks of professional activity;
3. Team: collaboration to achieve better results from joint activities;
4. Honesty: honesty within the Bank and to its partners;
5. social responsibility: responsibility for impact of the Bank's activities on stakeholders in the public sphere.

*The ninth part of clause 10 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

**Chapter 3. Principles of corporate governance of the Bank**

**Definition and principles**

11. Corporate governance means a set of processes that ensure the management and control of the Bank's activities and include relations between the sole shareholder, the Board of Directors, the management board, other bodies of the Bank and stakeholders in the interests of the sole shareholder. Corporate governance also defines the structure of Bank, which establish business objectives, ways to achieve such objectives, as well as monitoring and assessing performance.

12. The Bank considers corporate governance as a means of increasing the efficiency of the Bank's activities, ensuring transparency and accountability, strengthening its reputation and reducing the cost of raising capital. The Bank considers an appropriate corporate governance system as its contribution to ensuring the rule of law in the Republic of Kazakhstan and factor determining the Bank's place in the modern economy and society as a whole. Corporate governance system provides for a clear separation of powers and responsibilities between the bodies, officials and employees of the Bank.

13. Bank's corporate governance is based on the principles of fairness, honesty, responsibility, transparency, professionalism and competence. Effective corporate governance structure implies respect for the rights and interests of all persons interested in the Bank's activities and contributes to the successful operation of the Bank. Corporate governance should not be applied in order to create unreasonable advantages and distort competition in the market where the Bank operates.

14. The fundamental principles of this Code are:

1. principle of separation of powers;
2. principle of protecting the rights and interests of the sole shareholder of the Bank provided for in accordance with the civil, banking legislation of the Republic of Kazakhstan, the legislation of the Republic of Kazakhstan on joint-stock companies and support for exercise of these rights and interests; *subclause 2), clause 14 is set out in accordance with the decision of the Sole Shareholder dated 07.10.2020 (Minutes No. 47/20);.*
3. principle of effective management of the Bank by the Board of Directors and the Management Board;
4. principle of sustainable development;
5. principle of risk management, internal control and internal audit;
6. principle of regulating corporate conflicts and conflicts of interest;
7. principle of ensuring timely and reliable disclosure of information about the Bank's activities in accordance with the banking legislation of the Republic of Kazakhstan, the legislation of the Republic of Kazakhstan on state regulation, control and supervision of the financial market and financial organizations, the legislation of the Republic of Kazakhstan, on currency regulation and currency control, on payments and payment systems, on securities market, on anti-money laundering and counter-terrorism financing, on joint stock companies; *Subclause 7), clause 14 is set out in accordance with the decision of the Sole Shareholder dated 07.10.2020 (Minutes No. 47/20));*
8. principle of compliance with the scale and nature of the Bank's activities, its structure, risk profile, and business model of the Bank; *Subclause 8), clause 14 is supplemented in accordance with the decision of the Sole Shareholder dated 07.10.2020 (Minutes No. 47/20));*
9. principle of access of members of the Bank's Board of Directors to complete, up-to-date and timely information about the Bank's activities in order to perform their duties.

*Subclause 9), clause 14 has been supplemented in accordance with the decision of the Sole Shareholder dated 07.10.2020 (Minutes No. 47/20));*

15. Within the framework of the Bank's corporate governance structure, it is recommended to clearly define the separation of responsibilities between the Bank's bodies, ensure the consistency of corporate governance processes.

16. Following the principles of corporate governance set out in the Code is aimed at helping create an effective approach for conducting an objective analysis of Bank's activities and obtaining appropriate recommendations from analysts, financial consultants and rating agencies, if necessary.

Chapter 4. Principle of separation of powers

17. The rights, duties and competencies of the sole shareholder, the Board of Directors and the Management Board shall be determined in accordance with the current legislation of the Republic of Kazakhstan, constituent documents and shall be fixed in them.

18. The Holding differentiates its powers as the sole shareholder of Bank and the powers related to performance of government functions in [[2]](#footnote-2)order to prevent a conflict of interest that does not contribute to both the interests of Bank and the interests of the sole shareholder. The Holding performs the functions of the sole shareholder of Bank in order to ensure the break-even of Bank's activities and implementation of state and government programs in which the Bank participates. *Clause 18 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

19. The Bank carries out its activities within the framework of its core activities. The implementation of new types of activities is allowed subject to compliance with the requirements of the laws of the Republic of Kazakhstan "On Banks and banking activities in the Republic of Kazakhstan", "On Housing Construction Savings in the Republic of Kazakhstan", the Entrepreneurial Code of the Republic of Kazakhstan, the Charter of the Bank. *Clause 19 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

20. The Bank should build an optimal asset structure, it should strive to simplify the structure of its assets and its organizational and legal forms as much as possible.

When creating new organizations, the preferred organizational and legal form is limited liability partnership.

Production and financial companies, where it is possible to increase the assets of the state through the implementation of investment projects and financial transactions to attract extra-budgetary investments for implementation of socio-economic tasks, shall be created in the form of joint-stock company.

When creating an organization in the form of limited liability partnership, the participant (participants) independently decide on the need to create supervisory boards and the expediency of electing independent members to its composition, as well as electing an audit commission (auditor), depending on the scale and specifics of the activities of the organization created. *Clause 20 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

21. The Holding, being the sole shareholder, participates in the management of the Bank solely through the exercise of the powers of the sole shareholder provided for in the legislative acts of the Republic of Kazakhstan, the Bank's Charter and representation on the Board of Directors.

22. The Holding, being the sole shareholder of the Bank, provides the Bank with full operational independence and does not interfere in the operational (current) and investment activities of the Bank, except in cases provided for by the legislation of the Republic of Kazakhstan, acts and instructions of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan. *Clause 22 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

23. Transactions and relations between the Bank, the sole shareholder and stakeholders shall be carried out on an ordinary commercial basis within the framework of the current legislation of the Republic of Kazakhstan, except in cases when one of the main tasks of the Bank is to implement or assist in the implementation of state policy on development of certain sectors of the Republic of Kazakhstan.

The Bank shall not be exempted from the application of general laws, tax rules and regulations, except in cases provided for by the legislation of the Republic of Kazakhstan.

24. The Bank's activities must meet market conditions regarding debt and equity finance, particularly:

1) Bank's relations with all market participants (including financial and non-financial organizations) should be based solely on a commercial basis, except in cases where one of the main tasks of the Bank is to implement or assist in the implementation of state policy on development of certain sectors of the Republic of Kazakhstan;

2) due to limited access to public sources of financing, the Bank will seek to consider alternative sources of financing in order to replace some of the public funds;

3) financial and economic activity of the Bank shall be break-even. *Subclause 3) of clause 24 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

25. When a Bank participates in procurement as a customer, the procedures applied must be competitive, transparent (taking into account the principle of confidentiality) and non-discriminatory.

26. The relationship (interaction) between the Holding as the sole shareholder and the Bank shall be carried out through the Board of Directors and/or the Management Board in accordance with the principles of good corporate governance. The role and functions of the Chairman of the Board of Directors and the Chairman of the Management Board of the Bank shall be clearly delineated and fixed in the internal documents of the Bank.

At the same time, the Bank shall disclose all necessary information about the Bank's activities to the Holding as the sole shareholder and the Board of Directors in accordance with the legislative acts of the Republic of Kazakhstan and the Bank's Charter and ensure transparency of the Bank's activities and organizations to all stakeholders.

The Holding shall annually provide the Chairman of the Board of Directors of the Bank and representatives of the Holding in the Board of Directors of the Bank (Supervisory Board) with expectations of the Sole Shareholder for the upcoming financial year. *The third paragraph of clause 26 has been supplemented in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

27. The Bank's corporate governance system provides for the relationship between:

1) Sole shareholder;

2) Board of Directors;

3) Management Board;

4) Stakeholders;

5) other bodies determined in accordance with the charter.

Corporate governance system provides, among other things:

1) compliance with the hierarchy of the order of consideration of issues and decision-making;

2) clear separation of powers and responsibilities between bodies, officials and employees;

3) timely and high-quality decision-making by the Bank's bodies;

4) effectiveness of processes in the Bank's activities;

5) compliance with the legislation, this Code and internal documents of the Bank.

The Bank shall approve regulations on bodies (if such provisions are not provided for by the Bank's Charter) and structural divisions, as well as job descriptions for relevant positions. Compliance with the provisions of such documents ensures the consistency of corporate governance processes.

28. The Bank's bodies shall be encouraged to cooperate in a collaborative way to ensure that the Bank's development strategies and plans are sufficiently ambitious and realistic.

The Bank and its officials shall be responsible for achieving the break-even of the Bank's activities and decisions and actions/omissions, in accordance with the procedure established by the legislation of the Republic of Kazakhstan and internal documents. *The second paragraph of clause 28 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19):*

29. One of the main tasks of the Bank in the framework of its mission to meet the needs of each depositor in their own housing is to popularize the system of housing construction savings, improve products/services, sales/ service channels.

All decisions and actions taken must comply with the development strategy and/or development plan.

In order to achieve the objectives set for the Bank, the Bank shall develop a development strategy and/or a development plan, which includes key performance indicators (KPIs).

The main element of evaluating the effectiveness of the Bank and the Management Board is KPI.

The achievement KPI by the members of the management board shall be assessed on an annual basis. The remuneration of the chairman and members of the Management Board is paid based on the results of such assessment. This assessment is taken into account when they are re-elected, and may be the basis for their early removal from office.

The Bank is guided by the uniform rules for development, approval of development strategies and/or development plans approved by the Holding, as well as monitoring and evaluation of their implementation.

The Management Board shall monitor the implementation of the Bank's development strategy, development plan and KPI.

The Bank's Executive Body shall ensure the implementation of the Bank's strategy and development plan approved by the Bank's Board of Directors. *The last paragraph of clause 29 has been supplemented in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19):*

30. The Board of Directors shall ensure effective management, sustainable development and break-even performance of the Bank. The results of effective management in the Bank are increased operational efficiency, improved reporting quality, improved standards of corporate culture and ethics, greater openness and transparency, reduced risks, and an appropriate internal control system.

The Bank's corporate governance system ensures:

1) clear management system, delimited powers and decision-making process, lack of duplication of functions and processes;

2) common standards, policies and processes, including the definition of common approaches to planning, monitoring and control, performance assessment and application of corrective actions approved by the Holding;

3) access to high-quality information regarding the Bank's activities;

4) proper risk management of the Bank. *Clause 30 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

31. The corporate governance system and decision-making process in the Bank shall be regulated by the charter and other internal documents of the Bank.

**Chapter 5. Principle of protecting the rights and interests of the sole shareholder**

32. Respect for rights of the sole shareholder is a key condition for attracting investments in the Bank. In this regard, corporate governance in the Bank is based on ensuring the protection, respect for the rights and legitimate interests of the sole shareholder and is aimed at contributing to the effective operation of the Bank and achieving break-even operations. *Clause 32 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

Article 1. Ensuring the rights of the sole shareholder

33. The Bank, in accordance with the established procedure, shall ensure the exercise of the rights of the sole shareholder, including:

1) the right to own, use and dispose of shares;

2) the right to participate in the management of the Bank and to elect the Board of Directors in accordance with the procedure provided for by the laws of the Republic of Kazakhstan "On Joint-Stock Companies" and/or the Bank's Charter;

3) the right to receive a share of the Bank's profits (dividends);

4) the right to receive a share in the Bank's assets upon its liquidation;

5) the right to receive information about the Bank's activities, including to get acquainted with the Bank's financial statements, in accordance with the procedure determined by the sole shareholder or the Bank's Charter;

6) the right to apply to the Bank with written requests regarding its activities and receive motivated and comprehensive answers within the time limits established by the Bank's Charter;

7) the right to receive an extract from the registrar of the Bank or nominee holder confirming his/her ownership of securities;

8) the right to challenge decisions taken by the Bank's bodies in court;

9) the right to apply to judicial authorities on its own behalf in cases provided for in Articles 63 and 74 of the Law of the Republic of Kazakhstan "On Joint Stock Companies", demanding compensation to the Bank from officials of the Bank for losses caused to the Bank and return of profit (income) received by such officials as a result of decision on the conclusion (proposals for conclusion) of large transactions and/or transactions in which there is an interest to the Bank by officials of the Bank and/or their affiliated persons;

10) the right to pre-emptive purchase of shares or other securities of the Bank convertible into its shares in accordance with the procedure established by the Law of the Republic of Kazakhstan "On Joint-Stock Companies", except for cases provided for by legislative acts of the Republic of Kazakhstan;

11) the right to make a decision on changing the number of shares of the Bank or changing their type in accordance with the procedure provided for by the Law of the Republic of Kazakhstan "On Joint Stock Companies".

