

APPROVED BY
resolution of the general
shareholders' meeting
of JSC Halyk Bank
(minutes No.22
dated 20 December 2006)

REGULATION ON THE BOARD OF DIRECTORS OF JSC HALYK BANK

(as amended and restated by the GMS resolutions minutes No. 23 dated 23 April 2007, No. 24 dated 21 February 2008, No. 26 dated 19 December 2008, No. 29 dated 21 April 2011, No. 30 dated 19 April 2012, No. 31 dated 6 December 2012, No. 35 dated 5 December 2014, No. 36 dated 23 April 2015, No. 37 dated 22 April 2016, No.42 dated 18 April 2019, No.43 dated 22 May 2020)

The present Regulation has been developed in accordance with the legislation of the Republic of Kazakhstan, the Charter of JSC Halyk Bank (the "Bank") and other internal documents of the Bank, and determines the basic principles of the Board of Directors of the Bank (the "Board of Directors"), including relationship between the Board of Directors and the Management Board of the Bank.

1. General provisions

(Clause1 is stated in the resolution of the general meeting of shareholders (minutes No. 30 dated 19 April 2012)

1. The Board of Directors carries out the general governance of the Bank's activity, except for the issues, ascribed by the Law of the Republic of Kazakhstan "On Joint Stock Companies" (hereinafter referred to as the "Law") and (or) by the Bank Charter to the exclusive competence of the General Meeting of the Bank's shareholders.

The exclusive competence of the Board of Directors is defined in the Bank Charter, Corporate Governance Code (the "Code") and the present Regulation.

(Clause2 is amended by the resolution of the general meeting of shareholders (minutes No. 30 dated 19 April 2012)

2. The Board of Directors shall carry out its operations in accordance with the legislation of the Republic of Kazakhstan, including legislative regulatory acts of the authorized body and (or) the Bank's Charter, as well as internal regulations and the present Regulation.

3. The present Regulation determines powers of the Board of Directors, composition of the Board of Directors, requirements to members of the Board of Directors, their rights and duties, authorities of the Chairman of the Board of Directors and operations' organization of the Board of Directors.

2. Powers of the Board of Directors

(Clause 4 is amended and supplemented by the general meeting of shareholders (minutes No.23 of 23 April 2007, No. 24 of 21 February 2008, No. 26 of 19 December 2008, No. 30 of 19 April 2012, No. 35 of 5 December 2014, No.37 of 22 April 2016, No.39 dated 21 April 2017, No.42 dated 18 April 2019, No.43 dated 22 May 2020).

4. The following issues fall within the exclusive competence of the Board of Directors:

1) determination of the priority directions of the Bank's activity, approves the Development Strategy of the Bank, approval of the development plan of the Bank in cases stipulated by legislative acts of the Republic of Kazakhstan, and as part of the approved Development Strategy of the Bank, establishing and approval of the risk acceptance levels, monitoring of the implementation of the Bank's Development Strategy and assessment of its compliance with the current market and economic conditions, risk profile and financial capacity, and the legislation of the Republic of Kazakhstan, consideration of the report on the results of calculations of risk acceptance levels and their comparison with the current level of the Bank's risks;

1-1) ensuring compliance of the Bank's Charter with the legislation of the Republic of Kazakhstan, and keeping it updated.

- 2) approval of convocation of the annual and extraordinary General Shareholders' Meetings;
- 3) presenting for shareholders' approval at the General Shareholders' Meeting of the Bank of issues as prescribed by the Law;
- 4) taking decisions on the placement (realization) of shares, including the amount of placed (realized) shares of the Bank within the limit of total amount of authorized shares, methods and price of their placement (realization), except as stipulated by legislation, including offers to placement of securities, relating to the listing of the Bank's shares or depositary receipts on the international stock exchanges of the other countries;
- 5) taking decisions on repurchase by the Bank of issued outstanding shares and other securities and the respective repurchase price;
- 6) preliminary approval of the annual financial statements of the Bank;
- 7) deleted;
- 8) determination of terms of issue of bonds and derivative securities of the Bank, as well as taking decision on the issue thereof;
- 9) approval of the prospectus for the purposes of listing the Bank's securities on the international stock exchanges as well as well as taking decision on the issue thereof;
- 10) determination of the quantitative structure and terms of authority of members of the Management Board of the Bank, the election of the Chairman and members of the Management Board, and early termination of their authority, monitoring, control and evaluation of the activity of the Management Board of the Bank;
- 11) determination of the amount of official salaries and other remuneration and bonuses to the Chairman and members of the Management Board;
- 12) providing recommendations to the General Shareholders' Meeting concerning the amount and terms of remuneration to the members of the Board of Directors and also preliminary approval of rules on procedure and terms of remuneration to the members of the Board of Directors;
- 13) determination of the quantitative structure, the terms of powers of the Bank's Internal Audit Department, appointment of the head and the staff of the Internal Audit Department as well as early termination of their powers, establishment of the internal regulation on the Bank's Internal Audit Department and the size and the terms of remuneration and bonuses of the Bank's Internal Audit Department staff, approval of the code of ethics of the Internal Audit, the annual internal audit plan, and ensuring the implementation of the order, standards and guidelines of internal audit in the Bank's subsidiaries;
- 13-1) appointment, determination of the term of office and early termination of the duties of the Corporate Secretary, as well as determination of the amount and terms of remuneration of the Corporate Secretary;
- 13-2) appointment and dismissal of Chief Risk Officer, Chief Compliance Controller, as well as interaction and supervision over the work of the Chief Risk Officer;
- 13-3) approval of the organizational structure of the Bank, maintenance its compliance with the size, structure, nature and level of complexity of the operations of the Bank;
- 14) determination of the amount of engagement fee to the external auditor for performing audit of the financial statements and the external appraiser for assessment of the market value of property which is subject of a major transaction;
- 14-1) approval of the Bank's budget for the relevant year and monitoring of its fulfillment;
- 15) determination of the order of utilization of the Bank's reserve capital;
- 16) approval of the general rules on conducting operations by the Bank;
- 17) approval of the Bank's internal credit policy;
- 18) approval of the Banks' accounting policy;
- 19) approval of documents regulating internal operations of the Bank (rules, policies) related to the authority of the Board of Directors in accordance with the legislation of the Republic of Kazakhstan, including internal rules setting forth terms of auctions and subscription to securities of the Bank, except for documents that are adopting by the Management Board of the Bank with the view of organizing of the activity of the Bank, ensuring compliance of policies and other internal documents of the Bank's development strategy with the current market and economic conditions, risk profile and the requirements of the legislation of the Republic of Kazakhstan;

