APPROVED BY
Annual General Meeting of Shareholders of BTA Bank JSC
Minutes of Meeting No.56
of 22 June 2010

CODE

OF

CORPORATE GOVERNANCE OF BTA BANK JSC

Almaty
2010

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ARTICLE 1. GENERAL

1. This Code of Corporate Governance (the “Code”) of BTA Bank JSC (the “Company”) establishes main principles and standards by which the Bank is guided for the purpose of high-level corporate governance and activity of the Bank.
2. The Code has been elaborated taking account of good international practice in the area of corporate governance.
3. The Code has also been elaborated in accordance with the legislation of the Republic of Kazakhstan taking account of international best practice in the area of corporate governance developing in Kazakhstan, the Bank’s standards of ethics and the Bank's requirements and operating environment.
4. The main objectives of this Code are to facilitate efficient, effective and entrepreneurial management that can deliver growth in shareholder value of the Company and to form, implement and apply in the day-to-day operation of the Bank the rules and standards of the corporate governance which meet international criteria, best practice and the requirements established by the legislation of the Republic of Kazakhstan and authorized state agencies.
5. The Bank undertakes to steadily comply with the provisions of this Code to enhance the investment appeal of the Bank for existing and potential investors, partners, and clients.

ARTICLE 2. PRINCIPLES OF CORPORATE GOVERNANCE

6. The corporate governance of the Bank shall be based on justice, honesty, responsibility, transparency, expertise and competence.
7. Principles of corporate governance set out in this section shall constitute the basis for rules, documents requirements and recommendations applied by the Bank in its operation.
8. The fundamental principles of the corporate governance shall be as follows:

(1) the principle of protection of the rights and interests of the Company shareholders;

(2) the principle of effective corporate governance and effective management and oversight by the Board of Directors;

(3) the principle of transparency and objectivity of disclosure of information on the Bank’s activities and financial information;

(4) the principle of legality and high ethical standards;

(5) the principle of an efficient dividend policy;

(6) the principle of an efficient personnel policy;

7) the principle of constructive settlement of corporate disputes;

8) the principle of environmental protection and corporate social responsibility.

1. Principle of protection of rights and interests of the shareholders

9. The Bank shall ensure the implementation of fundamental elements of the shareholder's right to participate in the governance of the Company:

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

   (2) the right to obtain full information on the activities of the Bank within deadlines specified by the legislation of the Republic of Kazakhstan and Company's internal documents;

   (3) the right to participate in and vote at the General Meetings of Shareholders;

   (4) the right to participate in electing management bodies;

   (5) the right to receive a share in the profit of the company (dividends);

   (6) other rights stipulated by the legislation of the Republic of Kazakhstan and the Charter of the Bank.

10. The Bank shall create conditions for efficient and effective participation by shareholders in adopting decisions relating to the operation of the Bank reserved to the competence of the General Meeting of Shareholders.

11. The Bank shall provide the shareholders with accurate information on the financial and business activities and results thereof.

12. The Board of Directors and the Management Board shall substantiate any anticipated change in the activity and corporate governance of the Bank and always preserve strong protections for the rights and legal interests of shareholders.

13. The practice of corporate governance of the Bank shall be aimed at ensuring equal, fair and unbiased treatment of all shareholders of the Bank.

1.2 Principle of effective corporate governance and oversight by the Board of Directors

14. The principle of effective corporate governance shall constitute a qualitative and transparent system of interaction between the shareholders, the Board of Directors, the Management Board, collective bodies, officers and employees of the Bank. There shall be clear delineation between the roles and responsibilities of the Bank's various bodies and officers, an effective risk management system, systems and procedures for dealing with conflicts of interests and minimizing risk and an effective internal audit system which operates on a continuous basis reviewing and reporting on the operation of the Bank and compliance with this Code and good corporate governance.

15. The Bank's Board of Directors shall have collective responsibility for the oversight of management and the performance of the Bank and have collective responsibility for the Bank's results.

1.3. Principle of transparency and objectivity of disclosure of information on Bank's activities and financial information

16. The principle of transparency and objectivity of disclosure of information on the Bank's activity shall be aimed at assisting all shareholders and external users , specifically authorized

state agencies, stock exchanges (where Bank's securities are listed), rating agencies, financial agencies, Bank's clients and partners, and potential investors, to obtain available and intelligible information on the Bank's activities and financial position and performance.

17. Subject to paragraph 18, the Bank shall communicate with its shareholders and external interested third parties and provide general disclosure as to its business, including a fair, balanced and understandable assessment of the Bank's position and prospects, and avoiding selective disclosure of information to certain shareholders only or third parties save as otherwise permitted in favour of Samruk-Kazyna and/or the Depositary on behalf of the GDR Holders.

18. The obligation on the Bank to be transparent and provide well-balanced information to its shareholders and external interested third parties as described in this section 1.3 is subject to the Bank's duties to keep confidential matters which constitute commercial, official, banking and other law-protected secrets.

19. Details and procedures aimed at information transparency of the Bank shall be specified by an appropriate corporate document approved by the Board of Directors.

20. Shareholders and potential investors shall be provided with free and unhindered access to information about the Bank and its financial position and performance including the Bank's annual, semi-annual and other periodic financial reports in the procedure specified by the legislation of the Republic of Kazakhstan and internal documents of the Bank .

21. The Bank shall in the timely manner disclose information on main results, plans and business prospects which may considerably affect shareholders and investors' lawful rights and interests.

22. The Bank shall regularly provide information on material corporate actions and/or events of the Bank subject to measures aimed at protection of confidentiality of information the scope of which is determined by the Board of Directors having regard for the Bank's obligations under law and the provisions of this Code.

1.4. Principle of legality and high ethical standards

23. In carrying out its activities the Bank shall be guided by the legislation of the Republic of Kazakhstan, laws of other countries in whose jurisdiction the Bank operates and generally accepted principles of business ethics and internal policies and procedures. The Bank's internal policies and procedures shall be developed based on the legislation of the Republic of Kazakhstan and rules of corporate and business ethics.

24. Corporate relations between shareholders, members of the Board of Directors and the Management Board shall be based on mutual trust, respect, accountability, control and compliance with this Code.

1.5. Principle of efficient dividend policy

25. The dividend policy of the Company shall ensure the transparency of the mechanism for determining dividends and of procedure for calculation and payment of dividends and subject to the restrictions on payments of dividends as described under the Information Memorandum in respect of the restructuring of the Bank dated 1 May 2010 (as supplemented) shall be aimed at providing maximum benefit to all shareholders and improving the capitalization of the Bank while retaining sufficient reserves to ensure stability and allow for growth.

