

Report on the Observance of the Code of Corporate Governance of "Development Bank of Kazakhstan" JSC

The main principles of the Code of Corporate Governance of Development Bank are:

1. protection of the rights and interests of the sole shareholder;
2. principle of effective management of the Bank's Board of Directors and executive body;
3. principle of effective control over the financial and economic Bank's activities;
4. the principle of transparency and objectivity of the disclosure of Bank's activities;
5. The principle of legality and ethics;
6. principle of social responsibility and developing partnerships with stakeholders;
7. Politics settlement of corporate conflicts.

Protection of the rights and interests of the sole shareholder.

The code of corporate governance of "Development Bank of Kazakhstan" JSC is approved by the decision of the Board of "Samruk-Kazyna" National Welfare Fund" JSC (hereinafter SK NWF) on March 14, 2008, Number 15, secured an absolute priority to the rights of the sole shareholder together with respect for the rights and interests of all stakeholders of the Bank individuals (customers, investors, etc.)

Charter and other internal regulations of the Bank secured the powers, adopted by the Board of Directors and Management Board for the Protection of the rights and interests of the shareholder. In accordance with the Charter of the Bank, the election of members of the Board of Directors of the Bank, the appointment and termination of powers of the executive head of the body of the Bank is the exclusive jurisdiction of the Sole Shareholder.

Long-term development strategy, medium-term plans of financial and economic activities (development plans) and the budget of the Bank, approved by the Board of Directors is the subject to prior consultation with the SK NWF. The Bank gives a complete and timely information on issues on which decisions are adopted by SK NWF.

Interaction of the Bank with the structural units of the Fund since 2009 carried out on a "single window" through the Directorate Management of financial institutions and institutions of SK NWF. Bank provides shareholders with regular information about the results of its financial economic and investment activities by providing management and other by reports, other information affecting the interests of shareholder.

Provision of Fund shareholder rights provides through participation in the Board of Directors of the Bank, which are governed by "order of interaction for the purpose and to ensure representatives of SK NWF on the boards of directors of the companies of SK NWF.

Two members of the Board of Directors are representatives of the One shareholder. Representatives of the shareholder are also a member of three committees of the Board of Directors - Audit Committee, Risk Management and Strategic planning Committee, Nomination and Remuneration Committee (hereinafter -

CPP) of 22 April 2010. The Board of Directors recommended to consider inclusion of the CPP representative of the sole shareholder.

Maintaining a register of holders provided by "Center "DAR" defined in accordance with the decision of the Board of Directors of the Bank under a contract of 21st July 2003 № 186.

Principle of effective management of the Bank's Board of Directors and executive body

In accordance with the Regulations of the Board of Directors of “Development Bank of Kazakhstan” JSC, the Board of Directors of the Bank provides a realization of the interests and protection of shareholder rights, effective implementation of tasks to improve the efficiency of public investment policies and provides an effective operation of risk management and internal control facilitating the resolution of corporate conflicts.

The Board of Directors of the Bank has a strong professional staff, formed by the sole shareholder, and is relatively balanced. Thus, members of the Board of Directors are two independent Directors nominated by the sole shareholder to ensure checks and balances at the Board level. Currently under consideration the inclusion of a third independent director on the Board of Directors.

To increase the effectiveness of the Board through in-depth study of selected areas of the Bank's activities and advise the Board of Directors on these issues at the Board of Directors created:

1. Risk Management Committee;
2. Audit Committee;
3. Nomination and Remuneration Committee;
4. Strategic Planning Committee.

All committees headed by independent directors.

Meetings of the Board of Directors and committees hold on a regular basis. In 2009 there were 20 meetings (9 full-time and 11 part-time) of the Board of Directors of the Bank.

To provide an activity of the Board of Directors, to compliance the procedural requirements in order to ensure the realization of the rights and interests of the shareholders Office of corporate secretary operates.

Following the best international principles and practices of Kazakhstani management, the executive body on 1st July 2009 are assigned to the The Board, whose composition is formed by the Board of Directors.

Activity is regulated by the Board Regulations on the Management Board, approved by the Board of Directors on June 2, 2009.