20) taking decisions on establishment and closing of branches and representative offices of the Bank and approval of their regulations;

21) taking decision on acquisition (alienation) by the Bank of ten per cent or more of shares (stakes in the charter capital) of other legal entities;

22) deleted;

23) determination of the information about the Bank or its operations which constitutes the official, commercial or other secrets, protected by the law;

24) taking decisions on the execution of major transactions and transactions in which the Bank is interested, except major transactions, resolution on which is adopted by the General Shareholders' Meeting of the Bank in accordance with sub-item 17-1) item 1 of Article 36 of the Law;

25) taking decisions on the execution of transactions with related parties, save as established by the Law of the Republic of Kazakhstan "On Banks and Banking Activity in the Republic of Kazakhstan";

25-1) analysis and assessment of the feasibility of providing loans in excess of five per cent of the equity capital of the Bank and taking decisions on such loans;

25-2) pass resolution on approval of unsecured consumer loan, the amount of which exceeds the amount established by the regulatory legal act of the authorized body, with the exception of approving unsecured consumer loans for refinancing mortgage loans;

26) setting requirements to the terms of transactions with the banking holdings;

27) establishment of the aggregate limits on types of risks;

28) maintaining control of the functioning of the Bank's risk management and internal control system, including by the approval of the relevant internal documents specified in the legislation of the Republic of Kazakhstan, review of the information and reports prepared on the basis of the monitoring and control of the issues of risk management, audit, compliance with legislation of the Republic of Kazakhstan and internal documents of the Bank, in the cases stipulated by the requirements of the regulatory act concerning the development of the risk management and internal control system, and compliance therewith;

29) ensuring the establishment in the Bank a system for detection and settlement of corporate conflicts arising between the shareholders and bodies, and among the officers of the Bank and the shareholders, in accordance with the internal rules of the Bank;

30) ensuring conditions for permanent dialogue with the shareholders of the Bank.

31) increasing the Bank's liabilities by ten per cent or more of the Bank's equity;

32) establishment of committees and approval of their regulations or other bodies of the Board of Directors, and election of members thereto, determination of the quantitative and personal composition and their terms of authorities;

32-1) establishment of the collective authorized bodies of the Bank in accordance with the requirements of the regulatory act concerning the development of the risk management and internal control system, approval of internal documents of the Bank, based on which they operate;

~~33) monitoring of the Bank's compliance with the listing rules and disclosure requirements of the stock exchanges applicable to the securities of the Bank listed on such stock exchanges in accordance with resolutions of the Bank by reviewing reports of the Management Board;~~

34) preliminary approval of the Bank's Code of Corporate Governance and amendments and supplements thereto;

35) approval of the special remuneration terms of the Bank's employees, except for the member of the Board of Directors, which include granting options over the Bank's shares and the changes to such terms in accordance with the employee incentive plan approved by the General Shareholders' Meeting;

36) taking decisions on delisting of the Bank's securities (except for shares) from the trading on the Kazakhstan Stock Exchange and/or on stock exchanges of other countries;

37) taking decisions on issues related to the competence of a general shareholders' (participants') meeting of a legal entity, whose ten per cent or more of shares (stakes in the charter capital) are held by the Bank;

38) taking decisions on certain issues, which, in accordance with the internal documents of the company, shall be made known to the shareholders and investors;

39) monitoring and control over the completeness, accuracy and timeliness of the formation and presentation of the regulatory reporting.

3. Structure of the Board of Directors

(Clause 5 is amended by resolution of the general meeting of shareholders (minutes No. 43 of 22 May 2020)).

5. The Board of Directors of the Bank and qualification of its members shall meet the following requirements:

1) the number of Directors of the Bank and their powers are sufficient to exercise effective control;

2) The Board of Directors of the Bank consists of persons having necessary qualifications, impeccable professional reputation and experience, all of which are sufficient for the general management of the Bank, in accordance with the chosen business model, scope of activity, type and complexity of operations;

3) members of the Board of Directors of the Bank are striving for interaction, cooperation and critical discussion in the decision-making process;

4) members of the Board of Directors of the Bank conscientiously fulfill their duties and make decisions, minimize conflicts of interest.

The structure of the Board of Directors must consist of the balance of the independent and other Directors in order to prevent domination of one person or limited group of persons over the decision-making process.

Member of the Board of Directors may not transfer his/her functions, given to him/her in accordance with the Law and (or) Bank's Charter, to other persons.

(Clause 6 is amended by resolution of the general meeting of shareholders (minutes No. 30 of 19 April 2012))

6. Members of the Board of Directors are selected by the General Meeting of the Bank shareholders by the cumulative voting, using cumulative voting ballots, unless one candidate stands for one seat in the Board of Directors.

Cumulative voting ballot shall contain following information:

1) List of the candidates to be elected as the members of the Board of Directors;

2) Number of votes that each shareholder possesses;

3) Number of votes that the shareholder gives for the candidate to be elected as the member of the Board of Directors.

Cumulative voting ballot may not contain voting options such as «Against» and «Abstain».