34. In the Bank, decisions on issues required to be resolved by the sole shareholder in accordance with legislation of the Republic of Kazakhstan and the Charter of the Bank shall be made by the sole shareholder alone and are subject to registration in writing.

The Sole shareholder may hold meetings with the Board of Directors and the Management Board to summarize the results of the year's activities and make decisions on issues of its competence. The sole shareholder may also hold regular meetings with the Chairman of the Board of Directors throughout the year to discuss issues of the Bank's activities within its competence.

35. The Bank shall provide the sole shareholder with timely and full information about its activities affecting the interests of the sole shareholder in accordance with the procedure provided for by the charter and internal documents of the Bank. *The second paragraph of clause 35 has been deleted in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

36. The Bank shall provide the sole shareholder with reliable information on its financial and economic activities and its results in accordance with the requirements of the legislation of the Republic of Kazakhstan. In the case of combining the tasks of implementing state policy in carrying out of the Bank's activities with the main commercial activity, such goals shall be disclosed and brought to the attention of stakeholders.

The Bank shall strive to limit the number of transactions in which there is an interest. In the case of such transactions, the Bank shall disclose information provided for by the legislation, the charter and internal documents of the Bank. *The first paragraph of clause 36 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

Article 2. Dividend policy

37. The sole shareholder must have access to information regarding the terms and procedure of payment of dividends, as well as be provided with reliable information about the financial position of the Bank when paying dividends. For these purposes, the Bank shall be guided by the procedure for determining the amount of dividends paid by subsidiaries of the Holding, approved by the sole shareholder.

38. The amount of dividends shall be calculated based on the amount of the Bank's net income reflected in the Bank's annual audited financial statements prepared in accordance with the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting and international financial reporting standards. At the same time, the amount of dividend payment shall be determined taking into account the legislation of the Republic of Kazakhstan.

In the case of payment of dividends on common shares at the end of quarter or half-year or distribution of retained earnings of previous years, as well as in separate cases, the amount of dividends may be determined by the sole shareholder in a special order when considering the approval of procedure for distributing profits for the relevant periods.

In order to make a decision on payment of dividends, the Board of Directors shall submit proposals on distribution of net income for the past financial year and the amount of the dividend for the year per common share of the Bank to the Sole shareholder for consideration.

When considering the issue of paying dividends in accordance with the established procedure, the current state of the Bank, its short-, medium- and long-term plans shall be taken into account.

If there is a shareholder (participant) in the Bank who owns fifty or more percent of the voting shares (participation interests) or who has the right to determine decisions by virtue of agreements concluded with the Bank and/or other shareholders (participants), the redistribution of financial resources in favor of such shareholder (participant) shall be carried out through dividend payments.

If there are other mechanisms for redistributing the Bank's funds in favor of shareholder (participant) who owns fifty or more percent of the voting shares (participation interests), they shall be fixed in the relevant documents of the Bank and disclosed to all shareholders.

The Bank should disclose information about any forms and conditions of cooperation, agreements and partnerships to the sole shareholder and investors. *Clause 38 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

**Chapter 6. Principle of effective management of the Bank by the Board of Directors and the Management Board**

**Article 1. Effective Board of Directors**

39. The Board of Directors is a management body that provides strategic management of the Bank and controls the activities of the Management Board.

The Board of Directors shall ensure full transparency of its activities to the sole shareholder, as well as the implementation of all provisions of this Code.

The Board of Directors shall perform its functions in accordance with the legislation of the Republic of Kazakhstan, the Bank's Charter, this Code, the regulations on the Board of Directors and other internal documents of the Bank. At the same time, the Board of Directors shall pay special attention to the following issues:

1) determining the development strategy (directions and results);

2) setting and monitoring the KPIs set in the development strategy and/or development plan;

3) organization and supervision of the effective functioning of the risk management, internal control and internal audit system;

4) approving and monitoring the effective implementation of major investment projects and other key strategic projects within the competence of the Board of Directors;

5) election (re-election), remuneration, succession planning and supervision of the activities of the Chairman and members of the Management Board;

6) corporate governance;

7) compliance with the provisions of this Code and the Bank's corporate standards in the field of business ethics (Code of Business Ethics) in the Bank.

40. Members of the Board of Directors should perform their functional duties in good faith and adhere to the following principles in their activities:

1) to act within their powers – members of the Board of Directors shall make decisions and act within their powers, as stipulated in the Law of the Republic of Kazakhstan "On Joint Stock Companies", as well as the Charter of the Bank;

2) to devote sufficient time to attend and prepare for meetings of the Board of Directors and its committees;

3) to contribute to the achievement of break-even operations and sustainable development of the Bank - the members of the Board of Directors shall act in the interests of the Bank; the impact of decisions and actions of the members of the Board of Directors can be determined by the following questions: what are the consequences of the decision/action in the long term; what is the impact of the Bank's activities on society and the environment; impact on the Bank's reputation and high standards of business ethics; impact on the interests of stakeholders (this list of issues is minimum required, but not exhaustive); *Subclause 3), clause 40 has been amended and supplemented in accordance with the decision of the Sole the shareholder dated 25.12.2019 (Minutes No. 61/19).*

4) to maintain high standards of business ethics – members of the Board of Directors must comply with high standards of business ethics in their actions, decisions and behavior and be an example for the Bank's employees;

5) to avoid conflicts of interest – members of the Board of Directors shall not allow situations in which their personal interest may affect the proper performance of their duties as a member of the Board of Directors; in case of situations with conflicts of interest that affect or potentially affect impartial decision-making, members of the Board of Directors should notify the Chairman of the Board of Directors in advance and not to participate in the discussion and adoption of such decisions; this requirement also applies to other actions of member of the Board of Directors that may directly or indirectly affect the proper performance of duties of member of the Board of Directors; *Subclause 5), clause 40 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

6) to act with due reasonableness, skill and prudence – members of the Board of Directors are recommended to continuously improve their knowledge of the competencies of the Board of Directors and performance of their duties on the Board of Directors and committees, including areas such as legislation, corporate governance, risk management, finance   
and audit, sustainable development, knowledge of the industry and the specifics of the Bank's activities; In order to understand the current issues of the Bank's activities, members of the Board of Directors shall regularly visit key facilities of the Bank and hold meetings with employees.

41. The responsibility of the Board of Directors for ensuring its activities, fulfilling its functions and responsibilities, including determining the strategic directions of the Bank's activities, setting clear objectives and specific, measurable (digitized) KPIs and responsibility of the Bank's Management Board for operational (current) activities of the Bank, including the precise fulfillment of the tasks set and achievement of the established KPI should be clearly separated and fixed in the relevant internal documents of the Bank.

Members of the Board of Directors are personally responsible for performance of their duties, including fiduciary duties and decisions made, the effectiveness of their activities, actions and/or inaction. If there are different opinions, the Chairman of the Board of Directors shall ensure that all acceptable options and proposals are considered by individual members of the Board of Directors in order to make a decision that meets the interests of the Bank.

The Board of Directors shall annually report on compliance with the provisions of this Code to the sole shareholder. The Board of Directors shall ensure the implementation of mechanisms that will help to avoid conflicts of interest that prevent the Board of Directors from objectively fulfilling its duties and limit political interference in the processes of the Board of Directors. *The third paragraph of clause 41 has been changed and supplemented in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

Sole shareholder of the Bank may additionally hold meetings with the Chairman and members of the Board of Directors to discuss development strategy issues, election of top decision-maker of the Bank's Management Board and other aspects that affect the break-even and sustainable development of the Bank. Such meetings are planned in advance and conducted in accordance with approved procedures. *The fourth paragraph of clause 41 has been supplemented in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

Members of the Board of Directors are required to provide immediately information on any issue that has created a conflict of interest or is a potential cause of its occurrence. *Clause 41 has been supplemented by part five in accordance with the decision of the Sole Shareholder dated 07.10.2020 (Minutes No. 47/20));*

42. The Board of Directors and its committees should maintain a balance of skills, experience and knowledge, ensuring that independent, objective and effective decisions are made in the interests of the Bank.

43. *The first paragraph of clause 43 has been deleted in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

The term of office of the Board of Directors shall be set by the sole shareholder. The term of office of the members of the Board of Directors coincides with the term of office of the entire Board of Directors and expires at the time when the sole shareholder decides to elect a new Board of Directors. Sole shareholder has the right to terminate the powers of all or individual members of the Board of Directors ahead of time.

No person should participate in decision-making related to his/her own appointment, election and re-election.

When selecting candidates for the Board of Directors, the following shall be taken into account:

1) work experience in senior positions;

2) work experience as a member of the Board of Directors;

3) work experience;

4) education, specialty, including the availability of international certificates;

5) competencies in areas and industries (industries may vary depending on the asset portfolio);

6) business reputation;

7) presence of direct or potential conflict of interest.

The quantitative composition of the Board of Directors shall be determined by the sole shareholder. The composition of the Board of Directors shall be determined individually, taking into account the scope of activities, current tasks, development strategy and/or development plan and financial capabilities.

The composition of the Board of Directors should be balanced, which means a combination of members of the Board of Directors (representatives of the sole shareholder, independent directors, Chairman of the Management Board), ensuring decision-making in the interests of the Bank and the economic development tasks assigned.

The person that:

1) has an outstanding criminal record or unexpunged conviction in accordance with the procedure established by law;

2) was the Chairman of the Board of Directors, Chairman of the Management Board, Deputy Chairman of the Management Board, chief accountant of another legal entity for period not more than one year before the decision was made on compulsory liquidation or compulsory repurchase of shares, or conservation of another legal entity declared bankrupt in accordance with the established procedure;

shall not be elected as member of the Board of Directors.

The specified requirement shall apply within five years after the date of decision on compulsory liquidation or compulsory repurchase of shares, or the conservation of another legal entity declared bankrupt in accordance with the established procedure.

The approval process to be passed by the member of the Bank's Board of Directors before assuming the functions of official in another organization in order to prevent conflict of interest, includes the following stages:

1) submitting an application addressed to the Chairman of the Board of Directors of the Bank, indicating the position and the name of the organization;

2) submitting the issue to the Board of Directors of the Bank;

3) consideration of the issue by the Board of Directors of the Bank on approval of member of the Board of Directors of the Bank to perform the functions of an official in another organization. *Clause 43 has been supplemented by part eight in accordance with the decision of the Sole Shareholder dated 07.10.2020 (Minutes No. 47/20));*

44. The Board of Directors must include the presence and participation of independent directors. The number of members of the Board of Directors must be at least three people. At least one third of the members of the Board of Directors must be independent directors. At the same time, the number of independent directors should be sufficient to ensure the independence of the decisions taken. The recommended number of independent directors on the Board of Directors is up to fifty percent of the total number of members of the Board of Directors.

