

AGREED

by the Board of Directors
of OJSC Bank ZENIT
on July 9, 2007
Minutes No. 12
dated July 10, 2007

APPROVED

by the Extraordinary General
Meeting of Shareholders
of OJSC Bank ZENIT
on August 6, 2007
Minutes No. 4
dated August 10, 2007

Chairman of the Board of Directors
Chairman of the Extraordinary
General Meeting of Shareholders
of OJSC Bank ZENIT

_____ A.A. Sokolov

CODE

OF CORPORATE GOVERNANCE

Bank ZENIT (Open Joint Stock Company)

Moscow 2007

Introduction

Bank ZENIT (Open Joint Stock Company) (hereinafter referred to as the “Bank”), acknowledging that efficient corporate governance is one of the critical conditions of the Bank’s stability and its successful operation on the financial markets, recognizing the importance of high corporate governance standards and business ethics for successful conduct of its business, being aware of its responsibility to its shareholders, investors and customers, and seeking to secure and protect their interests, hereby voluntarily undertakes to follow, in all of its endeavors, the rules and principles stipulated in this Code of Corporate Governance (hereinafter referred to as the “Code”).

The Code is designed to ensure efficient protection of the rights and lawful interests of the Bank’s shareholders, transparency of its decision-making procedures, professional and ethical responsibility of the members of the Board of Directors, members of executive bodies, officers and other employees and shareholders of the Bank, and adequate disclosure of material information about the Bank.

The Code has been developed on the basis of recommendations of the Basel Committee on Banking Supervision contained in its publication *Enhancing Corporate Governance for Banking Organizations* (1999), *OECD Principles of Corporate Governance* issued on April 22, 2004, *Code of Corporate Conduct* recommended for implementation by Order of the FSFM of Russia dated April 4, 2002, No. 421/r, current law of the Russian Federation, and the Charter of the Bank.

Corporate governance involves general management of the Bank’s operations, as provided by its General Meeting of Shareholders and Board of Directors, and involves their relations with the executive bodies of the Bank and other stakeholders (employees, creditors, depositors, other customers, partners, counterparties, banking regulation and supervision bodies, and government bodies) in the following areas:

- determination of strategic operating objectives of the Bank and implementation of an efficient management system;
- provision of incentives ensuring performance by the Bank’s management bodies and employees of all actions as may be required to attain strategic operating objectives of the Bank;
- attainment of a balance of interests vested in the shareholders, members of the Board of Directors and executive bodies of the Bank, and other stakeholders;
- compliance with the current law of the Russian Federation, the Charter of the Bank, by-laws of the Bank, and the principles of professional ethics approved by bank unions, associations and other self-regulating organizations whereof the Bank is a member.

Acknowledging the important role of this Code, all management bodies and employees of the Bank must adhere to its provisions when discharging their duties before the Bank and its shareholders. The process of implementation of corporate governance rules and principles must be based on respecting the rights and lawful interests of its participants, enhance the efficiency of the Bank’s operations, and support its financial stability and profitability.

The rules and principles contained in this Code are consistent with international best practices in the area of corporate governance, and ensure higher level of functionality of management and control bodies, business culture and compliance with high ethical standards than prescribed by the current law.

As corporate governance practices continue to evolve both in Russia and abroad, the Bank will continue to improve the rules and principles stipulated by this Code, and ensure full compliance with them in its day-to-day operations.

1. General Principles of Corporate Governance

1.1. Corporate governance is a system of rules, principles and standards governing relations between shareholders, members of the Board of Directors, executive bodies of the Bank, and other stakeholders.

1.2. The Bank undertakes to be guided, in all its activities, by the following general principles of corporate governance:

- Compliance with the requirements of the current law and regulations of the Russian Federation, the Charter and by-laws of the Bank;
- Observance and protection of the rights of the shareholders of the Bank;