7. Quantitative structure and terms of authorities of members of the Board of Directors is determined at the General Shareholders' Meeting of the Bank. *(The sentence is deleted by resolution of the general meeting of shareholders (minutes No. 31 of 6 December 2012)).*

The shareholders of the Bank are provided with all information on the nominee proposed for the election at the General Shareholders' Meeting of the Bank for the membership in the Board of Directors. Such information must include information on the age, education of the nominee, places of employment and positions held by the nominee during the last 3 years, the position held by the nominee at the time of nomination and other information confirming qualification and work experience of the nominee.

8. Deleted *(by resolution of the general meeting of shareholders minutes No. 30 of 19 April 2012).*

9. Deleted *(by resolution of the general meeting of shareholders minutes No. 30 of 19 April 2012).*

(Clause 10 is amended by resolution of the general meeting of shareholders (minutes No. 35 of 5 December 2014))

10. The members of the Management Board, except for the Chairman of the Management Board, cannot be members of the Board of Directors. The Chairman of the Management Board of the Bank cannot be elected as the Chairman of the Board of Directors. Duties of the Chairman of the Board of Directors and Chairperson of the Management Board are determined by the legislation of the Republic of Kazakhstan, as well as the Bank's Charter, the present Regulation and other internal documents of the Bank.

(Clause 11 is amended by resolution of the general meeting of shareholders (minutes No.42 dated 18 April 2019))

11. The powers of any member of the Board of Directors can be early terminated by the resolution of the General Shareholders' Meeting. The powers of such member of the Board of Directors shall be terminated from the date of adoption by the General Shareholders' Meeting of

the resolution on the early termination of his/her powers. In case of early termination of powers of the member of the Board of Directors, a new member of the Board of Directors should be elected by the cumulative voting of shareholders represented at the General Shareholders' Meeting, and the powers of the newly elected member of the Board of Directors expire simultaneously with expiration of powers of the Board of Directors, as a whole. The early termination of powers of the member of the Board of Directors on his/her initiative can be done on the basis of a written notification to the Board of Directors. The powers of such member of the Board of Directors are terminated from the date of receipt of the abovementioned notification from the Board of Directors unless the date of early termination of powers of the member of the Board of Directors is indicated in the notice. Resolutions on agenda issues of the meeting the Board of Directors during termination of powers of one or several members of the Board of Directors should be adopted subject to quorum, and if the majority of votes out of the total number of votes of remaining members of the Board of Directors votes for such decision.

(Clause 12 is amended by resolution of the general meeting of shareholders (minutes No.31 of 06 December 2012))

12. All members of the Board of Directors, including the Independent Directors, can be re-elected to the Board of Directors for unlimited times subject to satisfactory results of their operations, unless otherwise prescribed by the legislation of the Republic of Kazakhstan and the Charter.

12-1. Subject to approval by the Board of Directors, the members of the Board of Directors, including Independent Directors, can be appointed or elected to the bodies of other legal entities and perform duties of officials in accordance with the requirements of Section 6 hereof.

4. Requirements to the member of the Board of Directors

(Clause 13 is amended and supplemented by the general meeting of shareholders (minutes No.23 of 23 April 2007, No. 26 of 19 December 2008, No. 30 of 19 April 2012, No. 35 of 5 December 2014, No.37 of 22 April 2016, No.42 of 18 April 2019))

13. Nominees for the membership to the Board of Directors have to possess good professional and personal reputation, ability to contribute to the work of the Board of Directors and desire to work for achievement of the stated objectives.

Only an individual can be elected as a member to the Board of Directors. Members of the Board of Directors are elected from among the individual shareholders, persons proposed (recommended) for the election to the Board of Directors as representatives of shareholders – individual and legal entities, individuals, who are not the Bank's shareholders and not proposed (recommended) for the election to the Board of Directors as a representative of shareholder.

Members of the Board of Directors shall be agreed with the authorized body in accordance with the legislation of the Republic of Kazakhstan.

A person may not be elected a member of the Board of Directors, if he/she:

1) has not got a higher education degree;

1-1) does not possess work experience in the international financial organizations, a list of which is defined by the competent authority and (or) work experience in the sphere of performing and (or) regulation of the finance services, and (or) audit services for the financial organizations;

2) deleted;

3) has no a stainless business reputation;

4) is a former head, member of the governing body, head, member of the executive body, chief accountant of a financial institution, major participant – individual person, head of the major participant (bank holding company) - a legal entity of a financial organization during the period of no more than one year before the authorized body takes decision on the bank classification as an insolvent bank, conservation of insurance (re-insurance) company or compulsory redemption of its shares, withdrawal of license from a financial organization resulting in its liquidation, and (or) termination of activities in the financial market or the entry into force of a court decision on forced liquidation of the financial organization or recognition of its bankruptcy in accordance with the procedure stipulated by the legislation of the Republic of Kazakhstan.

This requirement shall apply within five years after the authorized body takes decision on the bank classification as an insolvent bank, conservation of insurance (re-insurance) company or

compulsory redemption of its shares, withdrawal of license from a financial organization resulting in its liquidation, and (or) termination of activities in the financial market or the entry into force of a court decision on forced liquidation of the financial organization or recognition of its bankruptcy in accordance with the procedure stipulated by the legislation of the Republic of Kazakhstan.

5) has been withdrawn a consent to the appointment (election) to the position of the executive officer in this and (or) any other financial organization. The above stated requirement shall apply within the last twelve consequent months after the authorized body takes a decision to withdraw its consent to appointment (election) to the position of executive officer.

A person who committed a corruption offense or was attached a disciplinary liability for a corruption offense within three years before the date of appointment (election) cannot be appointed (elected) as an executive officer of the Bank.

6) does not meet other requirements provided by the legislation of the Republic of Kazakhstan.