Independent directors shall be elected for a term of no more than three years, and subsequently, subject to satisfactory performance results, they may be re-elected for up to three more years.

Any term for election of independent directors to the Board of Directors for a period of more than six consecutive years (for example, two three-year terms) is subject to special consideration, taking into account the need for qualitative renewal of Board of Directors.

It is recommended that the same person not to be elected as an independent director to the Board of Directors for more than nine consecutive years (for example, three three-year terms). In exceptional cases, election for a term of more than nine years is allowed, while the election of this independent director to the board of directors is carried out with a detailed explanation of the need to elect this member of the board of directors and the impact of this fact on the independence of decision-making. *The fourth paragraph of clause 44 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

Independent directors shall not have any material interests or relationships with the Bank, its management or its property that could jeopardize the exercise of objective judgment.

Independent director is a person who has sufficient professionalism and independence to make independent and objective decisions free from the influence of the sole shareholder, the management board and other stakeholders.

The requirements for independent directors are established in accordance with the legislation of the Republic of Kazakhstan.

Independent directors actively participate in the discussion of issues where a conflict of interest is possible (preparation of financial and non-financial statements, conclusion of related-party transactions, nomination of candidates to the Management Board, establishment of remuneration to members of the Management Board). Independent directors shall be elected as chairmen of the key committees of the Board of Directors – on audit, appointments and remuneration; it is also recommended to elect them as chairmen of other committees.

Independent director shall monitor the possible loss of independence status and must notify the Chairman of the Board of Directors in advance in case of such situations.

In case of circumstances affecting the independence of member of the Board of Directors, the Chairman of the Board of Directors shall immediately bring this information to the attention of the sole shareholder for making an appropriate decision.

45. The relationship between independent directors and the Bank shall be documented by contracts, taking into account the requirements of the legislation of the Republic of Kazakhstan, the provisions of this Code and internal documents of the Bank.

The contracts must specify the rights, obligations, responsibilities of the parties and other essential conditions, as well as the obligations of independent directors of the Board of Directors to comply with the provisions of this Code, including to devote sufficient time to perform their functions, non-disclosure of internal information about the Bank after termination of its activities for a period established by the Board of Directors and additional obligations arising from the requirements for the status and functions of independent directors (in terms of timely declaration of loss of independence and others).

Contracts may set deadlines for the performance of certain duties by members of the Board of Directors.

The Bank needs to ensure that there are succession plans for the members of the Board of Directors in order to maintain business continuity and renew the composition of the Board of Directors.

The Board of Directors shall approve the induction program for newly elected members of the Board of Directors and the professional development program, if necessary. The Corporate Secretary shall ensure the implementation of this program.

Members of the Board of Directors elected for the first time, shall after their appointment, undergo an induction program. During the induction process, members of the Board of Directors become familiar with their rights and responsibilities, key aspects of the Bank's activities and documents, including those related to the greatest risks.

46. The Chairman of the Board of Directors is responsible for overall management of the Board of Directors, ensures the full and effective implementation of its main functions by the Board of Directors and establishment of constructive dialogue between the members of the Board of Directors, the sole shareholder and the Management Board.

The Chairman of Board of Directors should strive to create a unified team of professionals who are determined to achieve break-even performance and sustainable development of the Bank, who are able to respond to internal and external challenges in a timely and professional manner. *The second paragraph of clause 46 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

The roles and functions of the Chairman of the Board of Directors and the Chairman of the Management Board of the Bank should be clearly separated and fixed in the internal documents of the Bank. The Chairman of the Management Board cannot be elected as Chairman of the Board of Directors.

The key functions of the Chairman of the Board of Directors include:

1) planning meetings of the Board of Directors and setting the agenda;

2) ensuring timely receipt of complete and up-to-date information for decision-making by members of the Board of Directors;

3) ensuring that the Board of Directors focuses on strategic issues and minimizes current (operational) issues to be considered by the Board of Directors;

4) ensuring maximum effectiveness of meetings of the Board of Directors by allocating sufficient time for discussions, comprehensive and in-depth consideration of issues on the agenda, stimulating open discussions, and achieving agreed decisions;

5) ensuring monitoring and supervision of the proper execution of decisions taken by the Board of Directors and the sole shareholder;

6) in case of corporate conflicts, taking measures to resolve them and minimize the negative impact on the Bank's activities, and timely informing the sole shareholder if it is impossible to resolve such situations on their own.

7) building proper communication and interaction with the sole shareholder, including the organization of consultations when making key strategic decisions. *Subclause 7), clause 46 has been supplemented in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

Article 2. Remuneration of members of the Board of Directors

47. It is recommended that the remuneration level of the members of the Board of Directors be set in an amount sufficient to attract and motivate each member of the Board of Directors of the level required for successful management of the Bank. The HR, Remuneration and Social Affairs Committee of the Bank's Board of Directors shall make proposals on the amount of remuneration for candidates for independent directors.

No person should be involved in making decisions related to his/her own remuneration.

Remuneration should fairly reflect the expected contribution of member of the Board of Directors to improving the efficiency of the entire Board of Directors and the Bank's activities.

When determining the amount of remuneration for member of the Board of Directors, the responsibilities of members of the Board of Directors, the scope of the Bank's activities, long-term goals and objectives determined by the development strategy, the complexity of issues considered by the Board of Directors and, if necessary, the level of remuneration in similar private sector companies (benchmarking, remuneration review) shall be taken into account.

Members of the Board of Directors shall be paid a fixed annual remuneration, as well as additional remuneration for participation and chairmanship of committees of the Board of Directors. Remuneration of member of the Board of Directors should not include options or other elements related to the results of the Bank's activities. *The fifth paragraph of clause 47 has been supplemented in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

At the same time, members of the Board of Directors who are civil servants and/or representatives of the sole shareholder, as well as the Chairman of the Management Board (in case of his/her membership in the Board of Directors), remuneration for membership in the board of Directors shall not be paid.

Sole shareholder of the Bank shall determine the amount and conditions of remuneration and compensation of expenses to the members of the Board of Directors. At the same time, the terms of remuneration of members of the Board of Directors are reflected in contracts concluded with them and/or, if necessary, in an internal document of the Bank.

Article 3. Committees of the Board of Directors

48. Committees have been established under the Board of Directors, competence of which includes consideration of issues related to strategic planning, audit, personnel, remuneration and social issues, risks and internal control. In order to improve the efficiency of investment decision-making, the strategic planning committee preliminarily considers issues related to investment activities, the consideration of which is within the competence of the Board of Directors.

The existence of committees does not exempt members of the Board of Directors from responsibility for decisions taken within the competence of the Board of Directors.

Committees shall be established to conduct a detailed analysis and make recommendations on a range of the most important issues before they are considered at a meeting of the Board of Directors. The final decision on the issues considered by the Committees is made by the Board of Directors.

The activities of the committees are regulated by internal documents approved by the Board of Directors, which contain provisions on the composition, competence, procedure for electing committee members, the procedure for the work of committees, as well as the rights and obligations of their members. The sole shareholder has the right to familiarize himself with the regulations on the committees upon request.

To organize the work of the committee, the committee or the Board of Directors, the secretary of the committee is appointed by the corporate secretary or an employee of the corporate secretary's service (if any). The Secretary of the committee shall ensure the preparation of committee meetings, the collection and systematization of materials for meetings, timely sending notifications of committee meetings, the agenda of meetings, materials on agenda items to committee members and invited persons, recording of meetings, preparation of draft decisions of the committee, as well as subsequent storage of all relevant materials.

49. The Board of Directors decides on the establishment of committees, determines the composition of committees, terms and powers.

The committees are composed of members of the Board of Directors who have the necessary professional knowledge, competencies and skills to work in the committee. When forming the composition of the committees, the presence of potential conflicts of interest is taken into account. The chairmen of the committees, along with professional competencies, should have organizational and leadership qualities, good communication skills for the effective organization of the committee's activities.

Only committee members should be present at committee meetings. The presence of other persons is allowed only at the invitation of the committee. If necessary, the committees may involve experts and consultants.

The committees shall approve their work plan (it is recommended to approve the plan before the beginning of the calendar year), which is coordinated with the work plan of the Board of Directors, indicating the list of issues under consideration and the dates of meetings. The frequency of committee meetings is at least four meetings per year. The meetings of the committees shall be held in person, with the preparation of minutes. In order to create favorable conditions and reduce the cost of holding committee meetings, the participation of committee members through technical means of communication is allowed.

The chairmen of the committees shall prepare a report on the activities of the committee and, at a separate meeting, report to the Board of Directors on the results of their activities for the year during the meeting of the Board of Directors. The Board of Directors has the right to request the committees to submit a report on current activities at any time during the year. The deadlines for preparation and submission of such a report shall be determined by the Board of Directors.

Article 4. Strategic Planning Committee

50. The Chairman of the Strategic Planning Committee shall be elected from among the independent members of the Board of Directors for the term of office of the Board of Directors at one of the first meetings of the Board of Directors. The decision on election shall be made by a simple majority vote of the total number of members of the Board of Directors.

If necessary, experts with relevant experience and competence may be involved in the composition of the strategic planning committee. Members of the committee who are not members of the Board of Directors shall be appointed by the Board of Directors on the proposal of the Chairman of the Committee.

The main functions of strategic planning committee are development and submission of recommendations to the Board of Directors on issues related to the development of priority areas of the Bank's activities and its development strategy, including issues related to the development of measures to improve the efficiency of the Bank, its break-even operations and sustainable development. *The third paragraph of clause 50 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

Article 5. Audit Committee

51. Audit committee consists of independent directors with the necessary knowledge and practical experience in the field of accounting and auditing. The Chairman of the Audit Committee is an independent director. The main functions of the audit committee include issues of internal and external audit, financial reporting, compliance with the legislation of the Republic of Kazakhstan, internal documents and other issues at the instruction of the Board of Directors. *The first paragraph of clause 51 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

In addition, the audit committee shall evaluate candidates for external auditors of the Bank, as well as pre-analyze the conclusion of the audit organization before submitting it to the Board of Directors and the sole shareholder.

Member of the Board of Directors who is not independent may be elected to the committee if the Board of Directors exceptionally decides that the membership of this person in the audit committee is necessary in the interests of the sole shareholder and the Bank. In case of such appointment, the Board of Directors should disclose the nature of the dependence of this person and justify such a decision.

Article 6. HR, Remuneration and Social Affairs Committee

52. The HR, Remuneration and Social Affairs Committee consists of majority of independent directors in order to develop objective and independent decisions and prevent stakeholders (representatives of the sole shareholder, the head of the management Board, employees and others) from influencing the judgments of the committee members.

Members of the committee should have the necessary knowledge and practical experience in the field of personnel management and evaluation of its activities, as well as in the field of corporate governance. The Chairman of the committee is an independent director.

The HR, Remuneration and Social Affairs Committee determines the criteria for selection of candidates for members of the Board of Directors, candidates for top managers, develops the Bank's policy in the field of remuneration of these persons, and regularly evaluates the activities of members of the Board of Directors and top managers.

The basic functions of the Committee include issues of appointment (election), setting motivational KPIs, performance evaluation, remuneration and succession planning of the chairman and members of the Management Board, issues of appointment and remuneration of the corporate secretary, as well as participation in the consideration of these issues regarding the composition of the Board of Directors itself, in cases where such powers are granted by the sole shareholder. In this case, members of the HR, Remuneration and Social Affairs committee are advised not to allow a conflict of interest situation to arise and not to participate in the consideration of issues of their own appointment and/or remuneration.