- Equal (subject to the applicable requirements of the current law of the Russian Federation) treatment of all shareholders of the Bank, including minority shareholders and foreign shareholders;
- Prompt and accurate disclosure of reliable information in accordance with the applicable requirements of the current law of the Russian Federation, regulatory documents of the Central Bank of the Russian Federation, federal executive body for the securities market, organizers of trade on the securities markets where the Bank's securities are traded, other regulatory documents which are binding upon the Bank;
- Allocation of powers among the management bodies, clear determination of their respective scopes of competence and line of accountability to ensure separation of general management functions as performed by the shareholders and the Board of Directors from day-to-day management functions as performed by the Bank's executive bodies;
- Accountability of the Board of Directors of the Bank to the General Meeting of Shareholders, and of executive bodies to the Board of Directors of the Bank;
- Availability in the Board of Directors of at least one Independent Director meeting the eligibility criteria stipulated by the Charter of the Bank;
- Performance by the Board of Directors of the Bank of all functions pertaining to strategic management of the operations of the Bank and efficient supervision of the operations of its executive bodies;
- Attainment of long-term strategic objectives, improvement of financial indicators, and enhancement of the value of the assets of the Bank;
- Implementation of efficient internal control and audit systems;
- Information and financial transparency of the Bank's operations;
- Efficient interaction with the Bank's employees in resolving social issues and providing adequate work conditions;
- Compliance with ethical standards of business conduct;
- Integrity, trustworthiness, professionalism and responsibility of the members of the Board of Directors, members of other governing and supervisory bodies, officers and other employees of the Bank;
- Maximization of openness and transparency of operations of, and practical implementation of general principles of corporate governance in, subsidiary and affiliates of the Bank; and
- Active cooperation between the Bank and its investors, creditors and other stakeholders to increase the value of the Bank, including its assets, and the price of its shares and other securities, and to improve its business reputation.

2. Principles Governing Relations between the Bank and Its Governing and supervisory Bodies, Officers and Other Employees

2.1. In all its activities, the Bank assumes that its governing and supervisory bodies, primarily the Board of Directors of the Bank, the Chairman of the Management Board of the Bank, and the Management Board, ensure observance and protection of the rights of the shareholders of the Bank.

2.2. ***The shareholders of the Bank may demand that their title to the Bank's shares held by them be protected from any and all violations and encroachments.*** To ensure compliance with the applicable requirements of Federal Law *On Joint Stock Companies* No. 208-FZ dated December 26, 1995, the Bank enters into an agreement with an independent registrar – holder of the Bank's register of shareholders, which must have all requisite permits and licenses, equipment, control systems, and an impeccable reputation in the securities market. The rights to select and approve the independent registrar is vested in the Board of Directors of the Bank.

2.3. ***The shareholders of the Bank have the right to freely dispose of the Bank's shares held by them, and do and make any and all acts and things which are not inconsistent with the current law and do not violate the rights and lawful interests of other persons.***

The Bank, the members of its governing and supervisory bodies, its officers and other employees must take any and all measures as may be required to properly observe and protect this right.

2.4. ***The shareholders of the Bank have the right to regularly and promptly receive complete and accurate information*** about the results of operations of the Bank, its financial condition, economic

indicators, management practices, major shareholders, material facts affecting its financial and business operations, facts which may have material effect on the value of its securities, and other info which the Bank must furnish to its shareholders in accordance with the applicable requirements of the current law of the Russian Federation and by-laws of the Bank.

2.5. *The shareholders holding voting shares of the Bank have the right to participate in the management of the Bank's operations by approving resolutions at the General Meeting of Shareholders of the Bank.*

To create conditions conducive to ensuring proper observance and protection of this right, the Bank undertakes to organize the conduct of the General Meetings of Shareholders so as to ensure that participation of the shareholders in such meetings does not involve significant expenditure of material and time resources, and that all shareholders are treated equally (subject to the applicable requirements of the current law of the Russian Federation).

The Bank undertakes to promptly furnish the shareholders with sufficient information on the matters included into the agenda of the General Meeting of Shareholders so as to enable the shareholders of the Bank to have an informed opinion on each matter on the agenda of the General Meeting of Shareholders.

The Board of Directors of the Bank, acting within the limits of its scope of competence, must prepare for the shareholders informed recommendations on the matters on the agenda of the General Meeting of Shareholders. If the agenda of the General Meeting of Shareholders includes the matter of election of the members of the Board of Directors and/or the Audit Committee, the Bank must furnish the shareholders with information on each candidate to the extent consistent with the applicable requirements of the current law of the Russian Federation.