14. A member of the Board of Directors must:

1) take decisions, which must be objective, honest and competent, for the interests of all shareholders and the Bank;

2) have enough time to effectively perform functions assigned. A member of the Board of Directors, upon taking decision to combine duties with work in management bodies of other organizations, should bear in mind time bounds, within which he/she can duly perform duties assigned;

3) express his/her objective opinion and defend it, if he/she believes that it satisfies interests of the Bank;

4) not represent interests of any sole person or group of persons and act for the benefit of the Bank and its shareholders upon election to the position;

5) disclose faithful and full information on the interested party transaction of the Bank, and

6) consistently improve his/her skills and knowledge.

5. Independent directors

(Clause 15 is amended and supplemented by the general meeting of shareholders (minutes No. 35 of 5 December 2014).

15. The Board of Directors shall report to the Annual General Shareholders' Meeting on the structure of the Board of Directors indicating the Independent Directors.

16. Independent Director should abstain from taking actions, as a result of which he/she could cease to be independent. If, after his/her election to the Board of Directors, changes or circumstances, as a result of which the Independent Director ceases to be the independent director, occur, such Director must submit to the Board of Directors an application with details of such changes and circumstances. In this case, the Board of Directors shall inform shareholders to that effect, and, if necessary, may convene extraordinary General Shareholders' Meeting for election of a new member to the Board of Directors.

(Clause 17 is amended and supplemented by the general meeting of shareholders (minutes No. 30 of 19 April 2012)

17. Independent Directors shall represent at least thirty percent of the Bank's Board of Directors.

6. Duties of members of the Board of Directors

18. Member of the Board of Directors shall objectively, bona fide and reasonably perform duties assigned on him/her in the interests of the Bank and its shareholders as a whole.

The Board of Directors shall ensure effective performance of the Management Board and oversee such performance.

(Clause 19 is amended and supplemented by the general meeting of shareholders (minutes No. 35 of 5 December 2014)

19. Member of the Board of Directors should abstain from taking actions which may result in or are potentially capable to lead to a conflict between the interests of members of the Board of

Directors and interests of the Bank, and in case of presence or occurrence of such conflict – to disclose information thereon to the Board of Directors and take measures on observance of the actions taken to this effect.

Member of the Board of Directors shall notify the Board of Directors in writing on intention to effect the interested party transaction, and disclose information on transactions made by him/her in the order established by legislation for disclosures.

20. Member of the Board of Directors shall actively participate in meetings of the Board of Directors. In failure to participate in a meeting of the Board of Directors, the Director shall notify the Board of Directors of the Bank to this end and present the relevant reasons.

Member of the Board of Directors shall refrain from voting on matters, which decision is of interest (a transaction, in which a Director of the Board or its affiliates have interest). Member of the Board of Directors discloses to the Board of Directors both the very fact of such interest and the base of its occurrence orally at in-person meeting of the Board of Directors, or by sending a written notice in taking decision by the questionnaire (absent voting).

(Clause is amended by the general meeting of shareholders (minutes No. 29 of 21 April 2011))

21. Member of the Board of Directors must not disclose and use any confidential information of the Bank, any insider information and any information constituting banking and commercial secrecy protected by the law for his/her personal benefit or for benefit of any third party, during discharge of his/her duties as a member of the Board of Directors and after leaving office in the Bank, during the term established by the Bank's internal regulations.

21-1. Member of the Board of Directors shall control and if possible eliminate potential conflicts of interests at the level of officials and shareholders, including illegal use of the Bank's property and abuse under interested party transactions;

21-2. Member of the Board of Directors shall control the efficiency of corporate governance practice in the Bank;

(Clause 21-3 is amended by the general meeting of shareholders (minutes No. 30 of 19 April 2012))

21-3. Member of the Board of Directors shall act in accordance with the requirements of the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Bank, the agreement on the basis of awareness, transparency, on behalf of the Bank and its shareholders;

21-4. Member of the Board of Directors shall treat all shareholders fairly and submit an objective independent judgment on corporate issues.

7. Rights of members of the Board of Directors

22. Each member of the Board of Directors shall have the right to demand convening the meeting of the Board of Directors, and the order for convening and holding thereof is defined by the Charter of the Bank. Herein, the member of the Board of Directors shall demand convening the meeting of the Board of Directors by giving written notice to the Chairman of the Board of Directors, containing the proposed agenda for the meeting of the Board of Directors.

Meetings of the Board of Directors shall be held as and when needed. Independent Directors can meet regularly without presence of other Directors for efficient fulfillment of the obligations thereto.

23. The member of the Board of Directors shall have the right to submit comments and changes to the agenda of the meeting of the Board of Directors.

24. Each member of the Board of Directors shall have the right to advance his objective opinion on the agenda considered on the meeting of the Board of Directors. In case of disagreement with adoption by the Board of Directors of a decision on the agenda(s) of the meeting of the Board of Directors, the member of the Board of Directors shall have the right to lay down his point of view in writing (special opinion).

25. The member of the Board of Directors shall have the right to take part in debates and address questions to speakers on the meeting of the Board of Directors.

(Clause 26 is amended by the general meeting of shareholders (minutes No. 35 of 5 December 2014))

26. For the purposes of due performance of his/her duties, a member of the Board of Directors shall have the right to request necessary information from the Management Board of the Bank.

(Clause 27 is amended by the general meeting of shareholders (minutes No. 42 of 89 April 2019))

27. Each member of the Board of Directors shall have the right, on his/her own initiative, to resign by giving written notice to the Board of Directors. Powers of such member of the Board of Directors shall be terminated upon receipt by the Board of Directors of the written notice, unless the date of early termination of powers of the member of the Board of Directors is indicated in the notice.

(Clause 28 is amended by the general meeting of shareholders (minutes No. 35 of 5 December 2014))

28. The newly elected members of the Board of Directors shall be provided with full, formal and specific instructions regarding their duties (memo).

