

(Protocol Statement 19)
APPROVED at the General Meeting
of Shareholders
of JSCB “Ipoteka-Bank”
(June 6, 2014)

**THE REGULATIONS ON THE SUPERVISORY BOARD OF
THE JOINT STOCK COMMERCIAL BANK “IPOTEKA-
BANK”**

THE REGULATIONS ON THE SUPERVISORY BOARD OF THE JOINT STOCK COMMERCIAL BANK "IPOTEKA-BANK"

I. GENERAL RULES

1.1. This Regulation is based on the Law of the Republic of Uzbekistan "On protection of the rights of joint-stock companies and shareholders", PF-2084 of the President of the Republic of Uzbekistan dated October 2, 1998 "On measures to improve the activities of joint-stock commercial banks", Decree No. PF-3202 of January 24, 2003 "On measures to radically increase the share and importance of the private sector in the economy of Uzbekistan", Resolution #361 of the Cabinet of Ministers of the Republic of Uzbekistan dated August 22, 1998 "On measures to improve the management system of joint stock companies", Resolutions No. 189 of April 19, 2003 "On measures to improve the corporate governance of privatized enterprises" and the Charter of JSCB "Ipoteka-Bank" (hereinafter referred to as the "Bank").

1.2. This Regulation states the status of the Supervisory Board of JSCB "Ipoteka Bank" (hereinafter referred to as the "Bank Board"), which determines the procedure for electing members of the Board, as well as the rights and obligations of its members.

1.3. The Board of the Bank carries out the general management of the bank's activities, except for resolving issues within the competence of the General Meeting of Shareholders in accordance with the Law of the Republic of Uzbekistan "On protection of the rights of joint stock companies and shareholders" and the Bank's charter.

1.4. By the decision of the general meeting of shareholders, the members of the Board of the Bank may be paid for the period during which they perform their duties and (or) be reimbursed for expenses related to the performance of the duties as a member of the Board of the Bank. The amount of such payments and remuneration shall be determined by a resolution of the general meeting of shareholders.

II. POWERS OF THE BANK BOARD

2.1. In accordance with the Law of the Republic of Uzbekistan "On protection of the rights of joint-stock companies and shareholders", between the general meetings of shareholders, the Bank's Board protects the rights of shareholders and performs the functions provided by this Charter and the bank's charter.

2.2. The Board of Directors, as a representative of the owners of Ipoteka-Bank, develops the main direction of actions for the bank's development.

2.3. The competence of the Bank's Board includes:

- Determining the priorities of the bank's activities, formation of strategy;
- convening annual and extraordinary general meetings of the Bank's shareholders;
- preparation of the agenda of the general meeting of shareholders;
- the date of the general meeting of shareholders, time and location;
- setting the date of formation of the register of shareholders of the Bank for notifying about the general meeting of shareholders;
- to submit to the general meeting of shareholders the issue of amending and changing the charter of the Bank or approving the revised new edition of the charter of the Bank;
- Organization of the determination of the market value of property;
- election (appointment) of members of the Management Board (except for the Chairman) of the Bank, early termination of their powers;

- Appointment of a corporate consultant and approval of the regulations governing the order of its activities;
- Development of the annual business plan of the bank;
- organization of the internal audit service of the Bank and appointment of its employees, as well as quarterly review of its reports;
- free access to any documents related to the activities of the executive body of the Bank and their receipt from the executive body for the implementation of the tasks assigned to the Board of the Bank.

The received documents can be used by the Board of the Bank and its members only for official purposes;