2.6. *The shareholders of the Bank have the right to receive a portion of the Bank's net profits in the form of dividends.*

The Bank seeks to make its dividend policy predictable and clear for its shareholders. It will ensure that the shareholders receive the dividends in the amount stipulated by, and within the period of time allocated therefor in, the relevant resolutions of the General Meeting of Shareholders.

2.7. The governing and supervisory bodies, officers and other employees of the Bank, acting within their respective scopes of competence, promote the exercise and protection of the rights and lawful interests of the shareholders of the Bank.

2.8. The Bank expects that the shareholders of the Bank will refrain from any actions aimed at inflicting damage upon the Bank and/or other shareholders, or actions seeking to bring pressure to bear upon the bodies of the Bank so as to coerce them to approve decisions aimed at the attainment of the objectives sought by such shareholders at the expense of the rights and lawful interests of other shareholders of the Bank.

3. General Meeting of Shareholders of the Bank

3.1. The Bank, the members of its governing and supervisory bodies, its officers and other employees must comply with the applicable requirements of the current law of the Russian Federation, the Charter and the by-laws of the Bank related to procedures for the preparation, convocation and conduct of the General Meeting of Shareholders, and seek to improve such procedures.

3.2. The main by-law of the Bank providing procedures for the preparation, convocation and conduct of the General Meeting of Shareholders is *Regulations on the General Meeting of Shareholders of the Bank*. Provisions of the said Regulations are designed to secure the right of the shareholders of the Bank to demand convocation of the General Meeting of Shareholders, make amendments to the agenda of the General Meeting of Shareholders, nominate candidates for the positions in the Board of Directors of the Bank and the Audit Committee of the Bank, and have the ability to properly prepare for the participation in the General Meeting of Shareholders and exercise their voting rights thereat. Procedures for the conduct of the General Meeting of Shareholders stipulated by *Regulations on the General Meeting of Shareholders of the Bank* guarantee equal (subject to the applicable requirements of the current law of the Russian Federation) treatment of all shareholders of the Bank, facilitate their participation in the General Meeting of Shareholders and expression by them of their opinions on all matters included into the agenda of the General Meeting of Shareholders.

3.3. To notify its shareholders of the convocation of the General Meeting of Shareholders, the Bank uses notification methods ensuring prompt communication of the relevant information to all shareholders included into the list of persons entitled to participate in the General Meeting of Shareholders within the time period allocated therefor by the current law of the Russian Federation and the Charter of the Bank.

3.4. In addition to the information specified in the Federal Law *On Joint Stock Companies* No. 208-FZ dated December 26, 1995, the Bank specifies, in the notice of the General Meeting of Shareholders held in the form of an actual meeting, the time when registration begins and ends, the place of registration, and the deadline for the submission of completed voting ballots.

3.5. The Bank gives the shareholders an opportunity to review information which gives them a better understanding of the Bank's operations, and is required to make informed decisions on the matters included into the agenda of the General Meeting of Shareholders. The shareholders can review such information:

- On the premises of the executive body of the Bank;
- At other locations as specified in the notice of the General Meeting of Shareholders;
- In the course of the General Meeting of Shareholders on the premises where the meeting is being held.

3.6. The volume of the information furnished to the shareholders is determined by the current law of the Russian Federation, the Charter of the Bank, *Regulations on the General Meeting of Shareholders of the Bank*, and other by-laws of the Bank, as well as by resolutions of the Board of Directors of the Bank convening the General Meeting of Shareholders.

3.7. The following information (materials) is furnished to the persons entitled to participate in the General Meeting of Shareholders in accordance with the procedure established by, and at the address(es) specified in, the notice of the General Meeting of Shareholders:

- Annual financial statements of the Bank, including the auditor's opinion and the report of the Audit Committee of the Bank on the findings of the annual audit of such financial statements,
- Evaluation of the opinion of the auditor of the Bank by the Audit Committee of the Board of Directors of the Bank,
- Information about the candidates for the positions of the members of the Board of Directors of the Bank and the Audit Committee of the Bank, and for the position of the auditor of the Bank,
- Draft amendments and addenda to be made to the Charter of the Bank, or to the draft new version of the Charter of the Bank,
- Draft by-laws of the Bank,
- Draft resolutions of the General Meeting of Shareholders of the Bank,
- Other information (materials), as may be required for the approval of resolutions on the matters included into the agenda of the General Meeting of Shareholders, included into the list of information (materials) furnished to the shareholders of the Bank in the course of preparation for the conduct of the General Meeting of Shareholders.