Chairman of the Board of Directors shall ensure that each Director upon nomination receives full, formally approved work instructions on his/her work responsibilities. Chairman of the Board of Directors shall also ensure that Directors continuously improve level of their knowledge and professional skills and their awareness of the Bank's activities for fulfillment of their duties in the Board of Directors and its committees. Bank is responsible to provide members of the Board of Directors with all the reasonably necessary resources to undertake professional training.

8. Organization of activities of the Board of Directors

29. The Board of Directors is headed by the Chairman, who shall ensure successful fulfillment of tasks by the Board of Directors.

(Clause 30 is amended by the general meeting of shareholders (minutes No. 29 of 21 April 2011))

30. The order of convening and preparing the meeting shall provide members of the Board of Directors with an opportunity to be duly prepared for the meeting. The procedures of convening, preparing and holding the meetings of the Board of Directors and decision-making by the Board of Directors shall be defined by the Charter of the Bank, the Code, and this Regulation.

Meetings of the Board of Directors shall be held as required, and may be initiated by Chairman of the Board of Directors, Chairman of the Management Board of the Bank, and any member of the Board of Directors, Internal Audit, the external Auditor or a major shareholder.

The list of issues to be considered at relevant meetings shall in advance be communicated by the Secretary of the Board of Directors to each member of the Board of Directors.

Written notification to members of the Board of Directors on holding a meeting with indication of date, time, place and agenda of the meeting, providing materials related to issues of the meeting of the Board of directors shall be transferred to members of the Board of Directors by mail, telephone, e-mail or other communication no later than 3 calendar days prior to the meeting of the Board of Directors, unless other term is defined by the Chairman of the Board of Directors, depending on nature of issues submitted for consideration of the Board of Directors.

In case the agenda of the meeting of the Board of Directors includes an item on appointment of a member of the Management Board, a written consent of the nominee to take up the appropriate position shall be given to members of the Board of Directors. Otherwise, the nominee shall be present, in person, at the meeting of the Board of Directors and give his/her consent to take up the appropriate position orally.

(Clause 31 is amended by the general meeting of shareholders (minutes No. 35 of 5 December 2014))

31. Members of the Board of Directors shall be furnished with information regarding most important events in financial and economic performance of the Bank and other events affecting interests of shareholders.

Chairman and members of the Management Board, the heads of subdivisions of the Bank, shall in due time, including through the Secretary of the Board of Directors, furnish full and reliable information on the agenda of the meeting of the Board of Directors and on inquiries of any member of the Board of Directors.

(Clause 32 is amended by the general meeting of shareholders (minutes No. 24 of 21 February 2008, No. 29 of 21 April 2011))

(Clause 32 is amended by the general meeting of shareholders (minutes No. 35 of 5 December 2014))

32. Meetings of the Board of Directors shall be held both in person and by absent voting, and documented as minutes to meetings of the Board of Directors.

The minutes to in-person and absentee meetings of the Board meetings shall be agreed and executed in accordance with the present Regulation and other internal documents of the Bank.

The quorum for the meeting of the Board of Directors shall be not less than half of the total

number of Directors, including one Independent Director. Absent Directors shall be entitled to participate in the discussion of all issues presented for the consideration of the Board of Directors and voting thereon by means of telephone or other communication, which allows to definitely and unambiguously identify the Director and perceive his/her opinions and judgments as well as decisions he/she has made.

When decisions are taken by the Board of Directors with the participation of a member of the Board of Directors absent at the meeting venue, the minutes to the meeting of the Board of Directors should indicate that the member of the Board of Directors takes part in discussing issues and making decisions thereon by means of telephone or other communication, which allows to definitely and unambiguously identify the absent Director at the meeting venue. In this case, the member of the Board of Directors must serve on purpose or send to the Secretary of the Board of Directors a written document confirming the results of his/her voting on the decisions made, using postal services, no later than one month from the day of the meeting of the Board of Directors. A copy of this written document must be sent by the member of the Board of Directors via facsimile or electronic communications to the secretary of the Board of Directors no later than the next business day after the day of the meeting.

During the Board of Directors in-person meetings, the written opinions of absent members of the Board of Directors are counted, but the votes of absent members of the Board of Directors, expressing their opinion in writing, are not counted in the quorum at a meeting of the Board of Directors.

If the urgent matters related to the competence of the Board of Directors require decision, such decisions may be taken by poll (absent voting).

Meetings of the Board of Directors may be held on weekend days and (or) public holidays, at any time and in any locality (venue of the meeting) in the Republic of Kazakhstan and abroad.

The Charter of the Bank may stipulate a special procedure for adopting the resolutions on certain issues falling under the exclusive competence of the Board of Directors.

Approval and documentation of minutes of in-person and absentee meetings of the Board of Directors are executed in accordance with this Regulation and other internal documents of the Bank.

(Clause 33 is amended by the general meeting of shareholders (minutes No.42 dated 18 April 2019, No.43 dated 22 May 2020).

33. Resolutions of the Board of Directors, adopted at regular in-person meetings, shall, within seven days following the date of the meeting, be executed in the form of minutes to the meeting of the Board of Directors.

Minutes to the meeting of the Board of Directors shall contain the following information:

- 1) Full name and location of the Management Board of the Bank;
- 2) Date, time and place of the meeting of the Board of Directors;
- 3) Information on participants of the meeting of the Board of Directors;
- 4) Agenda of the meeting;
- 5) Items put for voting, and results of voting including results of voting for each member of the Board of Directors on each item of the agenda of the meeting of the Board of Directors;
- 6) Resolutions adopted on the meeting of the Board of Directors;
- 7) Other information under the decision of the Board of Directors.

Minutes to the meeting of the Board of Directors shall be signed by the Chairman of the Board of Directors or by a person chairing the meeting, and by the Secretary of the Board of Directors.