- making a decision to conduct an audit, to determine the maximum amount of remuneration for the audit organization and its services;
- make recommendations on the amount of fees and compensations to be paid to the members of the Audit Commission of the Bank;
- issuance of recommendations on the amount of dividends on shares and the order of their payment;
- Use of the Bank's reserve and other funds;
- establishment, opening and liquidation of branches and representative offices of the Bank;
- Establishment of subsidiaries and affiliates of the Bank;
- making a decision on concluding a major transaction with the property, the book value of which is from fifteen to fifty percent of the amount of net assets of the company on the date of the decision on the transaction;
- concluding agreements with the Bank's affiliates in cases established by law;
- Concluding transactions related to the Bank's participation in commercial and non-commercial organizations in the manner prescribed by law;
- Decision on repurchase of corporate bonds of the Bank;
- Resolving issues of increasing the authorized capital of the Bank (by increasing the nominal value of shares or issuing additional shares), as well as the issue of amending and making additions to the charter of the company in connection with increasing the authorized capital of the Bank;
- decision-making by the bank on the issuance of corporate bonds, including bonds convertible into shares;
- decision-making on the issuance of security derivatives;
- determination of the price of placement of shares (issue of securities on the stock market and organized over-the-counter market) based on the price situation on the platforms of the organizers of securities trading;
- determination of the amount of payments and compensations to be paid to the bank's management;
- making a decision on purchase of shares and other securities placed by the Bank in cases stipulated by the legislation;
- Concluding an employment contract on behalf of the Bank to hire the Chairman of the Board;
- approval of documents determining the order of the bank's management;
- approval of internal regulations of the Bank in cases stipulated by the legislation;
- The competence of the Board of the Bank may include the resolution of other issues in accordance with legislative acts and this Regulation.

2.4. The competence of the Board of the Bank may also include the resolution of other issues in accordance with the legislation and the Charter of the Bank.

2.5. Matters within the competence of the Board of the Bank may not be referred to the Board of the Bank for resolution.

III. OBLIGATIONS OF THE BANK'S BOARD

3.1. The responsibilities of the Board of the Bank are:

- exercise its powers in the interests of the bank's shareholders;
- Ensuring competent management of the Bank;
- implementation of current control over the correctness of banking activities, lending and investment of funds (in order to protect the interests of depositors, creditors and shareholders);
- Supporting the Bank's balanced investment;
- Formulation of the bank's strategy;
- Monitoring the implementation of the adopted business plan for the development of the Bank;
- Monitoring of the bank's profit;

- Organization of the internal audit service.

3.2. In fulfilling its obligations, the Board of the Bank must:

- hiring and approval of qualified bank management members;
- maintaining the adequacy of the bank's capitalization;
- determination of long-term and short-term business plans in consultation with management;
- setting long-term policies to achieve the goals of the bank and to conduct legal, safe and effective banking activities;
- Adequate control over banking operations in accordance with the legislation of the Republic of Uzbekistan and banking policies;
- Monitoring the current activities of the bank.

IV. ELECTION OF BANK'S BOARD

4.1. The members of the Board of the Bank shall be elected by the General Meeting of Shareholders for a term of one year in accordance with the procedure provided for in this Regulation and Bank's Charter

4.2. Re-election of persons elected to the Board of the Bank shall not be limited.

4.3. Members of the Management Board may not be elected or appointed to the Board of the Bank.

4.4. Persons working in the Bank under a labor contract (agreement) may not be members of the Board of the Bank.

4.5. The Board of the Bank should include persons with experience and knowledge in the field of economics, finance, credit, which will provide the Bank to develop. In addition to shareholders, members of the Board of Directors may be scientists and experts in the field of banking. The Board of the Bank must include a member representing the interests of minority shareholders.

4.6. The quantitative composition of the Bank's Board is determined by the Bank's charter.

4.7. The election of the members of the Bank's Board is carried out by cumulative voting.

4.8. In cumulative voting, the number of votes for each shareholder is multiplied by the number of persons to be elected to the Board of the Bank, and the shareholder has the right to give the votes in full to one candidate or to distribute them among two or more candidates.

4.9. The candidates who receive the most votes are considered elected to the Board of the Bank.

V. CHAIRMAN OF THE BANK'S BOARD

5.1. The Chairman of the Board of the Bank shall be elected by a majority vote of the total number of members of the Board among the members of the Board.

5.2. The Board of the Bank shall have the right to re-elect its Chairman by a majority vote of the total number of members of the Board of the Bank.

5.3. The Chairman of the Board of the Bank shall organize the work of the Board, convene and chair the meetings of the Board of the Bank, organize the keeping of minutes at the meeting, unless otherwise provided by the Bank's charter. Presides at the general meeting of shareholders.

5.4. In the absence of the Chairman of the Bank Board, his duties shall be performed by one of the members of the Bank Board.