3.8. The shareholder(s) holding on the aggregate at least 2 percent of the voting shares of the Bank may propose matters to be included into the agenda of the Annual General Meeting of Shareholders, and nominate candidates for the positions of the members of the Board of Directors of the Bank and the Audit Committee of the Bank. The shareholder(s) holding on the aggregate at least 10 percent of the voting shares of the Bank may demand the convocation of the Extraordinary General Meeting of Shareholders.

To confirm availability of title to the requisite number of shares, the shareholders of the Bank provide extracts from the register of holders of registered securities of the Bank, provided that records of title to the shares of the Bank are maintained in such register (and, if this is the case, the Bank independently verifies entitlement of each shareholder). If records of title to the shares of the Bank are maintained on depot accounts maintained with depositaries, an extract from the shareholder's depot account is deemed sufficient evidence of title to the requisite number of shares of the Bank.

3.9. The Bank gives all shareholders holding at least 1 percent of the voting shares of the Bank an opportunity to review the list of persons entitled to participate in the General Meeting of Shareholders. The exercise of the shareholders' right to review the list of persons entitled to participate in the General

Meeting of Shareholders must not be associated with excessive expenditure of effort and time, or entail additional costs.

3.10. When finalizing the agenda of the General Meeting of Shareholders, the Board of Directors of the Bank formulates the matters on the agenda so as to avoid differences or ambiguities in their interpretation.

3.11. When determining the place, date and time of the General Meeting of Shareholders, the Board of Directors of the Bank takes into consideration the need to give the shareholders a real opportunity to participate therein.

3.12. The Bank organizes registration of participants of the General Meeting of Shareholders held in the form of an actual meeting at the venue of such General Meeting of Shareholders. The Bank gives all shareholders wishing to participate in the General Meeting of Shareholders an opportunity to complete registration formalities prior to the commencement of the General Meeting of Shareholders, with the exception of those shareholders whose voting ballots have been received by the Bank not later than 2 days prior to the date of the General Meeting of Shareholders. At the same time, registration of the persons which are entitled to participate in the General Meeting of Shareholders and have not completed registration formalities prior to the opening of such meeting continues until completion of deliberations on the last matter on the agenda of the General Meeting of Shareholders with respect to which there is a quorum for transacting business.

3.13. The Bank ensures that the General Meeting of Shareholders is attended by the members of the Board of Directors of the Bank, the Audit Committee of the Bank, and the Chairman of the Management Board of the Bank, so as to give the shareholders of the Bank an opportunity to receive information on matters of interest.

3.14. The Bank seeks to ensure that the General Meeting of Shareholders is attended by all candidates for the positions of the members of the Board of Directors of the Bank and the Audit Committee of the Bank.

3.15. The Bank seeks to exclude any and all doubts as to whether the outcome of voting at the General Meeting of Shareholders has been determined correctly.

3.16. The Bank seeks to announce the resolutions carried by the General Meeting of Shareholders, and to disclose the outcome of voting at the General Meeting of Shareholders during which the appropriate matters were put to the vote.

4. Board of Directors of the Bank

4.1. The Board of Directors of the Bank is the collective governing body of the Bank which provides general management of its operations, with the exception of the matters assigned by the applicable federal laws and the Charter of the Bank to the scope of competence of the General Meeting of Shareholders and the executive bodies of the Bank.

4.2. The Board of Directors of the Bank is accountable before the General Meeting of Shareholders.

4.3. The Board of Directors of the Bank is competent to:

- Provide efficient management of the Bank, supervise the operations of the executive bodies of the Bank;
- Design, and ensure proper implementation of, the development strategy of the Bank;
- Ensure sustainable growth of capitalization of the Bank;
- Ensure efficient operation of the internal controls implemented by the Bank;
- Ensure proper exercise and protection of the rights vested in the shareholders of the Bank;
- Perform other functions as stipulated by the current law of the Russian Federation and the Charter of the Bank.

4.4. All matters related to the scope of competence, election, and proceedings of the Board of Directors of the Bank are governed by the applicable provisions of the current law of the Russian Federation, the Charter of the Bank, and *Regulations on the Board of Directors of the Bank*.