26. The Bank's dividend policy rules shall regulate the procedure for calculation of retained income and determination of a portion of income to be allocated for dividends, conditions of dividends distribution, procedure for dividends calculation and payment including determining deadlines, place and form of payment.

27. Subject to the restrictions on payments of dividends as described under the Information Memorandum in respect of the restructuring of the Bank dated 1 May 2010 (as supplemented), payment of dividends shall be based on the Bank meeting requirements for dividend calculation and payment based on the actual state of the Bank's business and the Bank's financial performance.

1.6. Principle of efficient personnel policy

28. The corporate governance of the Bank shall be based on protection of the rights of the Company employees as stipulated by the legislation of the Republic of Kazakhstan and shall be aimed at the development of partnership relations between the Bank and its employees in resolving social matters and regulation of work conditions.

29. One of the main aspects of the personnel policy shall be preservation of jobs, improvement of labor conditions in the Bank, compliance with rules of social protection of employees of the Bank and further enhancement of social responsibility of the Bank to its employees.

30. The Bank shall endeavour to create a favorable and creative climate in the labor collective and to improve the skills of the Bank's employees.

31. The Bank shall take actions to introduce the personnel management system and personnel development systems.

1.7. Principle of constructive settlement of corporate disputes

32. Members of the Board of Directors and of the Management Board and other employees of the Bank shall perform their work duties prudently and in good faith with due care and due diligence, in the interests of the Bank and shareholders, and shall avoid conflicts of interest. They shall ensure full compliance of their performance with the legislation of the Republic of Kazakhstan, principles of this Code and ethical standards and generally accepted rules of business ethics.

33. Should any corporate conflict arise in the Bank, persons involved shall try and settle such conflict through negotiations or by alternative means of conflict resolution to ensure efficient protection of the shareholders' lawful rights and interests and the Bank's business reputation.

34. If the corporate conflict cannot be resolved through negotiations or by other means of corporate conflict resolution, such dispute shall be resolved in compliance with the legislation of the Republic of Kazakhstan.

1.8. Principle of environmental protection and corporate social responsibility

35. In carrying out its activities the Bank shall ensure its environmentally-friendly operation.

36. In carrying out its activities the Bank as a good corporate citizen shall observe social rules and codes subject to interests of shareholders, partners, and clients subject to legislation.

ARTICLE 3. CORPORATE GOVERNANCE BODIES

37. The bodies of the corporate governance of the Bank shall be as follows:

1) the General Meeting of Shareholders;

2) the Board of Directors;

3) the Committees of the Board of Directors;

4) the Corporate Secretary;

5) the Internal Audit Service;

6) the Management Board;

7) the Compliance Controller / Chief Compliance Officer; and

8) the Committees of the Management Board.

38. The system of corporate governance bodies shall ensure an uninterrupted operation of processes within the structure of the corporate governance of the Bank. The system shall be aimed at determining the roles and responsibilities of each body within the system. A transparent delineation of competence of the bodies shall enable proper determination of responsibilities of the bodies within the system and ensure qualitative and efficient interaction between them, proper control of business processes, their assessment and modification subject to the current needs of the Bank. The system shall make it possible to perform tasks and reach goals set by shareholders of the Bank to comply with the legislation of the Republic of Kazakhstan and other jurisdictions where the Bank operates.

39. The Board of Directors shall procure that an independent auditor (being one of Deloitte, Ernst & Young, KPMG or PricewaterhouseCoopers) investigates and promptly reports on an annual basis to the Bank's Audit Committee on (i) the Bank's compliance with the Code and its internal procedures and controls, (ii) the Bank's compliance with the covenants set out in Section 3 of Schedule 11 (*Covenants of the Bank*) of the Information Memorandum of 1 May 2010 (as amended), and (iv) the implementation of the Bank's business plan. The independent auditor's report shall be included in the Annual Report of the Bank or otherwise made available to the Bank's shareholders. Any non-compliance identified in the independent auditor's report shall be remedied by the Bank within six months of the date of the report.

ARTICLE 4. GENERAL MEETING OF SHAREHOLDERS

40. The General Meeting of Shareholders shall be the supreme governing body of the Bank and shall play the leading role in the corporate governance of the Bank; it shall be the place where shareholders may enjoy their right to manage the Company. The Board of Directors and the Management Board shall ensure that the General Meeting of Shareholders is provided with comprehensive and qualitative information, materials and recommendations for the shareholders to adopt decisions on matters reserved to the competence of the General Meeting of Shareholders.

41. Before the General Meeting of Shareholders adopts substantive resolutions, the Board of Directors and the Management Board shall inform the shareholders of risks, aspects and other elements of a matter put up for resolution.

42. A General Meeting of Shareholders of the Bank shall be held no less frequently than a least once per year following the publication of the Bank's annual report in respect of the preceding financial year. The annual General Meeting of Shareholders shall review and consider the annual report and annual financial accounts of the Bank and the business plan for the Bank as approved by the Board of Directors in relation to the up-coming year.

43. The General Meeting of Shareholders shall review and consider reports of the Board of Directors of the Bank with a view to monitoring the operation of the Board of the Directors, the compliance of the Bank with its internal procedures including this Code and its risk management policies, determine the rules for paying remuneration to members of the Board of Directors, review the action plan of the Board of Directors for a relevant reporting period, approve methods for assessment of the performance of the Board of Directors and make recommendations to the Board of Directors with regard to matters reserved to the competence of the Board of Directors.

44. The Bank shall ensure that Ordinary and Extraordinary General Meetings of the Shareholders are held in compliance with the legislation of the Republic of Kazakhstan and the Charter.

45. The Bank shall notify shareholders of the General Meeting well in advance to allow time for the shareholders to review materials of the forthcoming meeting, to prepare questions of interest and to form their own items to be included on the agenda, an in any event not less than the time period specified by the legislation of the Republic of Kazakhstan. The date and time for holding the General meeting shall be scheduled so as to allow a maximum number of persons entitled to participate in the meeting.

46. Information and materials provided to the shareholders prior to the General Meeting and the procedure for the provision of such information and materials shall ensure that shareholders receive a comprehensive insight into matters to be discussed and receive answers to all questions of interest and take reasoned decisions on the matters of the agenda.

47. The manner of calling a General Meeting shall be such in order to ensure that all shareholders are informed in a timely manner, including posting the notice of the General Meeting prominently on the Bank's website.

48. Informational materials circulated together with the notice of General Meeting of Shareholders shall be itemized in accordance with the agenda of the General Meeting. A simple and easy procedure shall be established to receive and review such materials.

49. Any proposed resolution put to shareholders at a General Meeting to approve a material changes in the operation and administration of the Bank shall be supported by additional materials substantiating such changes.