VI. PROCEDURE FOR HOLDING THE BANK'S BOARD MEETING

6.1. Meetings of the Board of the Bank shall be convened by its Chairman at least once a quarter. Extraordinary meetings of the Bank Board shall be convened on the initiative of the Chairman of the Bank Board or at the request of the following:

- Member of the Board of the Bank;
- Central Bank;
- Audit Commission;
- Bank management;
- in other cases specified in the current legislation and the Charter of the Bank.

6.2. The procedure for convening and holding meetings of the Board of the Bank shall be established by the

Bank's charter.

- 6.3. A quorum for holding a meeting of the Board of Directors of the Bank shall be established by the charter, but it shall not be less than seventy-five percent of the members elected to the Board of the Bank.
- 6.4. If the number of members of the Bank's Board is less than seventy-five percent of the amount provided for in the Bank's Charter, it must convene an extraordinary general meeting of shareholders to elect a new composition of the Bank's Board. The remaining members of the Board of the Bank have the right to decide to convene such an extraordinary general meeting of shareholders, as well as to appoint a temporary executor in the event of early termination of the powers of the Chairman of the Board.
- 6.5. Decisions of the Board of the Bank are made by a majority vote. Each member of the Council shall have a majority vote in resolving issues at a meeting of the Council.
- 6.6. The decision on the charter capital of Bank increase through increasing the nominal value of shares or issuing additional shares, and amendments to the Bank's charter the decision is made unanimous voting.
- 6.7. One member of the Bank's Board shall not be allowed to vote for another member of the Bank's Board.
- 6.8. In the event of the equal votes, the vote of the Chairman of the Board shall be decisive.
- 6.9. Minutes shall be made at the meeting of the Board of the Bank. The minutes of the meeting of the Board of the Bank shall be compiled no later than 10 days after the meeting. The minutes of the meeting shall specify the following:
- The date of the meeting, time and place;
 - Persons present at the meeting;
 - the agenda of the meeting;
 - issues put to the vote, the results of voting on them;
 - decisions made.
- 6.10. The minutes of the meeting of the Bank shall be signed by the members of the Board of the Bank present at the meeting, who are responsible for the correctness of the minutes of the meeting.
- 6.11. Decisions of the Bank's Board may be made unanimously by all members of the Bank's Board by absentee ballot (by questionnaire).
- 6.12. The minutes of the meeting of the Board of the Bank shall be submitted to the Management Board of the Bank for execution on the day of signing. If the Board of the Bank decides to convene a general meeting of shareholders, the information on this decision shall be submitted to the Board of the Bank on the day of the meeting of the Board of Directors.
- 6.13. All shareholders should have the opportunity to get acquainted with the minutes of the meeting of the Bank's Board, except for information that falls into the category of bank secrecy.

VII. RIGHTS AND OBLIGATIONS OF BANK BOARD MEMBERS

- 7.1. A member of the Board has the following rights:
- Participate in person at the meeting of the Board of the Bank, speak at the meeting on the issues discussed at the meeting in the time allotted in the regulations;
 - to receive complete and reliable information on the results of the bank's activity for a certain period, plans for its development;
 - Direct obtaining of all information related to the activities of the Bank's management, requesting them from the Bank's Board to perform the tasks assigned to the Board of the Bank. Use the documents obtained by members of the Bank's Board only for official purposes;
 - to receive a certain reward for his activity on the Board of the Bank, fulfilling his duties.
- 7.2. Responsibilities between the members of the Bank's Board shall be assigned by the Chairman of the Bank's Board to each member of the Bank's Board. Each member of the Bank's Board performs a specific task.
- 7.3. A contract is concluded with the members of the Board of the Bank with tasks that require constant

supervision, time and effort. The agreement with them is concluded by the chairman of the Bank's Board.

7.4. The amount of remuneration for each member of the Board of the Bank shall be determined by the General Meeting of Shareholders by the proposal of the Chairman of the Board of the Bank based on the efficiency of their activities.

7.5. Members of the Bank's Board are not allowed to co-operate with the bank under the employment contract.

7.6. Members of the Bank's Board are not entitled to receive, directly or indirectly, an award for influencing the decision-making process of the Bank's Board.

7.7. The members of the Bank's Board do not have the right to use the bank's opportunities (property or non-property rights, opportunities in the field of economic activity, information on banking activities and plans) for personal gain.