4.5. When making its decisions, the Board of Directors of the Bank considers the operating objectives of the Bank and the interests of its shareholders, while also seeking to take into account the interests of the Bank's employees, partners and other stakeholders.

4.6. When making its decisions, the Board of Directors of the Bank complies with the need for equitable treatment of all shareholders, officers and other employees, and partners of the Bank.

4.7. The Bank seeks to ensure that resolutions on the most important matters lying within the scope of competence of the Board of Directors of the Bank are approved by the Board of Directors of the Bank at meetings conducted in the form of joint presence of its members to discuss, and pass resolutions on, the matters on the agenda.

4.8. The composition of the Board of Directors of the Bank must ensure its efficient operation, and comply with the applicable requirements of the current law of the Russian Federation, the Charter and by-laws of the Bank.

4.9. The Bank ensures that the Board of Directors includes at least one Independent Director meeting the eligibility criteria stipulated by the Charter of the Bank.

4.10. The members of the Board of Directors of the Bank must discharge their official duties reasonably and in good faith, at all times acting in the best interests of the Bank and its shareholders. The members of the Board of Directors of the Bank are liable before the Bank for the losses sustained by the Bank as a result of their guilty acts or omissions, except where other grounds for, and extent of, liability are stipulated by the applicable federal laws. The members of the Board of Directors of the Bank who voted against the resolution which inflicted losses on the Bank, or did not take part in the vote, are not held liable therefor.

4.11. The Board of Directors of the Bank creates, within the Board of Directors, the Audit Committee of the Board of Directors of the Bank, the Nominations and Compensation Committee of the Board of Directors of the Bank, and the Strategic Planning Committee of the Board of Directors of the Bank, and may create other permanent or *ad hoc* committees to review the matters placed within their respective scopes of competence.

The committees of the Board of Directors of the Bank are staffed with the members of the Board of Directors of the Bank with extensive knowledge and skills in the relevant areas of expertise. The Bank seeks to ensure that all members of the Board of Directors of the Bank meeting the criteria listed in paragraph 4.9 of this Code are included into one or several committees of the Board of Directors.

The functions of each committee, as well as its establishment rules and operating procedures, are stipulated by regulations approved by the Board of Directors of the Bank.

If necessary, the committees may enroll the services of experts which have the requisite professional knowledge.

5. Executive Bodies of the Bank

5.1. To provide day-to-day management of the Bank's operations, the Board of Directors of the Bank, acting in accordance with the relevant provisions of its Charter, creates the collective executive body – the Management Board of the Bank. The Management Board of the Bank manages the current operations of the Bank, designs its financial and business policies, performs administrative and executive functions and, among other things, coordinates the operations of the Bank's structural units, including its branches and representative offices, and approves resolutions on the matters related to the operations of the Bank.

5.2. The individual executive body – the Chairman of the Management Board of the Bank – is elected by the General Meeting of Shareholders of the Bank. The Chairman of the Management Board heads the Management Board and administers its operations. The Chairman of the Management Board of the Bank operates in accordance with the current law of the Russian Federation, regulatory documents, the Charter of the Bank and *Regulations on the Management Board of the Bank*.

5.3. The Management Board of the Bank is accountable to the Board of Directors of the Bank and the General Meeting of Shareholders of the Bank, and operates in accordance with the current law of the Russian Federation, the Charter of the Bank, and *Regulations on the Management Board of the Bank* which is approved by the General Meeting of Shareholders of the Bank, and which specifies the frequency, and the procedures for the convocation and conduct, of the meetings of the Management Board of the Bank, and the procedures for the approval of its resolutions.

5.4. The Chairman of the Management Board of the Bank must have the requisite level of professional qualifications and an impeccable business reputation.

5.5. The Chairman of the Management Board of the Bank must also refrain from any and all actions which will or may result in a conflict of interest between himself/herself and the Bank, and, if any such conflict of interest does emerge, notify the Board of Directors of the Bank accordingly in writing.

5.6. The Board of Directors of the Bank and its shareholders do not interfere in the current operations of the Management Board of the Bank.