50. If necessary, the shareholders shall be provided with analytical research and other materials pertaining to the operation of the Bank prepared by independent professionals or other organizations.

51. If the agenda for the General Meeting of Shareholders contains the issue regarding the appointment of members of the governing and controlling bodies, comprehensive information on candidates for the above bodies shall be provided.

52. The agenda of the General Meeting shall be clear and unambiguous in setting out what issues are to be considered and what resolutions are to be proposed. Each substantially separate issue should be proposed by the Bank as a separate resolution.

53. For each resolution, proxy appointment forms should be provided to shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote.

54. The procedure for conducting the General Meeting shall ensure that all shareholders have equal opportunities to exercise their rights and lawful interests to participate in the General Meeting. A shareholder may vote in person or may be represented (on the basis of a proxy or power of attorney issued by the shareholder to a third party or a representative of the nominal holder); the votes cast in person or by the representative shall have equal force. The Bank shall ensure that all valid proxy appointments received for a General Meeting are properly recorded and counted.

55. Any reports or other information which are to be prepared by the Bank's officials or employees for consideration and or approval by the Bank's shareholders at the General Meeting of shareholders shall be provided to the Bank's shareholders in sufficient time to allow the shareholders to properly review and consider the reports or other information ahead of the General Meeting.

56. Each of the key officers of the Bank including the Chairman of the Board of Directors, the Chairman of the Management Board, the Bank's chief executive officer, chief financial officer, chief operating officer, chief compliance officer, chief risk officer, and the chairmen of the Audit Committee, the Risk Management Committee and the Corporate Appointments and Remuneration Committee and such other key personnel involved in administration of the Bank or with control over its activities shall attend the General Meeting. If such persons are absent for good reasons, their deputies and/or persons competent in such issues shall attend the meeting.

57. Time for registration of the participants shall be scheduled so as to allow time for all participants in the meeting to be registered and to participate in the General Meeting.

58. The Chairman of the General Meeting shall make every effort to enable the shareholders receive comprehensive answers to all questions at the General Meeting. If questions are complicated or cannot be answered immediately, the person to whom the questions are addressed shall provide written answers to the questions in the shortest possible time.

59. Elections to the Board of Directors of the Bank shall be transparent.

60. The procedure for counting votes shall be simple and transparent and conducted in a clear and transparent manner to ensure that shareholders are satisfied that the results of voting are accurate. For each resolution, after a vote has been taken on a show of hands, the Bank shall ensure that the following information is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the Bank:

• the number of shares in respect of which proxy appointments have been validly made;

• the number of votes for the resolution;

• the number of votes against the resolution; and

• the number of shares in respect of which the vote was directed to abstain.

ARTICLE 5. BOARD OF DIRECTORS

61. The Board of Directors, being the management body of the Bank accountable to the General Meeting of Shareholders, shall carry out general management of the Bank's activities (save matters reserved to the competence of the General Meeting of Shareholders and the Management Board of the Bank) and shall have responsibility for effectively leading the BTA Group, mapping out strategic aims and scrutinizing the actions and performance of the Management Board, satisfying themselves as to the integrity of the Bank's financial information and overseeing the overall operation of the Bank.

62. The Board of Directors of the Company shall exercise it powers based on the principles of compliance with applicable law and good corporate governance, enforcement of rights and lawful interests of shareholders and have the objective of maintaining the Bank's financial stability and enhancing the market value of the Bank. The Board of Directors shall be accountable to shareholders of the Bank.

63. The Board of Directors shall provide the shareholders with a balanced summary of the results achieved by the Bank and balanced view of the prospects of future development by means of objective monitoring of the conditions of its business areas and shall ensure operation of the reliable internal control and independent audit systems with a view to preserving the share capital and assets of the Bank.

64. The Board of Directors of the Bank shall ensure the effective operation of the risk management system and internal and external audits and take effective measures to settle corporate conflicts and to prevent conflicts of interest.

65. The Board of Directors of the Bank shall ensure transparency of the Bank's activities and financial position and performance.

66. The Board of Directors shall be responsible for adequate disclosure of information and information coverage of the activities of the Bank and shall justify the information classification and ensure protection and integrity of information which constitutes official, commercial or bank secrets.

67. The Board of Directors shall be independent in considering and adopting resolutions and shall be guided only by requirements of legislation, the best interests of the shareholders and of the best interests of the Bank and not by personal interest of the Directors.

68. The Charter of the Bank shall specify the number of directors in the Board of Directors. Subject to the terms of the Charter of the Bank, the General Meeting of Shareholders shall determine the term of office of the members of the Board of Directors.

69. At least one third of the members of the Board of Directors of the Bank shall be independent directors.

70. In addition to requirements specified by the legislation of the Republic of Kazakhstan, a director shall be considered "independent" only if he:

(a) has not been a director or an employee of the Bank or Samruk-Kazyna (or any affiliate of either) within the five years prior to 6 March 2009;

(b) has not had, within the last three years, a material business relationship with the Bank or Samruk-Kazyna (or any affiliate of either);

(c) has no close family ties with any of the (current or former) advisers, directors or senior employees of the Bank; and

(d) holds no cross-directorships or significant links with other directors through involvement in other companies or bodies.

71. Notwithstanding the above requirements, the Members of the Board of Directors specified in the Information Memorandum of 1 May 2010 (as amended) will be deemed to be "independent".

72. The General Meeting may set up additional requirements to independent directors not conflicting requirements of the legislation of the Republic of Kazakhstan.

73. The Board of Directors shall identify those directors it considers to be "independent directors" in each annual report of the Bank.

74. The Appointments and Remuneration Committee shall lead the process for appointments of any new or replacement "independent" Directors and make recommendations to the Board of Directors.

75. All members of the Board of Directors of the Bank shall have appropriate professional qualifications and impeccable business reputations.

76. Member of the Board of Directors shall be collectively and personally liable for resolutions adopted by them.

77. The Board of Directors should meet sufficiently regularly to discharge its duties effectively. There should be a formal schedule of matters specifically reserved for its decision. The annual report should include a statement of how the Board of Directors operates, including a high level statement of which types of decisions are to be taken by the Board of Directors and which are to be delegated to management.

78. The Board of Directors should ensure that directors, especially non-executive directors, are provided with all information required to carry out their duties as directors and to supervise management of the Bank and should have access to independent professional advice at the Bank's expense where they judge it necessary to discharge their responsibilities as Directors.

79. Power and competence of members of the Board of Directors shall be specified in detail by legislation, the Charter of the Bank and the Regulations of the Board of Directors.

80. The Board of Directors shall make recommendations to the General Meeting with regard to fair remuneration of the members of the Board of Directors aimed at motivating their performance in the interests of the Bank and all its shareholders.

81. The Board of Directors shall establish mechanisms for assessment of its operation and performance including the performance of independent directors and shall establish and regularly revise methods and criteria for assessment of performance of members of the Board of Directors.

82. The Board of Directors shall approve methods for evaluation of the performance of the Management Board of the Bank, from time to time review reports of the Management Board of the Bank and evaluate the performance of the Management Board in each reporting period.

83. When taking the office, members of the Board of Directors shall commit to conscientiously and properly perform their obligations.

84. The Charter and internal documents of the Bank shall determine the procedures for taking the office, induction, training and development for members of the Board of Directors including becoming familiar with the affairs and activities of the Bank, the procedures in the event of termination of a Director's appointment, the procedures for stepping down from the office of the member of the Board of Directors, and the procedure for convening and holding meeting of the Board of Directors.

85. When considering materials and issues, the Board of Directors shall meticulously analyze and discuss materials submitted with due account of tasks set by the General Meeting and in doing so shall be guided by legislation.

86. When adopting decisions on matters put up for consideration, members of the Board of Directors shall be independent of each other and no one Director shall be in a position to dictate or control decisions of the Board of Directors.

87. The Chairman of the Board of Directors should ensure that:

1) proper procedures are followed in the preparations for meetings, discussions, decision-making and the implementation of decisions.

2) directors receive sufficient information well in advance to allow them to perform their duties in an informed manner;

3) continuing education is available so that Directors may improve and update their knowledge and skills in any area the Board of Directors considers necessary; and

4) annual review and assessment of Directors' performance are made.

88. The Board of Directors should state in the annual report how performance evaluation of the Board of Directors, its committees and its individual Directors has been conducted.

ARTICLE 6. COMMITTEES OF THE BOARD OF DIRECTORS

89. With a view to producing and obtaining professional consultations, expert opinions and pre-examining certain matters reserved to the competence of the Board of Directors, the committees of the Board of Directors shall be established.

90. The committees of the Board of Directors shall be consultative advisory bodies. In their activities the Committees of the Board of Directors shall be accountable to the Board of Directors.

91. The Committees of the Board of Directors, as an integral part of the corporate governance system, shall to the extent of their competence provide recommendations and issue opinions to the Board of Directors.

92. The following Committees of the Board of Directors shall mandatorily operate at the Bank:

- the Audit Committee;

- the Risk Committee;
- the Appointment and Remuneration Committee.

93. The members of the Committees of the Board of Directors shall be members of the Board of Directors with at least two of the Committee members having expertise in the areas of banking and finance. At least one Creditor Director shall sit on each Committee of the Board of Directors. Each Committee shall have a majority of Directors who are not Directors appointed by Samruk-Kazyna. No executive Directors may sit on any of the Audit, Risk or Appointment and Remuneration Committees.

94. Upon decision of the Board of Directors, other committees may also be established subject to a special nature of a matter and special needs.

95. When considering a matter, the Audit Committee shall be independent and shall act in the interests of the Bank shareholders. The Audit Committee shall be chaired by a Creditor Director. The Audit Committee shall have the following responsibilities and shall report on and provide recommendations to the Bank in respect of these issues:

1) establishment an efficient system of control over the financial and business activities of the Bank (including the completeness and accuracy of financial statements);
2) control over reliability and efficiency of internal audit and risk management systems and documents relating to corporate governance;
3) monitor the integrity of the financial statements of the Bank and any formal announcements relating to the Bank's financial performance, reviewing significant financial reporting judgements contained in them;
4) review the Bank's internal financial controls and, unless expressly addressed by a separate Board risk committee composed of independent directors, or by the Board itself, to review the Bank's internal control and risk management systems;
5) monitor and control over the independence of external and internal audits and over compliance with the legislation of the Republic of Kazakhstan;
6) make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
7) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
8) develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
9) report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
10) review arrangements by which staff of the Bank may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action; and
11) other matters in accordance with requirements of the Regulations *On the Audit Committee*.

96. The main objectives of the Risk Committee shall be recommendations to the Board of Directors on matters pertaining to establishment and operation of the integrated risk management system of the Bank which would ensure risk analysis, assessment, control and minimization with a view to enhancing the financial stability of the Bank and developing a uniform risk policy within the Bank conglomerate structure. The Risk Committee shall be

independent when considering materials and producing recommendations to the Board of Directors.

97. The main tasks of the Risk Committee shall be as follows:

1) adoption of the risk management policy and methods to be approved by the Board of Directors of the Bank;
2) coordination of the risk management process and implementation of the integrated internal control system;
3) assessment of overall risks based on a uniform and consistent approach and consideration of reviews to monitor the financial condition of the Bank, financial markets and other developments in the economy which may affect the of risks undertaken;
4) approval of applicable risk assessment methods and models;
5) informing the Board of Directors of the Bank of results of risks assessment and management.

98. The Appointment and Remuneration Committee shall be an advisory and consultative body of the Board of Directors established to enhance the efficiency of the personnel and motivation policies of the Bank.

99. The Appointment and Remuneration Committee shall:
1) develop and present recommendations to the Board of Directors with regard to implementation of the personnel and motivation policies with regard to members of the Management Board and the Corporate Secretary of the Bank;
2) present recommendations to the Board of Directors with regard to appointments to positions within the competence of the Board of Directors;
3) make recommendation to the Board of Directors with regard to the personnel and motivation policies of the Bank's subsidiaries and affiliated companies; and
4) make recommendation to the Board of Directors with regard to the level of remuneration for members of the Management Board and members of the Board of Directors.

ARTICLE 7. AUDIT

100. Audit of the Bank's activities is an integral part of control and monitoring of processes of the Bank shall constitute an element of the corporate governance.

101. The Board of Directors and the Management Board of the Bank shall give due attention to processes, data and information obtained in the course of audit of the activities of the Bank.

102. Based on data and information obtained following the audit the Board of Directors shall develop measures to remedy violations and non-compliance identified, monitor and analyze processes and actions implemented by the Board and other divisions of the Bank.

103. The audit of the Bank shall be subdivided into internal and external audits.

104. The Board of Directors shall regularly monitor the audit, hear reports on the results of the audit, approve plans for audit of divisions of the Bank and its branches, discuss at the meetings of the Board issues and proposals presented by the Audit Committee and the Internal Audit Service.

105. The internal audit shall be carried by the Internal Audit Service which is accountable to the Board of Directors.

106. For the purpose of proper performance and fair and unbiased opinions, the Internal Audit Service shall not be affected by opinion of any persons.

107. In order to comply with the principles of objectivity and impartiality in the performance of their functions, members of the Internal Audit Service shall not be involved in any activities that may subsequently be subjected to internal audit or be engaged in audit activities or functions which they carried out during the period being audited.

108. The objective of the Internal Audit Service shall be to provide timely and reliable information on the status of divisions of the Bank, duties and tasks imposed, the independent evaluation of the adequacy of and compliance with internal policies and procedures of the Bank, the state of internal audit and risk management and provision of the Board of Directors or the Audit Committee with efficient and effective recommendations aimed at improvement of operation, namely:

- in terms of operating and financial activities of the Bank: checking the efficiency and profitability of asset management of the Bank and determining the probability of losses;
- in terms of reliability, completeness and timeliness of financial and management information: monitoring and ensuring the accuracy of financial statements and other financial information used by different categories of users in decision-making processes and ensuring such financial statements or other financial information is produced and properly disclosed in a timely manner;
- in terms of compliance with requirements of the legislation of the Republic of Kazakhstan: verification of compliance by the Bank with legislation, including regulatory legal acts of the authorized agency and requirements of documents stipulating internal policies and procedures of the Bank.

109. Detailed information on the powers and competence of the Internal Audit Service shall be set forth in internal documents of the Bank.

110. The Audit Committee of the Board of Directors shall monitor and review the effectiveness of the activities and reporting of the Internal Audit Service.
The external audit shall be carried out by one of Ernst & Young, PricewaterhouseCoopers, KPMG and Deloitte.

111. The General Meeting of Shareholders shall nominate an audit organization upon recommendations of the Board of Directors. The Board of Directors' recommendation shall itself be based on the recommendation of the Audit Committee. If the Board of Director's does not accept the Audit Committee's recommendation, it should include in the annual report, and in any papers recommending appointment or re-appointment, a statement from the Audit Committee explaining the recommendation and should set out reasons why the Board of Directors has taken a different position.

112. For purposes of the external audit the Bank shall provide all necessary data, information and documents.

113. The Board of Directors shall examine and discuss the audit report prepared by external auditors with a view to developing measures aimed at compliance with the recommendations of the auditor.

114. To produce objective and unbiased opinions and judgments with regard to information analyzed in the course of the audit, the external auditor shall be independent and cannot be

linked to the Bank by any elements which may affect the opinion and findings of the external auditor in auditing the Bank and preparing its report.

115. Compliance by the Bank with this Code, the Bank's internal procedures and controls, the covenants set out in Section 3 of Schedule 11 (*Covenants of the Bank*) of the Information Memorandum of 1 May 2010 (as amended) and the Bank's business plan shall be audited by an independent auditor (being one of Ernst & Young, PricewaterhouseCoopers, KPMG and Deloitte) on an annual basis. The independent auditor shall report on any non-compliance identified to the Audit Committee. This report shall be made available to shareholders.

116. The Board of Directors shall ensure that any non-compliance identified by the independent auditor is effectively addressed and remedied within six months of the date of the independent auditor's report.

ARTICLE 8. MANAGEMENT BOARD

117. The Management Board shall be a collective executive body of the Bank and shall manage its day-to-day activities.

118. Playing a key role in the establishment of the corporate governance of the Bank, the Management Board shall ensure compliance with and control over implementation of principles of corporate governance to the extent of its competence.

119. The Management Board shall act in the interests of the Bank and its shareholders and shall report to the General Meeting of Shareholders and to the Board of Directors of the Bank.

120. The Management Board of the Bank shall consist of the Bank's Chairman and the persons fulfilling the roles of Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Chief Compliance Officer, the Chief Risk Officer and such other officers as the Board of Directors shall determine appropriate. Each member of the Management Board is responsible for a specific part of the business, and reports promptly and comprehensively to the Board of Directors. The term of office of its members shall be determined by the decision of the Board of Directors of the Bank.

121. Subject to Kazakh law and the Bank's Charter, the Board of Directors shall determine the scope of the powers of the Management Board, and monitor their performance.

122. The Board of Directors shall determine the number and the term of office of the members of the Management Board.

123. The Management Board shall decide on any matters pertaining to the Bank’s activity not reserved by legislation or the charter of the Bank to the competence of other bodies and officers.

124. The Management Board shall regularly report to the Board of Directors on matters pertaining to day-to-day activities of the Bank and make proposals to the Board of Directors with regard to matters pertaining to improvement of various activities of the Bank referred to the competence of the Board of Directors and the General Meeting of shareholders.

125. At its meetings the Management Board shall regularly review decisions and materials issued by the Board of Directors and the General Meeting of Shareholders for implementation.

126. The main tasks of the Management Board shall be as follows: to ensure implementation of decisions of the General Meeting of Shareholders and of the Board of Directors of the Bank, to pursue a policy aimed at increasing profitability and competitiveness of the Bank, to ensure the Bank's sustainable economic and financial conditions, to protect shareholders' rights, to ensure efficiency of their investments and implementation of other goals and objectives of the Bank defined by the Charter and internal regulatory documents of the Bank.

127. Members of the Management Board shall:

1) be guided by principles of corporate governance;
2) act only in the interests of the Bank;
4) perform their responsibilities in good faith;
3) be guided in their activities by legislation, the Charter of the Bank, decisions of the General Meeting of Shareholders and of the Board of Directors of the Bank, requirements of the internal regulatory documents of the Bank and this Code;
4) oversee the preparation and timely submission of materials to the meeting of the Management Board on issues within its competence;
5) participate in person in the meetings of the Management Board without delegating the right to vote to other persons, including other members of the Management Board;
6) not abuse their position;
7) prevent conflicts of interest. If there is a risk of a potential conflict of interest, members of the Management Board shall inform the Chairman of the Management Board to such effect in order to take actions to prevent the conflict.