7.8. In cases where a member of the Bank has a financial interest in the agreement, as well as in the event of a dispute between the member of the Board and the bank interest, the member of the Board must notify the Board in advance of the agreement about his interest, but the decision on the agreement must be adopted by a majority of the members of the Board of Directors or by a majority of shareholders at the General Meeting of Shareholders. At the same time, the interested members of the Bank's Board do not participate or interfere in decision-making of such agreement.

7.9. Bank board members, if they are their spouses, parents, children, brothers, sisters, as well as all their affiliates are considered to have a personal interest if:

- are parties of such an agreement or participate in it as a representative or mediator;
- have a fund of twenty or more percent of the shares (shares, divvy) of a legal entity that is a party to the agreement or participates in it as a representative or intermediary;
- holds a position in the governing bodies of the legal entity that is a party to the agreement or participates in it as a representative or intermediary

7.10. Members of the Bank's Board do not have the right to establish or participate in enterprises competing with the Bank. Except in cases when the majority of votes of non-interested members of the bank's board or the consent of shareholders holding a majority of the bank's shares are provided.

7.11. Members of the Bank's Board are obliged to suspend their participation in the enterprises mentioned during their work in the Bank's Board.

7.12. A member of the Bank's Board shall not have the right to delegate his / her duties to his / her representative, even through a power of attorney is given or, even if he / she is not able to personally participate in the work of the Bank's Board for a long time.

7.13. Members of the Bank's Board must conscientiously perform their duties and protect the interests of Ipoteka-Bank in the manner prescribed by them in the best interests of the bank.

VIII. PROTECTION OF THE RIGHTS AND INTERESTS OF BANK SHAREHOLDERS

8.1. The Bank's Board protects the rights and interests of the Bank's shareholders in the following ways:

- organization of banking activities taking into account the interests of shareholders;
- preparation and holding of General Meetings of Shareholders, control over the order of voting and counting of votes and decision-making;
- prohibiting the infringement of the rights of shareholders when changing the shares of the bank in the authorized capital by increasing or decreasing the authorized capital, the issuance of additional securities, etc. ;
- development of an effective dividend policy of the bank;
- consideration of issues related to the relationship with Bank shareholders;
- acceptance and consideration of complaints and proposals of shareholders on illegal and unfair actions of the Bank's Board of the Bank.

IX. IMPLEMENTATION OF CONTROL OVER BANK ACTIVITIES

9.1. The Board of the Bank periodically (at least quarterly) receives comments and written reports on the financial condition and activities of the bank from the Bank's Board, including recommendations for their improvement, as well as hear the reports of the Chairman of the Board and the head of the internal audit service. The members of the Board of the Bank carefully examine such reports and recommendations in order to determine their accuracy and feasibility.

9.2. The following financial ratios are the subject of regular supervision by the Board of the Bank:

- total capital;
- bank income;
- net profit;
- the ratio of bank income to assets;
- ratio of net profit to assets;
- the ratio of net profit to the total capital of the bank;
- ratio of net profit to authorized capital;
- size of gross interest margin;
- the ratio of interest-free expenses to assets;
- the ratio of classified loans to the total loan portfolio;
- the ratio of written-off loans to assets;
- the ratio of non-performing loans to the loan portfolio;
- ratio of non-performing loans to tier 1 capital;
- the ratio of credit reserves to the loan portfolio;
- the ratio of non-performing loans to credit reserves;
- the ratio of the cost of credit reserves to loans;
- the ratio of the largest loan to the 1st tier capital;
- the ratio of the largest trust loan to tier 1 capital;
- the ratio of the total amount of large loans to tier 1 capital;
- the ratio of total loans to interested parties to tier 1 capital;
- capital adequacy ratio;
- 1st degree capital adequacy ratio;
- ratio of tier 1 capital to assets (leverage);
- current liquidity ratio;
- the part of net profit directed to dividends.

X. IMPLEMENTATION OF PERSONNEL POLICY

10.1. The Board of the Bank develops and implements the bank's personnel policy, strategy for attracting highly qualified managers and employees to the bank.

10.2. Personnel policy in accordance with the legislation includes:

- system of rewards, incentives and penalties for bank employees;
- training and retraining program;
- the order of appointment of managers in case of vacancies available;
- identification of cases when dismissal of the bank's management is mandatory;

10.3. The Bank Board shall develop and approve the following:

- