**Audit Committee**

**Powers of the Committee**

The main purpose of the Audit Committee’s activity shall be preliminary comprehensive study of issues falling within its competence and preparation of recommendations for the Board of Directors to make reasonable and informed decisions.

The competence of the Committee shall include:

1) ensuring development of the Internal Audit Policy, the Code of Ethics of the Internal Audit Service (hereinafter the IAS) employees, the internal audit subdivision regulation, internal audit procedures and management information system as required by the laws of the Republic of Kazakhstan, for further submission to the Board of Directors for approval;

2) interaction with the external auditor on the quality of the Bank performance-related information provided, review of recommendations given by external auditors, control over rectification of identified deviations and review of the annual financial statements certified by the auditing firm for further submission to the Board of Directors for pre-approval;

3) ensuring development of the external auditor engagement policy (procedures) to be further submitted to the Board of Directors for approval, including determination of:

criteria and conditions for external auditor selection;

a system to pay for financial statements audit services, and for advisory services rendered to the Bank on the audit matters;

4) consideration of the amount of fee payable for external auditor’s services;

5) approval of the annual internal audit plan;

6) preview of the internal and external audit reports, control over timely implementation by the Bank’s Management Board of actions aimed at rectification of violations and fulfillment of the internal and external audit recommendations, inconsistencies with the Bank's policies, requirements of civil, tax, banking legislation of the Republic of Kazakhstan, laws of the Republic of Kazakhstan on state regulation, control and supervision of financial market and financial organizations, laws of the Republic of Kazakhstan on currency regulation and currency control, on payments and payment systems, on pension security, on the securities market, on accounting and financial reporting, on credit bureaus and formation of credit reports, on collection activities, on mandatory deposit insurance, on anti-money laundering and counter-terrorist financing, on joint stock companies, and international financial reporting standards;

7) review of the competent authority’s audit reports and opinions of other experts regarding the structure and efficiency of the overall risk management and internal control system in the Bank;

 8) review of the internal audit performance assessment results.

The Audit Committee shall also perform the following key functions:

1) contribute to improving the IAS efficiency by:

 - providing unrestricted access of the IAS employees to any documents, information and premises of the Bank, including access to systems, records and minutes of the Bank's collegial body meetings;

 - setting requirements for the IAS to conduct an independent performance assessment of the internal control system, risk management system, and corporate governance in all business lines of the Bank;

- setting requirements for internal auditors to comply with the IAS Employee Code of Ethics and requirements of the applicable laws of the Republic of Kazakhstan;

- setting requirements for the IAS employees to have sufficient knowledge of the Bank's and its subsidiaries' activities, internal audit methods, skills of collecting required and sufficient information, ability to analyze and evaluate to perform their job duties;

- setting requirements for the Bank's Management Board to timely and efficiently implement an action plan to address violations and shortcomings identified by the audit;

- requirements to conduct periodic performance assessment of the Bank's risk management system, internal accounting procedures, preparation and integrity of financial and regulatory reporting, compliance risk management system, internal control system;

2) assist in resolving conflicts of interest arising out of the IAS activities;

3) review on a periodic basis the effectiveness of implementation of the Internal Control Policy by the Bank’s Management Board in order to maintain an effective internal control system, including in the following areas:

- risk management;

- compliance of the Bank's operations with the laws of the Republic of Kazakhstan and the Bank's internal regulatory documents;

- financial, regulatory and management reporting;

- safekeeping of assets;

- information security;

4) preliminarily review drafts/amendments to the Internal Audit Policy, the IAS Employee Code of Ethics, Regulations and other documents regulating the IAS activities;

5) review/approve the IAS audit plans produced based on the risk matrix;

6) monitor efficiency of the process for interaction and coordination of the IAS activities with the Bank’s Management Board on internal audit issues. Based on the monitoring results, submit the relevant information to the Board of Directors;

7) review audit reports, and if required, give recommendations, including to the Board of Directors;

8) control if the Bank’s Management Board takes timely measures required to rectify shortcomings and violations (monitoring);

9) review and submit the Committee’s performance report to the Board of Directors for approval;

10) review and submit a management report to the Board of Directors for approval, as a rule, at least once every quarter, which includes, but is not limited to, the following information on implementation of the annual audit plan:

- assessment of efficiency of managing risks inherent in the audited entity;

- violations and shortcomings identified during the internal audit, other information (analysis, observations made as part of the audit);

- information on controversies and/or obstacles arising during the internal audit (if any);

- information on decisions adopted by the Bank's Management Board and measures taken to rectify violations or shortcomings;

11) perform any other functions as required by the laws of the Republic of Kazakhstan.