128. With a view to achieving the above goals and objectives of the Management Board of the Bank shall:

1) arrange for the implementation of resolutions of the General Meeting of Shareholders and of the Board of Directors of the Bank;
2) pre-discuss issues to be considered by the General Meeting of shareholders or the Board of Directors of the Bank, prepare necessary documents for the meetings of the above management bodies, consider and submit for approval by the Board of Directors the plan of actions of the Bank, and report on the implementation of such plans;
3) take decisions on transactions of the Bank, except for decisions on transactions referred to the exclusive competence of the General Meeting of Shareholders or of the Board of Directors of the Bank;
4) consider issues relating to strategic planning, results of commercial activities, including foreign economic activities of the Bank;
5) prepare annual business plans and budgets for approval by the Board of Directors and monitor compliance with such business plan and budget;
6) specify liability for failure to implement / inadequate implementation of decisions of the Board of Directors, implementation of strategies and policies of the Bank in terms of organization and implementation of internal audit;
7) review and act upon the recommendations of the Internal Audit Service and monitor the compliance of the activities of the Bank with internal regulatory documents of the Bank, which specify the procedure for internal audit, and opine on the conformity of the contents of such documents with the nature and scope of the Bank's activities;
8) consider the materials and the results of periodic assessments of the efficiency of internal audit to the extent of its competence;
9) to the extent of its competence, create a system for monitoring the remedy of violations and defects of internal audit identified and for monitoring measures taken to remedy them;
10) develop the concept of personnel management, decide on the selection, placement, training and retraining of the Bank personnel;

11) review documented results of the inspection of the Bank by authorized bodies and structural divisions of the Bank and take action accordingly;
12) prepare periodic financial reports including annual and semi annual financial reports for review and approval by the Board of Directors;
13) consider results of the Bank's activities and prepare, on a regular basis, reports to the Board on the activities and performance of the Bank and such other reports as the Board of Directors may require;
14) prepare and present the list of information constituting banking, commercial and official secrets of the Bank for the approval by the Board of Directors of the Bank;
15) to the extent of its competence, consider the draft internal regulations of the Bank and take decisions thereon (approval of internal regulatory documents);
16) prior to presenting to the Board of Directors, consider the annual budget, balance sheet and annual reports of the Bank;
17) consider and approve the indicative plan for the development of the Bank and present it for approval by the Board of Directors;
18) consider the budgets of affiliates/ subsidiaries of the Bank;
19) analyze the internal and external economic factors which constitute potential risks, and assess their effect on the financial performance of the Bank;
20) determine the risk limits for activities of the Bank (within the aggregate limit approved by the Board of Directors) and monitor compliance with them in the day-to-day activities of the Bank;
21) monitor income (expenses) in accordance with the annual budget equation of risks and returns;
22) analyze the critical indicators of economic conditions of the Bank's activities;
23) ensure the development and improvement of risk management;
24) report on risk management to the Board of Directors on a regular basis;
25) assess the efficiency and reliability of the organization and implementation of risk management in the day-to-day activities of the Bank;
26) analyze the dynamics of equity and potential risks associated with the new banking services to be provided;
27) consider the policy of determining interest rates for deposits attracted and loans granted;
28) prepare lending and credit policies for the Bank (subject to approval by the Board of Directors) and monitor compliance with the Bank's lending and credit policies as approved by the Board of Directors;
29) consider and adopt procedures for provisions and writing-offs classified assets;
30) determine the demand for human resources based on the projected growth rate of the Bank and new banking operations planned;
31) approve the organizational chart of the Bank;
32) decide on the establishment and abolition of the Committees of the Management Board of the Bank; approve the members of the Committees;
33) adopt decisions on holding liable employees of the Bank in the procedure stipulated by internal regulatory documents of the Bank;
34) consider matters relating to the appointment and dismissal of managers of the branches and the representative offices of the Bank;
35) adopt decisions on other matters referred to the competence of the Management Board of the Bank by the current legislation, the Charter and internal regulatory documents of the Bank.

ARTICLE 9. COMMITTEES OF THE MANAGEMENT BOARD

128.With a view to properly manage the processes, the Board shall delegate powers not referred by legislation or the Charter to the exclusive competence of the Management Board of the Bank, to the Committee of the Management Board.
129. The Committees of the Management Board shall be formed subject to the type of the activity of the Bank which requires detailed examination of an issue not referred by legislation or by the Charter to the competence of the Management Board.
130.The Committees of the Management Board of the Bank shall be authorized to take decisions within their competence, in accordance with legislation and regulations of the Committees.
131. The Committees may make proposals, recommendations, issue opinions and make proposal to the Management Board of the Bank on matters referred to the competence of a relevant Committee.
132. The Management Board of the Bank shall determine the composition of and candidates for the Committees of the Management Board and term of their office.
133. The Committees of the Management Board shall from time to time present to the Management Board progress reports, plans and work systems.
134. Members of the Committees shall comply with the requirements and principles established by this Code, perform their duties with due care, diligence and in the interests of the Bank and its shareholders.
135. The Committee shall, in their activity, comply with principles; participate in implementation of standards and requirements of corporate established by this Code.

ARTICLE 10. DISCLOSURE

136. The purpose of the disclosure of information about the Bank is to ensure the transparency and confirm the steady willingness of the Bank to comply with the standards of good corporate governance; communicate information about the Bank to all interested parties in an amount required for taking an informed decision.
137. The disclosure policy of the Bank shall be aimed at ultimate exercise by the shareholders of their rights to obtain information essential for making investment and management decisions and avoid making selective disclosures (except as permitted below). Subject to all applicable Kazakh laws and regulations, the Bank shall communicate with its shareholders and external interested third parties and provide general disclosure as to business, including a fair, balanced and understandable assessment of the Bank's position and prospects, and avoiding selective disclosure of information to certain shareholders only or third parties save as otherwise permitted in favour of Samruk-Kazyna and/or the Depositary on behalf of the GDR Holders.
138. The main principles of disclosure of the information on the Bank shall be as follows:
1) regular and timely disclosure of information;
2) openness and accessibility of information;
3) accuracy and completeness of information.
139. The principle of regular and timely disclosure shall mean the responsibility of the Bank with regard to meeting deadlines and consistency in providing information specified by the applicable legislation and internal documents.
140. The principle of openness and accessibility of information shall mean the choice of the Bank of distribution channels with free, easy and low-cost access, and the intention of the Bank to ensure maximum transparency about its activities subject to keeping confidentiality with regard to information constituting service, commercial and other secrets protected by law.

141. The principle of accuracy and completeness shall mean the responsibility of the Bank to provide the shareholders, creditors, partners and clients with true information sufficient to fully understand a fact or event being disclosed.
142. The principle of timeliness shall mean the responsibility of the Bank in providing most essential information relating to particularly significant facts and events and affecting interests of shareholders and other parties, including, in cases where they have to make decisions as soon as possible.
143. Information about the Bank includes information on all significant developments, including information on financial position, economic indices, ownership and management structure, plans and results of operation, information on the shareholders of the Bank and corporate governance practices.
144. The Bank shall report to shareholders on a regular basis, and in any event at least twice yearly, in respect of the Bank's financial position and performance, the Bank's activities and significant transactions, risk management, compliance with laws and internal controls and remuneration of Directors and members of the Management Board.
145. The Bank shall provide access to documents, information /materials at the place where the Management Board of the Company is located. Electronic documents and information / materials shall be placed on the corporate web site: www.bta.kz in the Kazakh, Russian and English languages.
146. The Bank may provide information on paper and electronic media carrier, by means of holding briefings, press conferences, telephone conferences, publication of information in mass media, brochures and booklets, and by means of disclosing information on the corporate website of the Bank and on sites of stock exchanges where the securities of the Bank are listed.
147. Authorized divisions of the Bank shall be responsible, to the extent of their competence, for the completeness, accuracy, timeliness of and compliance with the procedure for, disclosure of information.
148. The Board of Directors shall monitor the compliance with the disclosure policy.

ARTICLE 11. CONFLICTS OF INTERESTS

149. Managing conflicts of interest shall form an integral part of corporate governance, which shall be aimed at preventing, localizing and resolving conflicts of interest as they arise.
150. The Bank shall following the principles below, which are aimed at managing the process:
- Legitimacy: the Bank, its officers and employees shall perform in accordance with the laws and regulations of the Republic of Kazakhstan, this Code, and the Conflict of Interest Policy;
- Priority of interests of the Bank and of lawful rights and interests of its clients:
all officers, executives and employees of the Bank must abide by the principle of the supremacy of the interests of the Bank; perform their professional duties in good faith and reasonably, avoid conflicts of interest, and ensure full compliance of their activities not only with both legal requirements and principles of this Policy, and ethical standards and generally accepted standards of business ethics;
- Professionalism:
The Bank only operates on a professional basis, and engages qualified professionals. The Bank constantly takes steps to maintain and improve the skills and professionalism of its officers and employees, including through training. Officers and employees of the Bank strive for increasing their professional level;
- Independence:

The Bank, its officers and employees in the implementation of its activities do not allow bias and dependency on third parties, which may harm the lawful rights and interests of the Bank;
- Good faith:
Officers and employees of the Bank act in good faith, with the degree of prudence and diligence as required by the specifics of Bank operations and customary business practices require. Officers and employees of the Bank must be responsible and fair towards each other and creditors, depositors and other clients. Officers and employees of the Bank must refrain from publicly giving unreasonable criticism of each other or discussing each other's actions, which may be damaging or undermining reputation of them, and also of other entities and parties to relationship. The Bank provides all conditions as may be necessary to enable its client and the company controlling it to obtain documents they need to operate in accordance with the legislation of the Republic of Kazakhstan;
- Confidentiality:
The Bank, its officials and employees shall not disclose any proprietary or confidential information in their possession, except as required by the legislation of the Republic of Kazakhstan;
- Transparency:
The Bank shall disclose information on its legal status, financial standing, and transactions involving financial instruments executed in the course of implementation of its banking activities in accordance with the legislation of the Republic of Kazakhstan;
- Effective internal audit:
The Bank shall ensure that the activities of its officers and employees shall be audited on a permanent basis to anticipate and prevent conflicts of interest.
- Arm's length transactions:
The Bank shall ensure that neither it nor any members of the Bank's corporate group directly or indirectly, conduct any business, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the sale, transfer, purchase, assignment, lease, conveyance or exchange of any property or the rendering of any service) with any person (including, without limitation, any related party) except on arm's length terms and for fair market value, other than certain Permitted Transactions as defined in the Information Memorandum in respect of the Bank's restructuring as dated 1 May 2010 (as supplemented);
- Employee personal interest:
No employee of the Bank or a family member of an Employee of the Bank may have any personal interest in respect of any business counterparty before whom he/she represents the Bank. This requirement applies to any significant holding in the capital and to any other types of anticipated profits or benefits from suppliers, clients, agents and consultants. Employees must report to the Bank management of all of the facts of their extra work, business partnerships and provision of consulting services, and also seek Bank management's permission to engage in such activities. If in course of performing his/her duties any employee enters, as a Bank's representative, into business relationships with a client, in whom such employee personally and/or any of his/her immediate relatives or family members has a personal interest, the employee must report the same to the appropriate Bank services, take all steps as may be necessary for removing himself/herself from any situations in which he/she would act as a Bank representative in relations with such client customer, and delegate his/her powers in relation to such transactions to other employees and departments. Decisions made by Bank employees shall be made independently and always subject to financial and ethical factors, and shall not be made under the influence of any family or friendly relations of officers and/or employees with person whom the officer and/or employee has a family or business relationship.
- Director personal interest:
If a Director becomes aware of an actual or potential conflict of interest, this should be

disclosed to the Chairman of the Board of Directors for evaluation without delay. If a director has a personal interest in a matter on the agenda of the Board of Directors, the Director must disclose the interest to the Board of Directors, and shall neither participate in the discussion nor vote on the matter.

- Conflicts with clients:

Employees shall avoid transactions, which are concluded with the expectation of profits from future operations. Purchases or other acquisitions of goods or services from business partners of the Bank shall only be permitted on an arm's length basis and at market prices.

- Relationships with government officials and representatives of state agencies

With regard to relations with government officials and representatives of state agencies, Bank officers and employees agree not to take any actions, which can unlawfully influence their decisions. In particular, they must refrain from proposing money gifts or other advantages or benefits to officials, if the value of such gifts or advantages or benefits exceeds that commonly accepted, even if such actions would promote the financial interests of the Bank.

- Relationships with competitors:

The Bank shall behave honestly with respect to all of its competitors. Bank employees must refrain from discussing with third parties any information which is confidential or privileged. The Bank may not collect or use sensitive information on its competitors and disclose the same to third parties. The Bank shall avoid any unacceptable arrangements with its clients and competitors.

- Donations:

Donations by the Bank must be lawful and approved by the Bank management. They shall only be made to non-profit organizations.

- Gifts and invitations:

Bank employees shall be prohibited from accepting any gifts or benefits in connection with their duties within the Bank where the financial value of such gifts exceeds the limits set by the Bank. This requirement shall also apply to invitations that go beyond the scope of business cooperation with clients.

- Material non-public information

At times when they possess material non-public information, Directors, officers and Members of the Management Board may not purchase or sell securities issued by the Bank and are prohibited from passing material non-public information on to others who then trade such securities.

151. The Board of Directors and the Management Board shall take measures to resolve any conflicts of interest as they arise, and shall deal with issues that may cause, or influence upon the occurrence of, a conflict.

152. The detailed requirements and procedures to resolve conflicts of interests are set forth in the Conflict of Interest Policy.

ARTICLE 12. RISK MANAGEMENT

153. The structure of the Bank's risk management system as one of the key components of corporate governance shall be aimed at mitigating the impact of any risk on the financial standing of the Bank and on its ability to meet its obligations.

154. The Bank shall monitor and manage its risks in accordance with basic ethical principles, policies and limits set by the Board of Directors.

155. The Board of Directors shall be responsible for determining the medium-term and long-term corporate strategies of the Bank and supervise Bank's operations.