Minutes to the Board of Directors' meetings, including absentee meetings, ballots (including invalid ballots), materials on the Board of Directors' agenda shall be kept by the Secretary of the Board of Directors in a locked cabinet and transferred to the Bank's archives at the end of the clerical year in the prescribed manner. At the request of any member of the Board of Directors or at the written request of structural subdivisions of the Bank's Board of Directors, the Secretary of the Board of Directors shall bring the original documents for review, as well as copies and (or) extracts from the minutes to the meetings (resolutions) of the Board of Directors signed by the Secretary of the Board of Directors.

9. The Chairman of the Board of Directors

34. The Chairman of the Board of Directors shall be elected by members of the Board of Directors from among themselves by the majority of votes of members of the Board of Directors participating in the open voting.

The Chairman shall organize the work of the Board of Directors and shall preside on the meetings of the Board of Directors.

35. The Chairman of the Board of Directors must be a person with faultless business reputation and experience on supervising positions should possess such qualities as honesty, adherence to principles and should enjoy unconditional confidence of shareholders and members of the Board of Directors.

36. Terms of office of the Chairman of the Board of Directors shall be established by the resolution of members of the Board of Directors, but may not exceed the terms of office of the Board of Directors established by the General Shareholders' Meeting of the Bank.

37. The Chairman of the Board of Directors may be re-elected at any time under the decision of members of the Board of Directors.

Clause 38 is amended by the general meeting of shareholders (minutes No. 35 of 5 December 2014)

38. The Chairman of the Board of Directors shall ensure effective organization of performance of the Board of Directors and its interaction with other bodies and heads of subdivisions of the Bank.

39. The Chairman of the Board of Directors shall approve the agenda of meetings of the Board of Directors, shall organize development of most effective decisions on the agenda, and, if necessary, shall organize free discussion of these questions and an easy-going atmosphere of meetings of the Board of Directors.

The Chairman of the Board of Directors shall take all necessary measures for timely presentation to members of the Board of Directors, through the Management Board of the Bank, of information necessary for taking decisions on the agenda, for encouragement of members of Board of Directors to freely express their opinions on the specified questions and open discussion thereof, and shall take the initiative when formulating draft resolutions on the questions considered.

40. Meetings of the Board of Directors shall be presided by the Chairman of the Board of Directors. In case of absence of the Chairman, his functions shall be fulfilled by one of the members of the Board of Directors in accordance with a resolution of the Board of Directors

41. The Chairman of the Board of Directors shall, on his own initiative, have the right to convene the meeting of the Board of Directors.

42. In case of equal number of votes on items the agenda of the meeting of the Board of Directors, the vote of the Chairman of the Board of Directors (whether formal meeting being held or not) shall be decisive.

43. The Chairman of the Board of Directors shall, after the same is adopted by the Board of Directors and executed by the Secretary of the Board of Directors, sign the appropriate minutes of the meeting.

Section 10 is amended by the general meeting of shareholders (minutes No. 23 of 23 April 2007)

10. Corporate Secretary. Secretary of the Board of Directors

Clause 44 is amended by the general meeting of shareholders (minutes No. 30 of 19 April 2012).

Clause 44 is amended by the general meeting of shareholders (minutes No. 35 of 5 December 2014)

44. The Corporate Secretary is an employee of the Bank, who is not a member of the Board of Directors and / or the Management Board of the Bank, and reports to the Board of Directors.

The Corporate Secretary, within the scope of his activity, shall control preparation and holding of General Shareholders' Meetings and meetings of the Board of Directors of the Bank, ensure preparation of materials in respect of the agenda of the general meeting of shareholders and materials for the meetings of the Board of Directors, control provision of access thereto.

45. The Corporate Secretary of the Bank shall be in charge of corporate policy and corporate processes in the Bank. The Corporate Secretary must ensure settlement of conflict situations in the Company in relations between shareholders and other bodies of the Bank, and in relations among shareholders.

46. The Corporate Secretary of the Bank shall ensure due consideration by authorized divisions within the Bank of appeals of shareholders and settlement of conflicts related to breach of shareholders' rights. Control over timely consideration by the Bank's bodies and divisions of such appeals shall be conferred on the Corporate Secretary.

47. Competence and activity of the Corporate Secretary shall be defined by applicable internal rules of the Bank.

48. The appointment, term of office, removal and remuneration of the Corporate Secretary shall be within the competence of the Board of Directors.

49. Secretary of the Board of Directors shall be appointed and dismissed by order of the Chairman of the Management Board.

50. Secretary of the Board of Directors should possess high professional, business and ethical qualities, have organizational skills.

Clause 51 is amended by the general meeting of shareholders (minutes No. 35 of 5 December 2014)

51. Secretary of the Board of Directors shall notify the Board of Directors of the agenda and the meeting of the Board of Directors, prepare and distribute to the Board of Directors' members voting ballots as the poll (absent voting), prepare and execute minutes to in-person and absentee meetings of the Board of Directors as well as transfer the said documents to the Bank's archives in the prescribed manner in accordance with the Bank's internal regulations.

Clause 52 is amended by the general meeting of shareholders (minutes No. 42 of 18 April 2019)

52. Secretary of the Board of Directors at the request of any member of the Board of Directors provides for reference copy of the minutes of the Board of Directors and/or extract from the minutes signed by the Secretary of the Board of Directors.

11. Monitoring of the Bank's activities by the Board of Directors

53. In order to control activities of the Bank, the Management Board of the Bank and officers of the Bank, the Board of Directors shall carry out appropriate monitoring and analysis. The aim of monitoring by the Board of Directors is prevention of risks associated with the carrying out by the Bank of banking operations, identification of shortcomings related to the activities of the Management Board of the Bank and officers of the Bank, and ways of minimization thereof. For the purpose of monitoring, the Board of Directors shall request from the Management Board, Credit Committees, the Assets and Liabilities Committee (ALCO), the Internal Audit Department, and other committees and subdivisions of the Bank all necessary information. The requested information shall be furnished to the Board of Directors within the period prescribed by the Board of Directors.

Clause 54 is amended by the general meeting of shareholders (minutes No. 35 of 5 December 2014, No.36 of 23 April 2015)

~~54. For the purposes of organization of the Bank's risk management system, the Board of Directors:~~

~~1) establishes the policies for management of the Bank to ensure efficiency of corporate governance;~~

~~2) on a monthly basis receives information necessary for the monitoring of financial conditions of the Bank, carries out analysis and valuation of the Bank's performance in the reporting month;~~

~~3) approves the manner of preparing the annual budget/financial plan for a short term period and of strategic planning for a long term period subject to future economic conditions in the Republic of Kazakhstan and foreign countries whose residents are customers of the Bank and the situation on the world financial and commodity markets;~~

~~4) monitors and controls matters of risk management, audit, compliance with the legislation of the Republic of Kazakhstan and internal documents of the Bank through the collective authorised bodies of the Bank.~~

54. To have risk management system in place, the Board of Directors:

1) approves internal policies and other internal documents as required by the legislation of the Republic of Kazakhstan, including normative legal act on the development of risk management and internal control systems;

2) receives the necessary information and reports in the manner and timing in accordance with the requirements of regulatory legal act on the development of risk management and internal control systems and internal documents of the Bank;

3) exercises monitoring and control over risk management, audit, compliance with the legislation of the Republic of Kazakhstan and internal documents of the Bank through authorized collective bodies of the Bank.

II. Clause 55 is amended by the general meeting of shareholders (minutes No.36 of 23 April 2015)

~~55. With a view to ensuring an adequate and effective system of internal control, the Board of Directors:~~

~~1) ensures strict compliance with the ethic norms and standards of professional activity, for the creation of a corporate culture indicating the importance of internal control to the entire staff of the Bank;~~

~~2) establishes the system of monitoring of internal control deficiencies and measures for removal thereof;~~

~~3) ensures that an adequate and effective internal control system, the system of measuring and valuation of risks in the activity of the Bank, the system of identification of the risks related to the capital adequacy of the Bank and adequate methods of monitoring compliance with the legal normative acts and internal rules are in place and maintained by the management.~~

55. In order to ensure establishment and functioning of an adequate and effective internal control system, the Board of Directors and the Management Board produce management control and culture of control (control environment) by following ethical principles, professional standards and corporate governance, which together with their statutory duties and responsibilities comprises adequate control by the Bank bodies, including control over:

organization of the Bank's activities, including the development and implementation of the Bank's strategy, the Bank's internal documents;

functioning of the banking risk management system and assessment of banking risks;

distribution of powers in conducting banking operations and other transactions (organizational structure);

information management (information receipt and transmission) and information security;

establishment and operation of the internal control system.

Section 11 is amended by the general meeting of shareholders (minutes No. 35 of 5 December 2014)

55-1. The Board of Directors determines the Bank's collective authorized body responsible for the monitoring and control of compliance of the Bank's Charter with the legislation of the Republic of Kazakhstan. The Board of Directors shall hear the report of the Bank's collective authorized body and, if necessary, instructs the collective authorized body of the Bank to prepare draft amendments to the Charter of the Bank.

55-2. Each year the Board of Directors considers the compliance program (plan) and the annual internal audit plan.

Upon review of the report on the results of the internal audit and recommendations of the collective authorized body of the Bank, the minutes of the Board of Directors shall be prepared with the inclusion of the resolution of the Board of Directors stating that the members of the Management Board should address the recommendations of the internal audit or that the risks identified during the internal audit process are taken.

55-3. In accordance with the requirements of the regulatory act on the development of risk management and internal control system, the Board of Directors reviews the information and hears the reports prepared as follow-up monitoring and control of compliance with the Bank's internal documents with the Bank's development strategy, the current market and economic conditions, risk profile, financial capacity of the Bank and the legislation of the Republic of Kazakhstan, adherence to the Bank's policies and other internal regulations by the Bank and its employees, the review of customer appeals concerning the providing of banking services, the efficiency of execution by the Management Board of the compliance risk management policy, internal control policy, the effectiveness of the procedures which facilitate that the employees of the Bank could confidentially report on violations concerning the activities of the Bank, ensuring interaction and coordination of the internal and external audit issues with the Management Board of the Bank by the internal audit department, on the results of audit of implementation of the

procedure, standards and principles of internal audit in the Bank's subsidiaries, on the results of assessment and review of terms and conditions of the external auditor engagement contract, as well as on the results of the loan portfolio quality analysis, and gives appropriate instructions, as appropriate.

Clause 56 is amended by the general meeting of shareholders (minutes No. 35 of 5 December 2014)

56. The Bank's internal lending policy rules approved by the Board of Directors shall consider:

- the Bank's strategy and types of activities that put the Bank at credit risk;
- the Bank's risk acceptance level;
- size, nature and complexity of the Bank's operations;
- size of the Bank's exposure to credit risk and assessment of its impact on the Bank's financial condition;
- results of risk assessment, including those obtained through the sensitivity analysis and stress testing;
- effectiveness of credit risk management procedures applied by the Bank in the past;
- expectations regarding any potential internal organizational changes and (or) external changes in market conditions;
- legislation of the Republic of Kazakhstan.

57. In order to eliminate the possibility of effecting by the Bank of transactions contradicting to internal documents of the Bank and/or creating preferential terms for persons connected to the Bank by special relations, the Board of Directors shall monitor operations performed by the Bank that are attended by risks (credit risk, interest rate risk, liquidity risk, exchange risk and other risks). Information on these banking operations shall be furnished by the Management Board of the Bank to the Board of Directors, if and when required and upon receipt of the appropriate request (whether written or oral) from the Chairman of the Board of Directors.