Article 7. Risk and Internal Control Committee

53. Risk and Internal Control Committee consists of independent directors with the necessary knowledge and practical experience in the field of risk management and internal control. The Chairman of the Risk and Internal Control Committee is an independent director.

If necessary, experts with relevant experience and competence may be involved in the composition of the risk and internal control committee. Members of the committee who are not members of the Board of Directors shall be appointed by the Board of Directors on the proposal of the Chairman of the Committee.

The main functions of the Risk and Internal Control Committee include issues of risk management and internal control, compliance with the legislation of the Republic of Kazakhstan, internal documents and other issues at the instruction of the Board of Directors. *The third paragraph of clause 53 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

Article 8. Organization of the activities of the Board of Directors

54. The preparation and holding of meetings of the Board of Directors should contribute to the maximum effectiveness of its activities. In order to perform their duties, members of the Board of Directors must have access to complete, relevant and timely information.

The Board of Directors should comply with the procedures established by the Bank's documents for preparation and holding of meetings of the Board of Directors.

55. Meetings of the Board of Directors are held in accordance with the work plan approved by the Board of Directors before the beginning of the calendar year, which includes a list of issues under consideration and schedule of meetings with dates. Meetings of the Board of Directors and its committees are held through face-to-face or absentee voting, while the number of meetings with absentee voting should be minimized. Consideration and decision-making on issues of important and strategic nature is carried out only at meetings of the Board of Directors with face-to-face voting.

If the members of the Board of Directors (no more than 30% of the total number of members of the Board of Directors) are unable to attend a meeting of the Board of Directors in person, a combination of both forms of meetings of the Board of Directors and its committees is possible. In this case, an absent member of the Board of Directors may participate in the discussion of the issues under consideration using technical means of communication and provide his/her opinion in writing.

The recommended frequency of meetings of the Board of Directors is at least six meetings per year. It is recommended that the number of issues planned for consideration throughout the year be evenly distributed to ensure thorough and full-fledged discussion and timely and high-quality decisions. *Clause 55 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

56. Materials for meetings of the Board of Directors are sent in advance – no later than 10 calendar days in advance, unless other deadlines are set by the Bank's Charter.

The agenda of the meeting of the Board of Directors shall not include issues on which materials were provided in violation of deadlines. If issues are included in the agenda in violation of deadlines, the Chairman of the Board of Directors is provided with an exhaustive justification for this need, this circumstance is taken into account when evaluating the activities of the corporate secretary of the Bank. *Clause 56 has been amended and supplemented in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

57. The Board of Directors shall make decisions based on complete, reliable and high-quality information. In order for the Board of Directors to make effective and timely decisions, it is necessary to ensure compliance with the following conditions:

1) high quality of materials, information, and documents provided to the Board of Directors (including, if necessary, translation into English or other languages);

2) obtaining the opinion of experts (internal and external), if necessary (it should be borne in mind that the involvement of experts does not relieve the board of directors of responsibility for the decision);

3) time devoted to discussions at the board of directors, especially for important and complex issues;

4) timely consideration of issues;

5) The decisions provide for a plan of further actions, deadlines and responsible persons.

The following factors may have a negative impact on quality of decisions of board of directors:

1) dominance of one or more directors at the meeting, which may limit the full participation of other directors in the discussions;

2) formal attitude to risks;

3) pursuit of personal interests and low ethical standards;

4) formal decision-making at meeting of the Board of Directors, without real and active discussions;

5) position of uncompromising (lack of flexibility) or lack of desire for development (contentment with the current situation);

6) weak organizational culture;

7) lack of information and/or analysis.

Members of the Board of Directors may request additional information on the agenda items necessary for making a decision.

58. Each member of the Board of Directors participates in meetings of the Board of Directors and the committee of which he/she is a member. Deviation from this provision is allowed in exceptional cases stipulated in the regulations on the Board of Directors.

The quorum for holding a meeting of the Board of Directors shall be determined by the Charter of the Bank, but it shall be not less than half of the number of its members. *Clause 58 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

59. Decisions at a meeting of the Board of Directors shall be made by a majority vote of the members of the Board of Directors participating in the meeting, unless otherwise provided by the legislation of the Republic of Kazakhstan, the Charter of the Bank or its internal documents defining the procedure for convening and holding meetings of the Board of Directors.

When resolving issues at a meeting of the Board of Directors, each member of the Board of Directors has one vote. The transfer of voting rights by member of the Bank's Board of Directors to another person, including another member of the Board of Directors, is not allowed.

When the Board of Directors makes decisions, in case of equality of votes of the members of the Board of Directors, the Chairman of the Board of Directors has a decisive vote.

60. Member of the Board of Directors who has an interest in an issue submitted for consideration by the Board of Directors shall not participate in the discussion and voting on this issue, which is recorded accordingly in the minutes of the meeting of the Board of Directors.

61. *Clause 61 has been deleted in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

62. The Board of Directors may audit previously made decisions. Both the decision itself and the process of its adoption are subject to analysis. It is recommended that earlier decisions be reviewed when the Board of Directors evaluates its activities. *Clause 62 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

Article 9. Evaluation of the activities of the Board of Directors

63. The Board of Directors, committees and members of the Board of Directors shall be evaluated on an annual basis in accordance with the Bank's internal documents. At the same time, at least once every three years, the evaluation is carried out with the involvement of an independent professional organization.

The assessment makes it possible to determine the contribution of the Board of Directors and each of its members to achieving the strategic objectives of the Bank's development, as well as to identify areas and recommend measures for improvement. The results of evaluation are taken into account when re-electing or early termination of the powers of members of the Board of Directors.

Evaluation is one of the main tools for improving the professionalism of the Board of Directors and its individual members. The evaluation is mandatory for all members of the Board of Directors.

The evaluation is carried out according to principles such as regularity, complexity, continuity, realism, confidentiality.

The process, timing and procedure for evaluating the activities of the Board of Directors, its committees and members of the Board of Directors should be clearly regulated in the Bank's internal documents. *Clause 63 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

64. The evaluation includes, but is not limited to, consideration of the following issues:

1) optimal composition of the Board of Directors (balance of skills, experience, diversity of composition, objectivity) in the context of the tasks of the Bank;

2) vigour of understanding of the Bank's vision, strategy, main objectives, problems and values;

3) succession and development plans;

4) functioning of the Board of Directors as a single body, the role of the Board of Directors and the Head of the Management Board in the Bank's activities;

5) effectiveness of the interaction of the Board of Directors with the Sole Shareholder, the Management Board and officials of the Bank;

6) effectiveness of each member of the Board of Directors;

7) effectiveness of the activities of the committees of the Board of Directors and their interaction with the Board of Directors, members of the Management Board;

8) quality of information and documents provided to the Board of Directors;

9) quality of discussions at the Board of Directors, in committees;

10) effectiveness of the corporate secretary's activities;

11) clarity in understanding processes and competencies;

12) process of identifying and assessing risks;

13) interaction with the sole shareholder and other stakeholders.

65. The evaluation methods are self-assessment or the involvement of independent consultant to improve the quality of evaluation. An independent external consultant is engaged at least once every three years.

The results of the evaluation may serve as a basis for re-election of the entire board of Directors or an individual member, review of the composition of the Board of Directors and the amount of remuneration to members of the Board of Directors. In case of serious deficiencies in the performance of individual members of the Board of Directors, the Chairman of the Board of Directors shall consult with the Sole Shareholder. *The second paragraph of clause 65 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

The Board of Directors shall reflect the method of evaluation of the Board of Directors and the measures taken based on its results in the annual report.

66. Sole shareholder may evaluate the board of directors independently or with the involvement of an independent consultant. The results of an independent evaluation conducted by the Board of Directors, the results of the Bank's activities, achievement of KPI and other factors shall be taken into account.

Article 10. Corporate Secretary of the Bank

67. In order to effectively organize the activities of the Board of Directors and the interaction of the management board with the sole shareholder, the Board of Directors shall appoint the corporate secretary.

The Board of Directors shall decide on the appointment of the corporate secretary, determine the term of office, functions and operating procedures, the amount of the official salary and remuneration conditions, decide on the establishment of the Corporate Secretary's service (secretariat) (if necessary) and determine the budget of the specified service. The Corporate Secretary is accountable to the Bank's Board of Directors and is independent of the Bank's Management Board. The main duties of the Corporate Secretary include assistance in timely and high-quality corporate decision-making by the Board of Directors, the sole shareholder, acting as an adviser to the members of the Board of Directors on all issues of their activities and application of the provisions of this Code, as well as monitoring the implementation of this Code and participation in improving corporate governance in the Bank. The Corporate Secretary also prepares a report on compliance with the principles and provisions of this Code, which is included in the Bank's annual report. This report should include a list of principles and provisions of the Code that are not being followed, with appropriate explanations.

68. The main functions of the corporate secretary include, but are not limited to the following.

In terms of ensuring the activities of the Board of Directors:

1) assistance to the Chairman of the Board of Directors in the formation of work plan and meeting agendas;

2) organization of meetings of the Board of Directors and its committees;

3) ensuring that members of the Board of Directors receive up-to-date and timely information necessary for making decisions on issues on the agenda and within the competence of the Board of Directors;

4) keeping minutes of meetings of the Board of Directors and committees, ensuring the storage of minutes, transcripts, audio-video recordings, materials of meetings of the Board of Directors and committees;

5) advising members of the Board of Directors on legislation of the Republic of Kazakhstan, the Bank's Charter, this Code, internal documents, monitoring changes and timely informing members of the Board of Directors;

6) organization of induction of newly elected members of the Board of Directors;

7) organization of training for members of the Board of Directors and involvement of experts;

8) organization of interaction between members of the Board of Directors and the Management Board.

69. In terms of ensuring interaction with the sole shareholder, the corporate secretary ensures quarterly monitoring of the execution of decisions of the sole shareholder and providing information on requests from the sole shareholder on a timely basis.

In terms of implementing good corporate governance practices, the Corporate Secretary ensures:

1) monitoring the implementation and compliance with the principles and provisions of this Code;

2) preparation of report on compliance with the principles and provisions of this Code;

3) identification of violations in the framework of the performance of its functions in terms of corporate governance standards stipulated by the legislation, the charter and other documents of the Bank;

4) advising shareholders, officials, and employees of the Bank on corporate governance issues;

5) monitoring the best global practices in the field of corporate governance and making proposals to improve corporate governance practices in the Bank.

70. In case of conflict of interest situations, the Corporate Secretary shall bring this information to the attention of the Chairman of the Board of Directors.

71. To perform his/her duties, the corporate secretary has knowledge, experience and qualifications, and good business reputation. Depending on the size of the Bank and the scale of its activities, corporate secretary service may be established. *The first paragraph of clause 71 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

Person with a higher legal or economic education, with at least five years of work experience, and practical knowledge in the field of corporate governance and corporate law shall be appointed to the position of corporate secretary.

In order to improve the efficiency of the preparation and conduct of meetings of the Board of Directors, it is recommended to periodically discuss the completeness and usefulness of the materials provided to members of the Board of Directors. The results of these discussions serve as a basis for evaluating the effectiveness of the corporate secretary's activities.

In relation to the Corporate Secretary, the Bank shall develop a program for appointment and succession planning. The search and appointment of corporate secretary shall be carried out on the basis of open and transparent procedures set out in the Bank's internal documents.

The Corporate Secretary shall carry out its activities on the basis of regulation approved by the Board of Directors, which specifies the functions, rights and obligations, the procedure for interaction with the Bank's bodies, qualification requirements and other information.

72. To perform its functions, the Corporate Secretary is given the following powers:

1) request and receive from the bodies, officials and employees of the Bank documents and information necessary for decision-making at meetings of the Board of Directors and decisions of the sole shareholder;

2) take measures to organize meetings of the Board of Directors and to inform the Bank's officials about the decisions taken by the Board of Directors and the sole shareholder, as well as subsequent control over their execution;

3) interact directly with the Chairman and members of the Board of Directors, the Chairman and members of the Management Board, employees of the Bank, and the sole shareholder.

The Management Board provides the Corporate Secretary with full assistance in the performance of his/her duties.

Article 11. The Bank's Ombudsman

73. In order to comply with the principles of business ethics and optimal regulation of social and labor disputes arising in the Bank, an ombudsman is appointed from among the employees of the Bank or the Holding. *The first paragraph of clause 73 has been changed in accordance with the decision of the Sole Shareholder dated 16.07.2020 (Minutes No. 34/20).*

Candidate for the position of Ombudsman should have an impeccable business reputation, high authority, as well as the ability to make impartial decisions.

The Ombudsman shall be appointed by the decision of the Board of Directors and is subject to re-election every two years. The role of the Ombudsman is to advise employees who have applied to him/her, participants in labor disputes, conflict and assist them in developing a mutually acceptable, constructive and implementable solution, taking into account compliance with the legislation of the Republic of Kazakhstan (including confidentiality, if necessary), assistance in solving problematic social and labor issues of both employees and the Bank.

The Ombudsman shall submit the problematic issues identified by him that are systemic in nature and require appropriate decisions (comprehensive measures) to the relevant bodies and officials of the Bank for consideration, put forward constructive proposals for their solution.

The Ombudsman shall submit a report on the results of his/her work at least once a year to the HR, Remuneration and Social Affairs Committee and the Audit Committee of the Bank's Board of Directors, which evaluate the results of his/her activities.

The Board of Directors shall evaluate the results of the Ombudsman's activities and decide on the extension or termination of the powers of the person holding the position of Ombudsman.

Article 12. The Bank's Internal Audit Department

74. In order to carry out internal audit as an activity to provide independent and objective guarantees and consultations aimed at improving the Bank's work, an internal audit department has been established and is functioning. Internal audit helps to achieve the set goals by using a systematic and consistent approach to evaluating and improving the effectiveness of risk management, control and corporate governance processes.

The Board of Directors of the Bank determines the quantitative composition and term of office of the internal audit department, appoints its head and employees, as well as prematurely terminates their powers, determines the order of its work, the amount and conditions of remuneration and bonuses for employees of the internal audit department.

Employees of the internal audit department cannot be elected to the Board of Directors and the Management Board of the Bank.

The Internal Audit Department reports directly to the Board of Directors and is independent of the Bank's Management Board. The tasks and functions of the internal audit department, its rights and responsibilities are determined by the regulations on the internal audit department approved by the Board of Directors.

The key responsibilities of the Internal Audit Department include assessing the quality of the Bank's internal control, risk management and corporate governance systems and informing the Board of Directors of the adequacy and effectiveness of these systems. The main task of the internal audit department is to contribute to the improvement of the Bank's performance.

75. Regulation on internal audit department defines and establishes the following:

1) commitment to the principles and regulations adopted by the International Institute of Internal Auditors (The Institute of Internal Auditors);

2) status, goals and objectives of the Bank's internal audit;

3) conditions for ensuring the independence, objectivity and professionalism of the internal audit department in order to achieve the goals and objectives of internal audit, and the effective performance of its functions and responsibilities by the internal audit department;

4) qualification requirements for the head and employees of the internal audit department;

5) scope and content of internal audit activities;

6) the right to access documentation, employees and tangible assets when performing relevant tasks;

7) procedure for interaction of the internal audit department with the Board of Directors and the Management Board and reporting to the Audit Committee and the Board of Directors.

Regulation on the internal audit department also provides for the following tasks and functions:

1) assistance to the Management Board and employees of the Bank in developing and monitoring the implementation of procedures and measures to improve risk management, internal control and corporate governance systems;

2) coordination of activities with the Bank's external auditor, as well as persons providing consulting services in the field of risk management, internal control and corporate governance;

3) preparation and submission of periodic reports on results of the internal audit department and implementation of the (annual) audit plan (including information on significant risks, deficiencies, results and effectiveness of measures to eliminate identified deficiencies, the results of assessment of the actual condition, reliability and effectiveness of risk management system, internal control and corporate governance) to the Board of Directors and the audit committee;

4) verification of compliance with the provisions of the legislation of the Republic of Kazakhstan and internal documents related to insider information and anti-corruption, compliance with ethical requirements by members of the Bank's Management Board and its employees;

5) monitoring the implementation of the recommendations of the external auditor;

6) providing consultations within the framework of the work plan approved by the Board of Directors on organization and improvement of internal control, risk management, corporate governance and organization of internal audit, as well as on other issues within the competence of the internal audit department.

76. Evaluation of effectiveness of internal audit department, its head and employees shall be carried out by the Board of Directors on the basis of consideration of reports of internal audit department, compliance with the deadlines for execution of (annual) audit plan and reporting, assessment of compliance of reports with the requirements of standards and internal regulatory documents of internal audit department.

Article 13. Management Board

77. The Management Board shall carry out the management of the Bank's current activities. The Chairman and members of the Management Board have high professional and personal characteristics, good business reputation and adhere to high ethical standards. The Chairman of the Management Board has high organizational skills, works in active interaction with the sole shareholder and constructively builds a dialogue with the Board of Directors, employees and other stakeholders. *Clause 77 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019. (Minutes No. 61/19).*

78. The Management Board is accountable to the Board of Directors and manages the daily activities of the Bank, is responsible for implementation of the development strategy and/or development plan and decisions taken by the Board of Directors and the sole shareholder.

79. The Board of Directors elects the members of the Management Board (except for Chairman of the Management Board), determines the terms of office, the amount of the official salary, the terms of payment for their work and bonuses. The HR, Remuneration and Social Affairs Committee of the Bank's Board of Directors plays a key role in process of searching and selecting candidates to the Management Board and determining their remuneration.

Proposals on candidates for election to the Management Board are submitted by the Chairman of the Management Board for consideration by the HR, Remuneration and Social Affairs Committee of the Board of Directors. If the Board of Directors rejects a candidate proposed by the Head of the Management Board for the same vacant position in the management board for the second time, the right to propose a candidate for this vacant position passes to the Board of Directors.

The Board of Directors may terminate the powers of the members of the Management Board (except for Chairman of the Management Board) at any time.

It is recommended to elect members of the Bank's Management Board for a period of up to three years. The terms of office of the Chairman and members of the Management Board coincide with the term of office of the Management Board as a whole.

In order to increase the transparency of the processes of appointment and remuneration of members of the Bank's Management Board, the Board of Directors is recommended to approve and strictly comply with the rules on appointment, remuneration, evaluation and succession of members of the Bank's Management Board.

80. The Management Board, under guidance of the Board of Directors, shall develop a development strategy and/or development plan for the Bank.

The Management Board shall ensure:

1) carrying out activities in accordance with the norms of the legislation of the Republic of Kazakhstan, the charter and internal documents of the Bank, decisions of the sole shareholder, the Board of Directors;

2) proper risk management and internal controls;

3) allocation of resources for implementation of decisions of the sole shareholder, the Board of Directors;

4) safety of the Bank's employees;

5) creation of an atmosphere of interest and loyalty of the Bank's employees, development of corporate culture.

The Board of Directors shall exercise control over the activities of the Bank's Management Board. Control can be implemented by providing by the Management Board of regular reports to the Board of Directors and hearing the Management Board on the implementation of medium-term development plans and results achieved at least once a year. *The eighth paragraph of clause 80 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

81. The Management Board holds face-to-face meetings and discusses issues related to the implementation of development strategy and/or development plan, decisions of the sole shareholder, the Board of Directors and operational activities. The meetings of the Management Board shall be held on a regular basis. The cases of holding absentee meetings are limited and defined in the Charter and internal documents of the Bank.

The Management Board shall form a work plan for the coming year with a list of issues before the beginning of the calendar year. The members of the Management Board shall be provided with materials of proper quality for consideration in advance. When considering issues such as development strategies and/or development plans, investment projects, and risk management, several meetings are allowed.

When considering each issue, a separate discussion is devoted to the risks associated with making/failure to make decision and their impact on the Bank's break-even operations.

All issues submitted on the initiative of the Management Board for consideration by the Board of Directors and the sole shareholder are preliminarily reviewed and approved by the Management Board. *Clause 81 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

82. The Chairman and members of the Management Board shall prevent a conflict of interest. If a conflict of interest arises, they shall notify the Board of Directors or the Chairman of the Management Board in advance of the need to record this in writing and shall not participate in making a decision on the issue.

83. The Chairman and members of the Management Board may hold positions in other organizations only with the approval of the Board of Directors. The Chairman of the Management Board shall not hold the position of head of the Management Board of another legal entity. *Clause 83 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

84. The Management Board ensures the creation of optimal organizational structure of the Bank.

The organizational structure should be aimed at:

1) efficiency of decision-making;

2) increasing the productivity of the Bank;

3) efficiency of decision-making;

4) organizational flexibility.

The selection of candidates for vacant positions of the Bank is carried out on the basis of open and transparent competitive procedures. Career advancement and financial incentives for the Bank's employees shall be carried out in accordance with the principles of meritocracy, taking into account the level of knowledge, competencies, work experience and achievement of assigned tasks. Pool of personnel reserve employees is formed in the Bank, from which appointments to senior positions of middle and senior management can subsequently be made. Employees undergo a comprehensive performance assessment on an annual basis.

Personnel selection procedures shall be implemented according to the following requirements:

preference for development of the Bank's internal resources, and in the absence of such an opportunity – openness and absence of restrictions for holding positions for a wide range of people, ensuring the principle of equal opportunities, which contribute to increased competition and selection of suitable applicants who meet the requirements of professionalism and competence;

unbiased recruitment and complete absence of protectionism, patronage admission system (based on the principle of loyalty, ethnicity, family ties and personal friendship);

legal regulation, including in matters of consolidating the principles and criteria for evaluating candidates, excluding conditions for subjectivity in making a decision. *Clause 84 has been amended and supplemented in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

**Article 14. Assessment and remuneration of the members of the Bank's Management Board**

85. The Chairman and members of the Management Board shall be evaluated by the Board of Directors. The main evaluation criterion is achievement of KPI.

The motivational KPIs of the Chairman and members of the Management Board shall be approved by the Board of Directors. Proposals regarding the motivational KPIs of the members of the Management Board are submitted to the Board of Directors by the Chairman of the Management Board.

The results of assessment have an impact on amount of remuneration, encouragement, re-election (appointment) or early termination of powers.

The remuneration of the Chairman and members of the Management Board consists of a constant and variable part. When setting the official salary, the complexity of the tasks performed, the personal competencies of the employee and his/her competitiveness in the market, the contribution made by this person to the development of the Bank, the level of official salaries in similar companies, the economic situation in the Bank shall be taken into account.

In case of early termination of the employment contract, remuneration shall be paid in accordance with internal documents approved by the Board of Directors.

Chapter 7. The principle of sustainable development

86. The Bank is aware of the importance of its influence on the economy, the environment and society to ensure sustainable development in the long term, while maintaining a balance of interests of stakeholders. The approach of responsible, thoughtful and rational interaction with stakeholders will contribute to the sustainable development of the Bank.

87. The Bank should strive for break-even operations, ensure sustainable development, and maintain a balance of interests of stakeholders.

The Bank, in the course of its activities, is influenced or under influence of the stakeholders. Activities in the field of sustainable development comply with the best international standards.