5.7. The Management Board of the Bank is aware of its responsibilities to the shareholders and customers of the Bank, and seeks, as its chief objective, to discharge, competently and in good faith, its duties related to the management of the Bank's day-to-day operations so as to ensure its sustainable long-term development and profitability. The members of the Management Board of the Bank must discharge their official duties reasonably and in good faith, at all times acting in the best interests of the Bank and its shareholders. The members of the Management Board of the Bank are liable to the Bank for the losses sustained by the Bank as a result of their guilty acts or omissions, except where other grounds for, and extent of, liability are stipulated by the applicable federal laws. The members of the Management Board of the Bank who voted against the resolution which inflicted losses on the Bank, or did not take part in the vote, are not held liable therefor.

6. Corporate Secretary of the Bank

6.1. The Corporate Secretary of the Bank ensures compliance of the Bank's bodies and officers with procedural requirements guaranteeing the proper exercise of the rights and lawful interests of the Bank's shareholders. The Corporate Secretary is appointed by the Board of Directors of the Bank, and acts as the Secretary of the Board of Directors of the Bank.

6.2. The Corporate Secretary is accountable to the Board of Directors of the Bank.

6.3. The Corporate Secretary of the Bank must have the requisite knowledge and expertise as may be required to perform his/her functions, and enjoy the confidence of the shareholders and the members of the Board of Directors of the Bank.

6.4. The Corporate Secretary of the Bank has the responsibility to:

- Organize, prepare, convene (and, among other things, serve notices on, and send (deliver) voting ballots to, all shareholders), and conduct the General Meeting of Shareholders in accordance with the applicable requirements of the current law of the Russian Federation, the Charter of the Bank, and *Regulations on the General Meeting of Shareholders of the Bank*;
- Organize, prepare, convene (and, among other things, notify all members of the Board of Directors and invitees), and conduct the meetings of the Board of Directors and its committees in accordance with the applicable requirements of the current law of the Russian Federation, the Charter of the Bank, *Regulations on the Board of Directors of the Bank*, and the relevant regulations on the committees of the Board of Directors and management of the documents generated by the Board of Directors of the Bank;
- Assist the members of the Board of Directors of the Bank in the performance by them of their official duties;
- Organize storage of the Bank's documents related to the activities of its governing bodies;
- Organize proper acceptance and review by the Bank of requests and complaints filed by the shareholders of the Bank.

6.5. The Corporate Secretary of the Bank immediately notifies the Chairman of the Board of Directors of the Bank of all developments preventing him/her from performing the functions assigned to the official duties of the Corporate Secretary of the Bank.

7. Information Policy of the Bank

7.1. The Bank's information policy is aimed at providing shareholders, investors, and other stakeholders with complete and accurate information about the Bank and its operations.

7.2. The activities of the Bank's employees related to implementation of the Bank's information policy are coordinated by the Chairman of the Management Board of the Bank, and the member of the Management Board of the Bank designated by the Chairman of the Management Board.

7.3. The main principles of the Bank's information policy include the following:

- Compliance with the applicable requirements of Federal Law *On Banks and Banking* No. 395-1 dated December 2, 1990, Federal Law *On Joint Stock Companies* No. 208-FZ dated December 26, 1995, Federal Law *On Securities Market* No. 39-FZ dated April 22, 1996, Federal Law *On Commercial Secrets* No. 98 dated July 29, 2004, regulatory documents of the Central Bank of the Russian Federation and the federal executive body for the securities market, other regulatory acts in the area of information disclosure;
- Periodicity of information disclosure;
- Promptness of information disclosure;
- Accessibility of information to shareholders, investors, and other stakeholders;
- Completeness and accuracy of disclosed information;
- Maintaining a reasonable balance between the Bank's openness and its commercial interests.

7.4. The Bank obligatorily discloses information whose disclosure is required by Federal Law *On Joint Stock Companies* No. 208-FZ dated December 26, 1995, Federal Law *On Securities Market* No. 39-FZ dated April 22, 1996, Federal Law *On Banks and Banking* No. 395-1 dated December 2, 1990, regulatory documents of the Central Bank of the Russian Federation and the federal executive body for the securities market, other regulatory acts in the area of information disclosure, and regulations of the organizers of trade in the securities markets where the Bank's securities are traded. The Bank may also disclose other information which may be material for shareholders, investors, and other stakeholders in connection with approval by them of management and investment decisions with respect to the Bank.