Effective work of the Board provides the following collegial bodies of the Bank:

1. Credit Committee;
2. Investment Committee;
3. Project Committee;
4. Committee on Asset and Liability Management;
5. Budget Commission;
6. Methodological advice.

(approved by decision of the Board of SK NWF on March 14, 2008)

The principle of effective control over the financial and economic Bank operations

In accordance with the requirements of the legislation, the Bank annually holds external audit of financial-economic activities, whose results approved by shareholders. Since 2008, external audit in accordance with International Financial Reporting Standards (hereinafter IFRS) of financial statements is holding by "KPMG Audit" LLP, which is annually chooses on the basis of open tender.

Since 2009 Bank holds an external audit of six months period of financial statements. Internal audit of the Bank's activities is carried out by Internal Audit Service (hereinafter - IAS), the purpose of which is control over financial Bank's operations and assessing the adequacy of internal control and risk management on all aspects of the Bank.

The Board of Directors is actively involved in identifying problems through the IAS and Audit Committee, a permanent working body of the Board of Directors with two independent directors, with the Head of Internal Audit of SK NWF and a member of the Board. Committee meetings are held on regular basis - starting in 2010 held 6 meetings of the Audit Committee.

The principle of transparency and objectivity of the disclosure of Bank's activities. Development Bank in its work is committed to high standards of transparency and constantly working to improve accessibility, quality and prompt disclosure of information about the Bank. For these purposes, to ensure regulatory campaigns, policies and procedures disclosure of bank shareholders, investors, customers, media, public authorities and other stakeholders in Bank's activities for persons with regard to confidentiality requirements.

The Board of Directors on May 28, 2010 (Protocol № 113) approved Information policy of "Development Bank of Kazakhstan" JSC. In accordance with this document contains a list of information subject to mandatory disclosure, and the order and timing of disclosure of information about the Bank.

Annual and quarterly reports on the outcome of the Bank, financial statements prepared in accordance with IFRS, information about significant corporate events and decisions of the shareholders and management of the Bank are regularly recorded in the pages of the corporate website of the Bank and the Kazakhstan Stock Exchange, in domestic and foreign media.

In accordance with best practice of corporate governance, the Bank annually publishes annual reports on its activities for the year.

Issues of preservation of the banking, commercial secrets and sensitive information in the Bank resolved the relevant Regulations adopted by the decision of the Board of the Bank of 7 October 2009 (Protocol № 22).

In accordance with the contracts of employment, as well as the obligation of nondisclosure of proprietary and commercial secrets, bank employees take on obligation of confidentiality of banking, trade secrets and confidential information.

The principle of legality and ethics

In accordance with the Code of Conduct Group companies of "Sustainable Development Fund "Kazyna" JSC, whose goal is regulation of rules and standards of

corporate ethics, common understanding and execution of business ethics adopted by the Fund in the group, fixing the values principles and rules that govern employees of the Fund, adopted by the Board of Directors of SK NWF on June 25, 2008 (Protocol № 33), Bank staff take on written obligation to comply with the rules of the Code.

To control the compliance risks in the Bank there is a service of compliance control. In the exclusive competence of the Service of compliance control of the Bank is the implementation of internal control over compliance of the Bank requirements by the legislation of the Republic of Kazakhstan, including normative legal acts of Agency for Regulation and Supervision of financial markets and financial organizations, as well as internal rules and Procedures of the Bank.

The principle of social responsibility and development of partnerships with stakeholders

When interacting with stakeholders Development Bank guided by these core values:

"Professionalism" - Development Bank constantly strives to improve its professional level, improving the quality of products and services;

"Efficiency and transparency" - we are responsible for their results and strive for maximum transparency;

"Reliability" - The bank takes responsibility for the actions and compliance agreements in relationships with customers, suppliers, employees and the state.

The policy of settlement of corporate conflicts

Currently the Board of Directors and the Management Board shall carry out their activities in accordance with the principles of professionalism, intelligence in decision-making, avoidance of conflict of interest.

However, in accordance with the Regulations of the Board of Directors, as well as KPMG and S & P recommendations on improving corporate governance in the Bank, these principles require the formalization of work. This work conducted by the Bank in accordance with and in terms of the approved Action Plan to improve corporate governance of the Bank in 2010.