Stakeholders can have both positive and negative effects on the Bank's activities, namely, on achieving break-even, sustainable development, reputation and image, and create or reduce risks. The Bank attaches great importance to proper interaction with stakeholders. *Clause 87 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

88. When identifying stakeholders and interacting with them, the Bank uses international standards for identifying and interacting with stakeholders. *The first paragraph of clause 88 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

The list of stakeholders includes, but is not limited to:

|  |  |  |
| --- | --- | --- |
| **Stakeholders** | **Contribution, influence** | **Expectations, interest** |
| Investors, including the sole shareholder, international financial institutions | Financial resources (equity, borrowed funds) | Return on investment, timely payment of dividends, principal debt and remuneration |
| Employees, officials | Human resources, loyalty | High wages, favorable working conditions, professional development |
| Trade unions | Promotion of social stability, regulation of labor relations and conflict resolution | Respect for workers' rights, favorable working conditions |
| Customers | Financial resources through the acquisition of the organization's services | Getting high-quality services at a reasonable price |
| Suppliers | Supply of resources (goods, works and services) to create value | Reliable sales market, constant paying customer |
| Local communities, the population in the places of activity, public organizations | Support in the field of activity; loyalty and support of local authorities; favorable attitude; cooperation | Creation of additional jobs, development of the region |
| Government, government agencies, Parliament | State regulation, return of allocated funds from the National Fund and the Republican Budget | Taxes, solving social problems |

The Bank should take measures to establish dialogue and long-term cooperation and manage relations with stakeholders.

89. The Bank draws up a map of stakeholders, taking into account risks and prioritizing them taking into account dependence (direct or indirect), obligations, situation (paying special attention to high-risk areas), influence and various prospects.

Methods of interaction with stakeholders include, but are not limited to the following forms:

|  |  |
| --- | --- |
| **The level of interaction** | **The methods of interaction** |
| Consultations: bilateral interaction; interested parties answer questions from the Bank and organizations | Questionnaires; focus groups; meetings with stakeholders; public meetings; seminars; providing feedback through communication tools; advisory councils |
| Negotiations | Collective bargaining based on the principles of social partnership |
| Engagement: Bilateral or multilateral interaction; building experience and knowledge from all sides, stakeholders and organizations act independently | Multilateral forums; consultation panels; consensus-building process; joint decision-making process; focus groups; feedback schemes |
| Cooperation: Bilateral or multilateral cooperation; joint development of experience and knowledge, decision-making and measures | Joint projects; joint ventures; partnerships; joint initiatives of stakeholders |
| Granting of authority stakeholders (if applicable) take part in the management | Integrating stakeholder engagement issues into management, strategy and operational activities |

90. The Bank ensures consistency of its economic, environmental and social goals for sustainable development in the long term. Sustainable development in the Bank consists of three components: economic, environmental and social.

The economic component directs the Bank's activities to break even their activities, ensure the interests of shareholders and investors, increase the efficiency of processes, increase investments in the creation and development of more advanced technologies, and increase labor productivity. *The second paragraph of clause 90 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

The environmental component helps to minimize the impact on biological and physical natural systems, the optimal use of limited resources, the use of environmentally friendly, energy- and material-saving technologies.

The social component is focused on the principles of social responsibility which among other things, include ensuring occupational safety and maintaining employee's health, fair remuneration and respect for employee rights, individual staff development, implementation of social programs for staff, creation of new jobs, sponsorship and charity, environmental and educational campaigns.

The Bank selects employees on the basis of transparent competitive procedures in accordance with the internal documents of the Bank.

The Bank conducts an analysis of its activities and risks in these three aspects, and also strives to prevent or reduce the negative impact of the results of its activities on stakeholders. *The sixth paragraph of clause 90 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

International standards provide the following classification of categories and aspects of sustainable development:

|  |  |
| --- | --- |
| **Category** | **Aspects** |
| **Economic** | Economic performance; market presence; indirect economic impacts; procurement practices |
| **Environmental** | Materials; energy; water; biodiversity; emissions; discharges and waste; products and services; compliance with requirements; transport; general information; environmental assessment of suppliers; mechanisms for filing complaints about environmental problems |
| **Social** | Employment relations practices and decent work include, but are not limited to, employment, workplace health and safety, training and education, employee-management relationships, diversity and equal opportunities, equal remuneration for women and men, evaluation of supplier employment practices, mechanisms for filing complaints about employment practices |
| Human rights include, inter alia, investment, non-discrimination, freedom of association and collective bargaining, child labour, forced or compulsory labour, security practices, rights of indigenous and small-numbered peoples, assessment of suppliers' compliance with human rights, mechanisms for filing complaints of human rights violations |
| The Company includes but is not limited to, local communities, anti-corruption, public policy, non-obstruction of competition, compliance with requirements, assessment of the impact of suppliers on society, mechanisms for filing complaints about the impact on society |
| Product responsibility includes but is not limited to, consumer health and safety, product and service labeling, marketing communications, consumer privacy, and compliance with requirements |

91. The principles in the field of sustainable development are openness, accountability, transparency, ethical behavior, respect for the interests of stakeholders, legality, respect for human rights, intolerance to corruption, and inadmissibility of conflicts of interest.

The principles should be understood as follows:

1) openness – we are open to meetings, discussions and dialogue; we strive to build long-term cooperation with stakeholders based on consideration of mutual interests, respect for rights and a balance between the interests of the Bank and stakeholders;

2) accountability – we are aware of our accountability for the impact on the economy, the environment and society; we are aware of our responsibility to the sole shareholder and investors for the break-even performance of the Bank in the long term; we strive to minimize the negative impact of our activities on the environment and society through careful treatment of resources (including energy, raw materials, water), consistent waste reduction; we pay taxes and other statutory fees to the state budget; we save and create jobs as part of our development strategy and opportunities; we make thoughtful and reasonable decisions and take actions at every level, starting from the level of officials and ending with employees; increase productivity; our services must be of proper quality; we value our customers; *Subclause 2) of clause 91 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

3) Transparency – Our decisions and actions must be clear and transparent to stakeholders. We disclose information provided for by law and our documents in a timely manner, taking into account the standards for the protection of confidential information;

4) Ethical conduct is at the heart of our decisions and actions, our values such as respect, honesty, openness, team spirit and trust, integrity and fairness;

5) respect – we respect the rights and interests of stakeholders that follow from legislation, concluded contracts, or indirectly within the framework of business relationships;

6) legality – our decisions, actions and behavior comply with the legislation of the Republic of Kazakhstan and the decisions of the Bank's authorities;

7) respect for human rights – we respect and promote respect for human rights provided for by the Constitution of the Republic of Kazakhstan, laws of the Republic of Kazakhstan and international documents; we categorically reject and prohibit the use of child labor; our employees are our main value and main resource, the results of our activities directly depend on their level of professionalism and safety. Therefore, we attract professional candidates from the labor market on an open and transparent basis and develop our employees based on the principle of meritocracy; ensure the safety and health of our employees; conduct wellness programs and provide social support to employees; create an effective system of motivation and employee development; develop corporate culture;

8) intolerance to corruption – corruption destroys the value that our organizations create for our sole shareholder, investors, other stakeholders and society as a whole; we declare intolerance to corruption in any of its manifestations in cooperation with all stakeholders. Officials and employees involved in corruption cases are subject to dismissal and prosecution in accordance with the procedure provided for by laws; the Bank's internal control systems include, among other things, measures aimed at avoiding, preventing and detecting corruption offenses; the Bank should develop a dialogue with stakeholders in order to raise their awareness in the fight against corruption;

9) inadmissibility of a conflict of interest – serious violations related to a conflict of interest can damage the reputation of the Bank and undermine trust in it from the sole shareholder and other interested parties; the personal interests of an official or employee should not affect the impartial performance of their official and functional duties; in relations with partners, the reputation of the Bank counting on the establishment and preservation of fiduciary relations, in which the parties are obliged to act towards each other as honestly, conscientiously, fairly and loyally as possible, takes measures to prevent, identify and exclude conflicts of interest;

10) personal example – each of us contributes daily to the implementation of the principles of sustainable development in our actions, behavior and decision-making; officials and employees in managerial positions should motivate by their personal example to implement the principles of sustainable development.

92. The Bank is building a management system in the field of sustainable development, which includes, but is not limited to, the following elements:

1) commitment to the principles of sustainable development at the level of the Board of Directors, the Management Board and employees;

2) analysis of the internal and external situation in three components (economy, ecology, social issues);

3) identification of risks in the field of sustainable development in the social, economic and environmental spheres;

4) Building a stakeholder map;

5) integration of sustainable development into key processes, including risk management, planning, human resource management, investments, reporting, operational activities and others, as well as into development strategy and decision-making processes;

6) definition of goals and efficiency in the field of sustainable development, working-out of an action plan and identification of responsible persons;

7) professional development of officials and employees in the field of sustainable development;

8) regular monitoring and evaluation of activities in the field of sustainable development, assessment of the achievement of goals and efficiency, the adoption of corrective measures, the introduction of a culture of continuous improvement.

The Board of Directors and the Management Board of the Bank ensure the formation of an appropriate system in the field of sustainable development and its implementation.

All employees and officials at all levels contribute to sustainable development. *Clause 92 has been amended and supplemented in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

93. The Bank develops action plans in the field of sustainable development through:

1) a thorough, in-depth and thoughtful analysis of the current situation in three main areas: economic, environmental and social; when conducting this analysis, the reliability, timeliness and quality of information is important;

2) definitions of risks in the field of sustainable development; risks are distributed in accordance with the three directions of sustainable development, they can also affect related directions and capture other risks. To determine the risks, an analysis of both internal and external factors affecting the Bank is carried out;

3) identification of stakeholders and their impact on activities;

4) defining goals, as well as, if possible, targets, measures to develop and improve activities in three components, responsible persons, necessary resources and deadlines;

5) regular monitoring and evaluation of the implementation of goals, measures to achieve targets;

6) systematic and constructive interaction with stakeholders, receiving feedback;

7) implementation of the formed plan;

8) continuous monitoring and regular reporting;

9) analyzing and evaluating the effectiveness of the plan, summarizing and taking corrective and improving measures.

It is recommended to integrate sustainable development into:

1) the management system;

2) the development strategy;

3) key processes, including risk management, planning (long-term (strategy), medium-term (five-year development plan) and short-term (annual budget) periods), reporting, risk management, human resource management, investments, operational activities and others, as well as decision-making processes at all levels starting from the authorities (sole shareholder, the board of directors, the management board), and ending with ordinary employees.

94. The management system in the field of sustainable development defines and establishes the roles, competencies, responsibilities of each body and all employees for the implementation of principles, standards and relevant policies and plans in the field of sustainable development. *The first paragraph of clause 94 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

The Board of Directors provides strategic guidance and control over the implementation of sustainable development. The Management Board forms an appropriate action plan.

In order to prepare sustainable development issues, a committee is created or these functions are delegated to the competence of one of the existing committees under the Board of Directors on sustainable development issues. *The third paragraph of clause 94 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

The Bank conducts training and professional development programs on an ongoing basis. Training is a constant element in the implementation of sustainable development. The Bank's officials promote the involvement of employees in sustainable development based on understanding and commitment to the principles of sustainable development and changing culture, behavior in conducting activities and fulfilling responsibilities. The Bank conducts research on employee engagement and satisfaction on an annual basis.

95. The benefits of implementing the principles of sustainable development include:

1) attracting investments – in world practice, when determining the investment attractiveness of investors, efficiency in the field of sustainable development is taken into account;

2) improving managerial efficiency and minimizing risks – integrating environmental and social aspects into the management decision-making process allows expanding planning horizons and taking into account a more diverse range of risks and opportunities, which creates prerequisites for sustainable business development;

3) improving efficiency – the introduction of high-performance and resource-efficient technologies allows creating innovative products and services, while increasing your competitiveness and efficiency;

4) strengthening reputation – improving corporate image is the most obvious result of activities in the field of sustainable development, which increases the value of the brand and builds trust, as well as has a positive impact on the quality of interaction with business partners;

5) increasing loyalty from internal and external stakeholders – creating attractive working conditions, opportunities for professional and career growth allows attracting and retaining promising qualified specialists; building an effective dialogue with stakeholders contributes to the formation of a positive environment around the Bank's activities, which contributes to increased efficiency through understanding and support from customers, the sole shareholder, investors, government agencies, local people, and public organizations.

96. The Bank discusses the inclusion and observance of the principles and standards of sustainable development in relevant contracts (agreements, treaties) with partners. *The first paragraph of clause 96 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

If the Bank identifies a risk associated with the partners having a negative impact on the economy, the environment and society, the Bank takes measures aimed at stopping or preventing such impact.

If a partner does not accept or improperly implements the principles and standards of sustainable development, it is necessary to take into account the importance of this partner for the Bank and whether there are measures to influence it and the possibility of its replacement.

Chapter 8. The principle of risk management, internal control and internal audit

Article 1. Risk management and internal control

97. The Bank has an effectively functioning risk management and internal control system aimed at ensuring reasonable confidence in the Bank's achievement of its strategic and operational goals, and representing a set of organizational policies, procedures, standards of conduct and actions, methods and management mechanisms established by the Board of Directors and the Management Board to ensure:

1) an optimal balance between the break-even performance of the Bank, strategic goals and the risks associated with them. *Subclause 1) of clause 97 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19)*;

2) efficiency of financial and economic activities and achievement of financial stability of the Bank;

3) preservation of assets and efficient use of the Bank's resources;

4) completeness, reliability and authenticity of financial and management reports;

5) compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Bank;

6) proper internal controls to prevent fraud and ensure effective support for the functioning of core and ancillary business processes and performance analysis.

98. The Board of Directors approves internal documents defining the principles and approaches to the organization of the risk management and internal control system based on the objectives of this system.

The organization of an effective risk management and internal control system in the Bank is aimed at building a management system capable of ensuring that employees, management, and the Bank's bodies understand the reasonableness and acceptability of the risk level when making decisions, respond quickly to risks, control the main and auxiliary business processes and daily operations, and immediately inform the management of the relevant level on any significant drawbacks. *The second paragraph of clause 98 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

The principles and approaches to the organization of an effective risk management and internal control system include:

1) defining the goals and objectives of the risk management and internal control system;

2) the organizational structure of the risk management and internal control system covering all levels of decision-making and taking into account the role of the appropriate level in the process of developing, approving, applying and evaluating the risk management and internal control system;

3) the main requirements for the organization of the risk management process (approaches to risk identification, the procedure for identifying and assessing risks, determining response methods, monitoring, and others).*Subclause 3) of clause 98 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19)*;

4) requirements for the organization of the internal control system and the conduct of control procedures (characteristics of the key areas and main components of the internal control system, the procedure for evaluating the effectiveness and reporting in the field of internal control, and others).

The Bank's internal documents establish the responsibility of the Board of Directors and the Management Board of the Bank for organizing and ensuring the effective functioning of the risk management and internal control system on a consolidated basis. *The eighth paragraph of clause 98 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

99. Each official of the Bank ensures that risks are properly considered when making decisions.

The Management Board ensures the implementation of risk management procedures by employees with appropriate qualifications and experience.

The Management Board:

1) ensures the development and implementation of internal documents approved by the Board of Directors in the field of risk management and internal control;

2) ensures the creation and effective functioning of a risk management and internal control system through the practical implementation and continuous implementation of the principles and procedures of risk management and internal control assigned to it;

3) is responsible for the implementation of decisions of the Board of Directors and recommendations of the Risk and Internal Control Committee in the field of risk management and internal control system organization;

4) monitors the risk management and internal control system in accordance with the requirements of internal documents;

5) ensures the improvement of risk management and internal control processes and procedures, taking into account changes in the external and internal business environment.

In order to implement the principles of internal control and ensure the effectiveness of the risk management and internal control system, the Management Board distributes powers, duties and responsibilities for specific risk management and internal control procedures among the heads of the following levels and/or heads of structural divisions. *The ninth paragraph of clause 99 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

Heads of structural divisions/owners of business processes, in accordance with their functional responsibilities, are responsible for the development, documentation, implementation, monitoring and improvement of a risk management and internal control system in the functional areas of the Bank entrusted to them.

100. The organizational structure of the risk management and internal control system in the Bank provides for the existence of a structural unit responsible for risk management and control issues, which tasks include. *The first paragraph of clause 100 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19)*:

1) overall coordination of risk management and control processes;

2) development of methodological documents in the field of risk management and control and provision of methodological support to business process owners and employees in the process of identifying, documenting risks, implementing, monitoring and improving control procedures, forming action plans to respond to risks and action plans to improve the risk management and internal control system, and reports on their implementation;

3) organization of employee training in the field of risk management and control;

4) analysis of the risk portfolio and development of proposals for a response strategy and reallocation of resources in relation to the management of relevant risks;

5) formation of consolidated risk reports;

6) implementation of operational control over the risk management process by structural units;

7) preparing and informing the Board of Directors and/or the Management Board of the Bank about the status of the risk management system, existing threats and proposals for their prevention/leveling.

The head who is supervising the risk management and internal control function was not the risk owner, which ensures its independence and objectivity. It is impossible to combine risk management and control functions with functions related to the position of the Chief Operating Officer, financial Director, other similar functions of the Bank's operational activities (with the exception of underwriting, collateral service), head of the internal audit department. Combining with other functions is allowed if there is no significant conflict of interest. *The ninth paragraph of clause 100 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

101. The risk management and internal control system provides for a procedure for identifying, assessing and monitoring all significant risks, as well as taking timely and adequate measures to reduce the level of risks.

Risk management procedures ensure rapid response to new risks, their clear identification and identification of risk owners. In case of any unforeseen changes in the competitive or economic environment of the Bank, the risk card is reassessed and its compliance with risk appetite is carried out.

The Board of Directors approves the overall level of risk appetite and tolerance in relation to key risks, which are fixed in the Bank's internal documents.

Tolerance levels for key risks are reviewed in the event of significant events. Limits are set that limit the risks in daily activities.

For a holistic and clear understanding of the inherent risks, the Bank at least annually identifies and evaluates risks, which are reflected in the risk register, risk map, risk response plan (process improvement, minimization strategies) approved by the Board of Directors.

When reviewing the risk register and risk map, the Board of Directors ensures that risks that may actually affect the implementation of strategic objectives are included in them, and when reviewing the risk response plan, make sure that the measures are useful. The Board of Directors and the Management Board of the Bank regularly receive information about key risks and their analysis in terms of their impact on the Bank's strategy and development plan.

Risk reports are submitted to the meetings of the Board of Directors at least once a quarter and are discussed properly in full. *Clause 101 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

102. The Bank has implemented transparent principles and approaches in the field of risk management and internal control, the practice of training employees and officials about the risk management system, as well as the process of documenting and timely communicating the necessary information to officials.

The Bank's employees annually, as well as when applying for a job, undergo training/introductory instruction to be familiarized with the accepted risk management and internal control system. Based on the results of such training, knowledge testing is carried out. *The second paragraph of clause 102 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

As part of the risk management and internal control system, the Bank has organized a secure, confidential and accessible way (hotline) to inform the Board of Directors (Risk and Internal Control Committee) and the internal audit department about violations of the legislation of the Republic of Kazakhstan, internal procedures, and the code of business ethics by any employee and official of the Bank.

Article 2. Internal audit

103. The Bank has established an internal audit department to assess systematically independently the reliability and effectiveness of the risk management and internal control system and corporate governance practices.

104. The Internal Audit Division carries out its activities on the basis of a risk-based (annual) audit work plan approved by the Board of Directors. The results of audit reports, key findings and relevant recommendations are submitted quarterly to the Board of Directors for consideration.

The Head of the Internal Audit Department takes into account the risk management concept adopted by the Bank, and also applies his/her own risk judgment, formed after consultations with the Management Board and the audit Committee.

105. In carrying out its activities, the internal audit division evaluates the effectiveness of internal control, risk management and corporate governance systems using generally accepted standards of internal audit and corporate standards, in accordance with the methods approved by the Board of Directors.

The evaluation of the effectiveness of the internal control system includes:

1) conducting an analysis of the compliance of the goals of business processes, projects and structural units with the goals of the Bank, checking the reliability and integrity of business processes (activities) and information systems, including the reliability of procedures for countering illegal actions, abuse and corruption;

2) verification of the reliability of accounting (financial), statistical, managerial and other reporting, identification of the results of business processes and structural units for compliance with the set goals;

3) determination of the adequacy of the criteria established by the management Board to analyze the degree of fulfillment (achievement) of the set goals;

4) identification of deficiencies in the internal control system that did not (do not) allow to achieve the set goals;

5) assessment of the results of the introduction (implementation) of measures to eliminate violations, deficiencies and improve the internal control system implemented at all levels of management;

6) checking the effectiveness and expediency of using resources;

7) checking the safety of the Bank's assets;

8) verification of compliance with the requirements of the legislation of the Republic of Kazakhstan, the charter and internal documents of the Bank.

The assessment of the effectiveness of the risk management system includes:

1) verification of the sufficiency and maturity of elements of the risk management system for effective risk management (goals and objectives, infrastructure, organization of processes, regulatory and methodological support, interaction of structural units within the framework of the risk management system, reporting);

2) verification of completeness of identification and correctness of risk assessment by the management board at all levels of its management;

3) verification of the effectiveness of control procedures and other risk management measures, including the effectiveness of the use of resources allocated for these purposes;

4) analysis of information on realized risks (violations identified by the results of internal audits, facts of failure to achieve goals, facts of litigation).

The corporate governance assessment includes verification:

1) compliance with the ethical principles and corporate values of the Bank;

2) the procedure for setting goals, monitoring and controlling their achievement;

3) the level of regulatory support and procedures for information interaction (including on internal control and risk management) at all levels of management, including interaction with stakeholders;

4) ensuring the rights of the sole shareholder and the effectiveness of relationships with stakeholders;

5) procedures for disclosure of information about the Bank's activities.

106. The Bank conducts an annual audit of financial statements by engaging an independent and qualified auditor, who, as an outside party, provides an objective opinion to interested parties on the reliability of financial statements and their compliance with IFRS requirements. The norms regarding the annual audit are applied if the audit of the annual financial statements is provided for by the legislation of the Republic of Kazakhstan and/or internal documents of the Bank.

The selection of an external auditor is based on a competition. The audit committee of the Bank's Board of Directors plays an essential role in the selection process. It coordinates the qualification requirements and/or technical specifications developed for the purpose of conducting the competition.

107. The external auditor involved should not provide consulting services to the Bank, which may threaten the independence of the external auditor. If it is planned to appoint (elect) to the position of a member of the Management Board, a managing director or a chief accountant of the Bank a person participating in the mandatory audit of the Bank as an employee of an external auditor or who participated in the mandatory audit of the Bank as an employee of an external auditor during the two years preceding the date of his/her appointment (election) to the Bank, in order to avoid a conflict of interest, it is required to obtain the preliminary approval of the audit Committee of the Board of Directors of the Bank for the proposed candidate for further consideration of his/her appointment (election).