7.5. The Bank discloses information about its shareholders and their respective shareholders, and the members of the Board of Directors of the Bank, the Chairman of the Management Board of the Bank, the members of the Management Board of the Bank disclose information about the sale and/or purchase of the Bank's securities, to the Central Bank of the Russian Federation, the Federal Service for the Financial Markets, and the Federal Anti-Monopoly Service.

7.6. If regulatory documents of the federal executive body for the securities market, the Central Bank of the Russian Federation, or the organizers of trade in the securities markets where the Bank's securities are traded specify any requirements applicable to disclosure of information, the Bank must comply with all such requirements.

If the Bank discloses information at its own initiative, the method of disclosure is determined by the Bank independently, subject to the interests of shareholders, investors, and other stakeholders.

7.7. The Bank submits to the shareholders annual reports on its operations. The composition of such reports must comply with the applicable requirements of the current law of the Russian Federation, and the information contained therein must be sufficient for the shareholders to evaluate the result of the Bank's operations for the reporting year.

7.8. The Bank seeks to minimize possible conflicts of interest, and prevent misuse of insider information. The use and protection of insider information about the operations of the Bank are governed by *Regulations on Insider Information of the Bank*.

7.9. The members of the Board of Directors of the Bank, the Chairman of the Management Board of the Bank, the members of the Management Board of the Bank must promptly, but in any event within 5 days, inform the Bank about the securities of the Bank held by them, and notify the Bank of any and all transactions involving the sale and/or purchase of such securities.

8. Internal Controls of the Bank

8.1. Internal controls of the Bank comprise special activities of the Board of Directors, executive and supervisory bodies, officers and other employees of the Bank designed to:

- Ensure efficiency and effectiveness of financial and business activities related to the conduct of banking operations and execution of other transactions, efficiency of assets and liabilities management, including safeguarding of the Bank's assets, and management of the Bank's risk exposures;
- Ensure accuracy, completeness, objectivity and prompt preparation and submission of the Bank's financial statements, accounting, statistical and other records, and ensure safety and security of the Bank's information;
- Ensure compliance with the current law of the Russian Federation, standards promulgated by self-regulating organizations whereof the Bank is a member, constitutive documents and by-laws of the Bank;

- Prevent involvement of the Bank and participation of its employees in illegal activities, including money laundering and terrorism financing, and ensure prompt submission of related information, as stipulated by the current law of the Russian Federation, to the competent government bodies and the Central Bank of the Russian Federation.

Internal control in the Bank is exercised on the basis of the Charter of the Bank, *Regulations on the Internal Control System of the Bank* and *Regulations on the Internal Control Division* which define the meaning and scope of internal control, and describe internal control procedures and responsibility of governing bodies related to supervision of compliance with internal control requirements.

8.2. Internal control in the Bank is exercised by a system of internal control bodies, including the following:

- Governing bodies of the Bank (General Meeting of Shareholders, Board of Directors of the Bank, Chairman of the Management Board of the Bank, Management Board of the Bank);
- Audit Committee;
- Chief Accountant of the Bank (his/her deputies);
- General managers and chief accountants of the Bank's branches (their deputies);
- Internal Control Division;
- Financial Monitoring Division;
- Comptroller of the professional participant of the securities market.

8.3. Responsibility for exercising direct internal control and assisting other governing bodies of the Bank in enhancing the efficiency of internal control measures is assigned to a separate structural unit of the Bank – the Internal Control Division. The functions, election rules and operating procedures of the Internal Control Division are stipulated by the Charter of the Bank, *Regulations on the Internal Control System of the Bank* and *Regulations on the Internal Control Division*.

8.4. Responsibility for development and implementation of internal control rules in the area of countering money laundering and terrorism financing, and submission to the authorized government body of the information stipulated by Federal Law *On Countering Money Laundering and Terrorism Financing* and regulatory documents of the Central Bank of the Russian Federation, is assigned to a separate structural unit of the Bank – the Financial Monitoring Division. The functions and operating procedures of the Financial Monitoring Division are stipulated by the Charter of the Bank, *Regulations on the Internal Control System of the Bank* and *Regulations on the Financial Monitoring Division* approved by the Management Board of the Bank.