156. The Management Board, the Risk Committee and other bodies responsible for risk management shall submit timely reports on Bank's operations, scopes of risks, and financial standing of the Bank for review and approval by the Board of Directors.

157. Delegating responsibilities and duties between the supervisory and executive bodies of the Bank shall be based on the principles of corporate governance with a view to monitoring and managing the following risks associated with banking activities:

- credit risk;
- country risk;
- market risks, including exchange risk, interest-rate risk, and price risk;
- liquidity risk;
- operational risk;
- compliance risk;
- legal risk; and
- risk of loss of business reputation.

158. The structure of the Bank is based on the front-office, middle-office and back-office concept. Each operation is effected and accounted based on the double-check principle. In order to tighten the risk management, the Bank has developed relevant internal documents and procedures.

159. Operations of all departments, branches and subsidiaries of the Bank shall be audited by the Internal Audit Service.

160. The objectives and principles of the risk management policy shall be achieved using the following tools:

- the limit system;
- the authority and decision-making systems,
- the communications policy (including the information system);
- the anti-crisis action plan; and
- the control system provided in the Internal Audit Policy.

161. The Bank shall ensure that accurate books and records are kept in respect of the Bank's finances, all its financial transactions and lending activities and all business activities carried on by the Bank.

162. The Bank shall develop policies to ensure compliance with anti-money laundering obligations under Kazakh law and under good industry practice and shall ensure that compliance with these anti-money laundering obligations is maintained.

163. The Board of Directors shall monitor compliance by Bank divisions with this Code and the internal regulations on risk management; the Risk Committee shall discuss, analyze and make recommendations to the Board of Directors in relation to materials, and shall produce materials and opinions on risk management. The Management Board shall ensure compliance with requirements and decisions made by the Board of Directors, implement an approved policy, analyze risk management practices on an ongoing basis, hear reports, and approve risk management action plans.

164. A detailed description of the Bank's procedures, requirements and risk management components is contained in the relevant Risk Management Policy.

ARTICLE 13. INTERNAL AUDIT

165. The internal audit system includes procedures for promptly informing appropriate management levels of any significant deficiencies and weaknesses of the audit system, and also of details of corrective actions, which have or should be taken; the internal audit system must allow for responding quickly to risks.
166. Internal audit shall be understood to mean a process performed by the Board of Directors, Internal Audit Service, Management Board, Bank's divisions and employees, and actions thereof intended to reasonably guarantee the achievement of Bank's objectives, including:
- Bank's operating efficiency;
- safety of Bank's assets, information, and efficient use of Bank's resources;
- completeness, reliability and accuracy of the Bank's financial and managerial statements;
- compliance with requirements of the legislation of the Republic of Kazakhstan and internal documents of the Bank; and
- risk mitigation through the implementation and maintenance of an optimal risk management system.
167. The internal audit control system is understood to mean the totality of policies, processes and procedures, rules of conduct and operations conducive to efficient and rational activities allowing the Bank to adequately respond to significant risks associating with achieving the Bank's objectives.
168. The internal audit system shall include the following interrelated components:
- control environment;
- risk assessment:
- internal audit procedures;
- information support and exchange system; and
- monitoring and assessment of efficiency of the internal audit system.

169. The competence of bodies forming the internal audit system of the Bank shall be distributed depending on their respective roles in the development, approval, implementation and evaluation of the internal audit system in accordance with the requirements of law, the Charter, this Code, and the internal documents of the Bank.
170. The Board of Directors and the Management Board of the Bank shall provide for the creation of control environment to express and demonstrate to Bank employees the importance of internal audit and compliance with ethics standards at all levels of management and operations of the Bank.
171. The Board of Directors shall be responsible for setting up the internal audit system within the Bank. The Board of Directors shall take measures to improve, and shall regularly assess the effectiveness of, the internal audit system.
172. The Board of Directors shall use a risk-based approach for setting up a reliable internal audit system and assessing its effectiveness.
173. The Management Board shall be responsible for developing and implementing the Internal Audit Policy as approved by the Board of Directors, improving processes and procedures of internal audit, and reliable operation of the internal audit system and monitoring of such system.
174. Heads of departments of the Bank, subject to the scope of their respective duties, shall be responsible for developing, documenting, implementing, monitoring and improving internal audit procedures to the extent related to their respective directions of Bank operations they manage.
175. Special units and individual employees of the Bank may be instructed to perform some functions of internal audit processes and operations of the Bank.
176. The internal audit system of the Bank shall be based on the following principles:

- consistently smooth operations: the continuously and properly functioning internal audit system will allow the Bank to promptly identify any deviations negatively impacting on the operations of the Bank, and prevent their occurrence in the future;
- accountability of all members of the internal audit system: the quality of performing all of the audit functions by every person shall be monitored by another member of the internal audit system;
- distribution of duties: the Bank seeks to avoid duplication of audit functions, which must be distributed among Bank employees so that any person would not combine functions associated with the approval of certain asset-based transactions, accounting of transactions, ensuring the safe condition of assets, and carrying out their inventory;
- proper consenting to and approval of operations: the Bank strives to establish a procedure for approving all financial and business operations by authorized bodies and persons within their respective competencies;
- ensuring of the independence of the Internal Audit Service and its functional reporting directly to the Board of Directors (through the Audit Committee);
- responsibility of all members of the internal audit system employed by the Bank for the proper fulfillment of their audit functions;
- implementation of internal audit functions based on efficient interaction among all of the bodies and units of the Bank;
- continuous development and improvement: the internal audit system must be flexible and be formed in such a way as to be able to adapt to changing internal and external conditions of functioning of the Bank and to new tasks as they arise;
- timeliness of communication of any significant deficiencies and weaknesses of audit: the Bank shall establish very tight deadlines for communication of relevant information to bodies and/or persons authorized to make decisions on the removal of any significant deficiencies and weaknesses in the audit;
- an integrated and systemic nature of internal audit.

177. The procedures, requirements and elements of internal audit within the Bank shall be described in more detail in the internal documents.

ARTICLE 14. FINAL PROVISIONS

178. This Code of Corporate Governance shall take effect upon its approval by the General Meeting of Shareholders.
179. The provisions of this Code shall be binding on the shareholders, officers and employees of the Bank.

180. Certain provisions of this Code are included in the Charter and internal regulations of the Company.

181. The Bank shall review and subject to approval by a Supermajority of the Bank's shareholders may modify this Code of Corporate Governance from time to time to reflect changed circumstances and gained experience of corporate governance.

182. On the date of approval of this Code by the General Meeting of Bank Shareholders, the Code of Corporate Governance as previously approved by resolution of the General Meeting of Shareholders in Bank Turan Alem JSC on 14 October 2005 (Minutes No. 41) shall terminate.