108. Stakeholders should be confident in the reliability of the Bank's financial statements by engaging an external auditor who meets the following criteria: high level of qualification of the audit organization's specialists; significant work experience and good reputation (both in the Kazakh market and in the international market (if necessary); experience in the industry; compliance by the audit organization with international auditing standards, legislation of the Republic of Kazakhstan in the field of auditing, the code of ethics of professional accountants of the International Federation of Accountants; efficiency of work on identification of shortcomings and provision recommendations for improving internal controls on the process of preparing financial statements. *Clause 108 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

109. The Bank should approve documents regulating the procedure for conducting an audit and relations with an external auditor, including the process of selecting an external auditor, the powers and functions of the bidding commission, issues of providing consulting services by an audit organization that are not related to the audit of financial statements and other information, issues of rotation of audit organizations and senior staff of an audit organization, issues of hiring former employees of the auditing organization.

The rotation of partners and senior staff of the audit organization responsible for the audit of financial statements is carried out at least once every five years, if the audit organization provides audit services to the Bank for more than five consecutive years. *The second paragraph of clause 109 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

Chapter 9. The principle of regulating corporate conflicts and conflicts of interest

Article 1. Regulating corporate conflicts

110. Members of the Board of Directors and the Management Board of the Bank, employees of the Bank, perform their professional functions in good faith and reasonably in the interests of shareholders and the Bank, avoiding conflicts.

In case of corporate conflicts, the participants seek ways to resolve them through negotiations in order to ensure effective protection of the interests of the Bank and interested parties. At the same time, Bank officials promptly inform the corporate Secretary and/or the Ombudsman about the presence (occurrence) of a conflict.

The effectiveness of work on the prevention and settlement of corporate conflicts implies the full and early identification of such conflicts and coordination of actions of all bodies of the Bank. *Clause 110 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

111. Corporate conflicts are considered by the Chairman of the Board of Directors with the assistance of the Corporate Secretary and/or the Ombudsman. If the Chairman of the Board of Directors is involved in a corporate conflict, such cases are considered by the HR, Remuneration and Social Affairs Committee.

The sole shareholder, in order to prevent government interference in the Bank's operations, as well as to increase the responsibility of the boards of directors for the decisions taken, should avoid electing an excessive number of members of the board of directors who are representatives of government agencies. *The second paragraph of clause 111 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

112. In order to ensure the objectivity of the assessment of a corporate conflict and create conditions for its effective settlement, persons whose interests are affected by the conflict or may be affected do not participate in its settlement.

If it is impossible to resolve corporate conflicts through negotiations, they are resolved strictly in accordance with the legislation of the Republic of Kazakhstan.

113. The Board of Directors approves and periodically reviews the policy and rules for resolving corporate conflicts, in which their resolution will meet the interests of the Bank and the sole shareholder. *Clause 113 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

114. The Board of Directors settles corporate conflicts on issues within its competence. In this case, the corporate secretary and/or the Ombudsman are responsible for ensuring that the board of directors is informed as much as possible about the essence of the corporate conflict and the role of an intermediary in resolving the corporate conflict.

The Chairman of the Management Board, on behalf of the Bank, settles corporate conflicts on all issues, which decision-making is not within the competence of the Board of Directors of the Bank, and also independently determines the procedure for resolving corporate conflicts.

The Board of Directors considers individual corporate conflicts within the competence of the management board (for example, if the subject of the conflict is the actions (inaction) of this body). *Clause 114 is set out in a new version in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

Article 2. Conflict of interest regulation

115. A conflict of interest is defined as a situation in which the personal interest of a Bank employee affects or may affect the impartial performance of official duties.

Serious violations related to a conflict of interest may damage the reputation of the Bank and undermine its credibility on the part of the sole shareholder and other stakeholders. The personal interests of an official or employee should not affect the impartial performance of their official and functional duties.

116. The Bank's employees do not allow a situation in which a conflict of interest may arise, either in relation to themselves (or related persons), or in relation to others.

In order to avoid conflicts of interest that prevent the Board of Directors from fulfilling its duties objectively and to limit political interference in the processes of the Bank's Board of Directors, mechanisms are being introduced to prevent and regulate them. *Clause 116 is set out in a new version in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

117. The basic principles of preventing conflicts of interest, ways to identify, assess and resolve them are enshrined in the Bank's Code of Business Ethics, approved by the Board of Directors.

Chapter 10. Principles of transparency and objectivity of disclosure of information about the Bank's activities

118. In order to comply with the interests of stakeholders, the Bank promptly and reliably discloses information provided for by the legislation of the Republic of Kazakhstan and internal documents of the Bank, as well as information on all important aspects of its activities, including financial condition, results of operations, ownership and management structure.

119. To ensure the systematic disclosure of information, the Bank approves internal documents defining the principles and approaches to disclosure and protection of information, a list of information disclosed to stakeholders, deadlines, procedure, method, form of disclosure of information, responsible officials and employees, indicating their functions and responsibilities, as well as other provisions governing the disclosure processes.

In order to protect information constituting commercial and official secrets the Bank, in accordance with the legislation of the Republic of Kazakhstan, determines the procedure for classifying information into access categories, conditions for storing and using information. The Bank determines the circle of persons who have the right of free access to information constituting commercial and official secrets, and takes measures to protect its confidentiality. *Clause 119 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

120. The Internet resource is structured, user-friendly and contains information sufficient for stakeholders to understand the Bank's activities. The information is posted in separate thematic sections of the Internet resource.

Updating of the Internet resource is carried out as necessary, but at least once a week. The Bank regularly monitors the completeness and relevance of information posted on the Internet resource, and also determines the compliance of this information posted on the Kazakh, Russian, and English versions of the Internet resource. For these purposes, responsible persons (structural unit) responsible for the completeness and relevance of information on the Internet resource are assigned. *Clause 120 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

121. The Bank's Internet resource contains the following information. *The first paragraph of clause 121 has been changed in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19)*:

1) general information about the Bank, including information about the mission, main tasks, goals and activities, the amount of equity, assets, net income and number of staff. *Subclause 1) clause 121 has been supplemented in accordance with the decision of the Sole Shareholder dated 25.12.2019. (Minutes No. 61/19)*;

2) information about the development strategy and/or development plan (at least strategic goals); priority areas of activity;

3) Charter and internal documents of the Bank regulating the activities of bodies, committees, and the corporate Secretary;

4) information about ethical principles;

5) information about risk management;

6) information about the dividend policy;

7) information about the members of the Board of Directors, including the following information: photo (in agreement with a member of the Board of Directors), surname, first name, patronymic, date of birth, citizenship, status of a member of the Board of Directors (independent director, representative of the sole shareholder), indication of the functions of a member of the Board of Directors, including membership in committees of the Board of Directors or performance of the Chairman of the Board of Directors' functions, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree), work experience over the past five years, main place of work and other positions currently held, professional qualifications, date of first election to the Board of Directors and date of election to the current Board of directors, number and percent of shares owned by affiliated organizations;

8) information about the members of the management Board, including the following information: photo, surname, first name, patronymic, date of birth, citizenship, position and functions performed, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree), work experience over the past five years, professional qualifications, positions part-time positions, number and percent of shares owned by affiliated organizations;

9) information about financial statements;

10) information about annual reports;

11) information about the external auditor;

12) information on procurement activities, including rules, announcements and procurement results;

13) information on the structure of the authorized capital, including the following information: the number and nominal value of issued shares (participation shares), a description of the rights granted by shares, the number and nominal value of declared but outstanding shares, information about the sole shareholder, the number and share of common shares (participation shares) owned by them, the procedure for disposing of ownership rights;

14) information on the structure of assets, including information on affiliated organizations at all levels with a brief indication of the scope of their activities;

15) information about the annual calendar of corporate events;

16) information on interested-party transactions, including information about the parties to the transaction, the essential terms of the transaction (the subject of the transaction, the price of the transaction), the body that made the decision to approve the transaction;

17) information about major transactions, including information about the parties to the transaction, the essential terms of the transaction (the subject of the transaction, the price of the transaction), the body that made the decision to approve the transaction;

18) information on activities in the field of sustainable development;

19) information on the amount of approved dividends;

20) information about news and press releases.

122. The Bank prepares an annual report in accordance with the provisions of this Code and the best practices of information disclosure. The Annual Report is approved by the Sole Shareholder.

The annual report is a structured document and is published in Kazakh, Russian and English (if necessary).

The annual report is prepared and, after approval by the Sole Shareholder of the Bank, posted on the Internet resource. *Clause 122 has been amended in accordance with the decision of the Sole Shareholder dated 25.12.2019 (Minutes No. 61/19).*

123. The requirements for the content of the annual report at least assume the following information:

1) message of the Chairman of the Board of Directors;

2) message of the Chairman of the Management Board;

3) about the Bank: general information; about the structure of the authorized capital, including the following information: the number and nominal value of issued shares (participation shares), a description of the rights granted by shares, the number and nominal value of declared but outstanding shares, information about the sole shareholder, the number of ordinary shares owned by him/her, the procedure for disposing of ownership rights; mission; development strategy, results of its implementation; market overview and market position;

4) results of financial and operational activities for the reporting year: review and analysis of activities in relation to the tasks set; operational and financial performance indicators; key significant events and achievements; information on significant transactions; any financial support, including guarantees receivable/received from the state and any obligations to the state and society assumed by the Bank (if not disclosed in accordance with IFRS);

5) asset structure, overview, main results of their financial and production activities;

6) goals and plans for future periods;

7) key risk factors and risk management system;

8) corporate governance: corporate governance structure; composition of shareholders and ownership structure; composition of the Board of Directors, including qualifications, selection process, as well as independent directors with criteria for determining their independence; report on the activities of the Board of Directors and its committees, which reflects the results of the activities of the Board of Directors and its committees for the reporting period, significant events, issues considered, number of meetings, form of meetings, attendance; information on the compliance of corporate governance practices with the principles of this Code, and if it does not comply with explanations of the reasons for non-compliance with each of the principles; composition of the Bank's Management Board; report on the activities of the Management Board; remuneration policy for officials;

9) sustainable development;

10) auditor's report and financial statements with notes;

11) The analytical indicators and data included in the annual report should reflect a comparative analysis and the progress (regress) achieved in relation to the previous period (comparison with the values of similar indicators indicated in the last annual report). In order to compare the indicators with international companies operating in a similar industry, it is recommended to publish performance indicators that will allow for an industry benchmarking analysis.

**Chapter 11. Interaction with business partners**

124. The Bank interacts with business partners (clients, investors, rating agencies, consulting companies, etc.) on the basis of mutual benefit, respect, trust, honesty and fairness. The Bank carries on business only with reliable business partners who are engaged in legitimate activities.

125. The Bank selects suppliers of works/services/goods primarily on a competitive basis in accordance with the legislation and internal documents of the Bank.

126. The Bank faithfully fulfills its contractual obligations to business partners and demands the same from them.

127. The Bank always resolves disputes arising in the course of its activities by legal means, negotiating and striving to find mutually acceptable compromises.

Chapter 12. Final provisions

128. This Code comes into force from the moment of its approval.

129. The Bank strives to implement the provisions of this Code in its activities.

130. The Bank will improve this Code taking into account changes in legislation and the emergence of new corporate governance standards in international and national practice, guided by the interests of the sole shareholder, the Bank and other stakeholders.

131. Issues not specified in this Code are regulated by the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Bank.

132. The Bank may develop and adopt additional internal documents aimed at adapting and applying the provisions of this Code.

1. OECD Guidelines on Corporate Governance of State-owned Enterprises dated July 8, 2015. G20/OECD Principles of Corporate Governance. [↑](#footnote-ref-1)
2. Article 9-2 of the Law of the Republic of Kazakhstan "On Administrative Procedures" dated November 27, 2000 No. 107. [↑](#footnote-ref-2)