Clause 58 is amended by the general meeting of shareholders (minutes No. 35 of 5 December 2014, No.36 of 23 April 2015)

~~58. Upon receipt of appropriate information from the Management Board and (or) the collective authorised body of the Bank, the Board of Directors shall, if and when required, but not less than quarterly, analyse and appraise performance of the Bank based on the following reports:~~

- ~~1) Consolidated balance sheet and income statement of the Bank as compared to the similar period of the previous year, and planned performance indicators;~~
- ~~2) Reports on investments: with grouping of financial instruments by types with indication of book value and market value, yield and total amount of purchases and sales;~~
- ~~3) Reports on the dynamics of classified loans and volume of provisions formed thereon;~~
- ~~4) Reports on new loans granted to persons connected to the Bank by special relations;~~
- ~~5) Brief analysis of the Bank's position on the interest rate risk;~~
- ~~6) Brief analysis of the Bank's exposure to the risk of exchange rate fluctuations;~~
- ~~7) Brief analysis of current and forecast future needs of the Bank in equity;~~
- ~~8) Analysis of possible origins for conflict of interests in the functional duties of Bank's managing staff.~~

~~The Board of Directors shall control and ascertain reasons of non-performance of measures of influence and other requirements of the authorized state body (the state body for regulation and supervision of financial market and financial organizations), including the plan of measures for elimination of shortcomings in the performance of the Bank.~~

58. The list of information and reports, procedures and timing of its presentation to the Board of Directors to ensure that the Board of Directors is furnished on a regular basis full, accurate and timely information about the Bank's activities for the effective performance of the Board of Directors shall be determined by the Republic of Kazakhstan legislation, including normative legal act on the development of risk management and internal control systems, and internal documents of the Bank.

Clause 59 is amended by the general meeting of shareholders (minutes No.43 dated 22 May 2020).

59. The Board of Directors exercises control over the activities of the Management Board of the Bank through:

- 1) monitoring the implementation by the Bank's Management Board of the strategy and policies approved by the Board of Directors, resolutions of the general shareholders' meeting;

2) approval of internal documents regulating the activities of the Management Board of the Bank in accordance with the requirements of the regulatory legal act for the risk management and internal control system formation issues;

3) ensuring the implementation of the internal control system;

4) holding regular meetings with members of the Management Board of the Bank;

5) analysis and critical assessment of information provided by the Management Board;

6) regulating the necessary performance standards and the remuneration system for members of the Management Board that meet the long standing objectives determined by the Bank's strategy and aimed at financial stability;

7) review and analysis of managerial information in accordance with the requirements of the regulatory legal act for the risk management and internal control system formation issues and performance report of the Bank's Management Board on a quarterly basis.

The Board of Directors annually analyzes the activities of the Bank's Management Board for achieving by the Bank the current financial year targets, reports on performance of functional responsibilities by the executive management of the Bank.

In case of inconsistency of the Bank's performance results and the current year targets, the Board of Directors within the limits of its authority may apply appropriate measures to the members of the Management Board.

60. The Board of Directors ensures that the Bank has a management information system and risk management system that matches the selected business model, scope of activities, types and complexity of operations, and provides an appropriate process for identifying, measuring and evaluating, monitoring, controlling and minimizing the Bank's significant risks so that the Bank could determine the capital value and liquidity required to cover the significant risks inherent in the Bank's activities.

The risk management system is a set of components established by the requirements of the regulatory legal act for the risk management and internal control system formation issues, which provides a mechanism for the interaction of internal procedures, processes, policies, structural subdivisions developed and regulated by the Bank in order to timely identify, measure, control and monitor the Bank's risks, and minimize them to ensure its financial stability and stable functioning.

The Management Board of the Bank provides the Board of Directors with the financial and management reports, in reliance on which the Board of Directors analyzes the financial performance of the Bank over the past year.

Also, in order to improve internal control over the activities of the Bank and risk management, the Management Board of the Bank provides the Board of Directors with the opinion of the external auditors of the Bank. This opinion is presented to the Board of Directors after the relevant reporting of the external auditor to the Management Board of the Bank.

The Board of Directors ensures development of the information technology infrastructure in order to collect and analyze complete, reliable, timely information for risk management purposes, as well as awareness of the existence of information technology infrastructure restrictions to determine risk appetite levels.

12. Committees of the Board of Directors

Clause 61 is amended by the general meeting of shareholders (minutes No. 30 of 19 April 2012, No.39 dated 21 April 2017, No.43 dated 22 May 2020).

61. For consideration of the most important issues and preparation of recommendations to the Board of Directors, the Bank shall establish committees under the Board of Directors, which shall consider the issues of strategic planning, risk management, nominations and remunerations, internal audit, social and other issues.

Consideration of issues listed in part one of this clause may be referred to the competence of one or several committees under the Board of Directors, with the exception of internal audit issues to be considered by an individual committee under the Board of Directors.

61-1. Committees of the Board of Directors shall consist of the members of the Board of Directors and experts possessing required professional knowledge for working in the specific committee.

Any committee under the Board of Directors shall be chaired by a member of the Board of Directors. Independent Directors shall chair the Committees under the Board of Directors. The

Chairperson of the Management Board of the Bank may not chair a committee under the Board of Directors.

61-2. Procedures for the establishment and work schedule of committees under the Board of Directors, as well as the quantitative composition shall be defined by the Committee's regulations approved by the Board of Directors.

13. Responsibility of the Chairman and members of the Board of Directors

Clause 62 is amended by the general meeting of shareholders (minutes No. 29 of 21 April 2011)

62. Chairman and members of the Board of Directors shall be responsible for non-performance or improper performance of their duties as prescribed by the present Regulation, the Charter of the Bank and legislation of the Republic of Kazakhstan.

The Chairman and members of the Board of Directors shall bear responsibility stipulated by legislation to the Bank for losses caused to the Bank by their wrongful acts and (or) inactions.