8.5. The Board of Directors of the Bank forms, from among its members, the Audit Committee of the Board of Directors of the Bank. The chief objective of the Audit Committee is to assist the Board of Directors in ensuring the accuracy and completeness, and monitoring the process of preparation and submission, of financial and other reports, efficiency of supervision of the Bank's internal control, internal audit, and risk management systems, and compliance with the applicable requirements of the current law, the Charter and the by-laws of the Bank. The functions and operating procedures of the Audit Committee of the Board of Directors of the Bank are stipulated by *Regulations on the Audit Committee of the Board of Directors of the Bank* approved by the Board of Directors of the Bank.

The Audit Committee of the Board of Directors evaluates candidates for the position of the Bank's auditor, auditor's opinions, and efficiency of the Bank's internal control procedures, and develops proposals for the enhancement of such procedures.

The Audit Committee of the Board of Directors is headed by the Independent Director of the Bank, and consists of the members of the Board of Directors of the Bank who do not concurrently hold the positions of the individual executive body of the Bank or the member of the collective executive body of the Bank.

8.6. Control of the Bank's financial and business operations is exercised by the Audit Commission of the Bank elected by the General Meeting of Shareholders. The functions, election rules and operating procedures of the Audit Commission are stipulated by the current law of the Russian Federation, regulatory documents, the Charter of the Bank, and *Regulations on the Audit Commission of the Bank*. The members of the Audit Commission continually improve their qualifications in the area of banking operations, and deliver informed objective opinions in the course of exercise by them of control functions.

8.7. The Bank annually hires a professional audit firm (external auditor) which has no proprietary interests in the Bank or its shareholders to audit and certify the annual financial statements of the Bank.

The independent auditor of the Bank is approved by the General Meeting of Shareholders.

The independent auditor audits financial and business operations of the Bank in accordance with applicable regulatory documents of the Russian Federation, and subject to the terms and conditions of the agreement therewith.

8.8. The Bank prepares and submits reports on the basis of Russian and international accounting standards, and views the application of such standards as one of the efficient measures aimed at increasing confidence in the Bank on the part of its shareholders and its customers, including foreign partners. Continuation and extension of this practice will contribute to better quality, accuracy and completeness of information disclosure. At least one time each six months, the Bank prepares consolidated financial statements in accordance with International Financial Reporting Standards.

The Bank hires an independent international auditor to certify its consolidated financial statements prepared in accordance with International Financial Reporting Standards.

9. Dividends

9.1. The Bank recognizes the critical importance of the shareholders' participation in its profits.

9.2. Procedures for the payment of dividends by the Bank are based on the principle of rational distribution of profits by the Bank subject both to the shareholders' interests and the Bank's investment needs.

9.3. The Board of Directors of the Bank issues recommendations to the General Meeting of Shareholders as to the amount and procedures for the payment of the dividends.

9.4. The resolution on the payment of dividends, their size and form of payment with respect to the shares of each category (class) is taken by the General Meeting of Shareholders based on the recommendations issued by the Board of Directors of the Bank.

9.5. Procedures and deadlines for the payment of the dividends are determined by the General Meeting of Shareholders of the Bank.

10. Resolution of Corporate Conflicts

10.1. The Bank attaches high importance to timely prevention and fair settlement of corporate conflicts.

10.2. As concerns corporate conflicts, the Bank adheres to the position that they need to be settled at the earliest stage possible.

10.3. In the event of emergence of a corporate conflict, the Bank assumes a position consistent with the current law of the Russian Federation, the Charter of the Bank, by-laws of the Bank, and agreements executed by the Bank.

10.4. With the consent of the shareholders of the Bank involved in the corporate conflict, the governing and supervisory bodies of the Bank (their members) may participate in negotiations between shareholders, furnish shareholders with information and documents available to them and directly pertaining to the conflict, elaborate on applicable requirements of the current law of the Russian Federation, the Charter and the by-laws of the Bank, issue advice and recommendations to shareholders, draft conflict resolution documents for subsequent signing by shareholders, and, acting on behalf of the Bank and within their respective scopes of competence, assume obligations before shareholders to the extent deemed conducive to successful resolution of the conflict.

Final Provisions

The Board of Directors of the Bank, at its meetings, periodically reviews compliance with the provisions of this Code, and arranges for the publication of findings of such reviews.

The Bank will continue to improve this Code upon emergence of new Russian and international corporate governance standards, subject to the interests of the shareholders, the Bank, and other stakeholders.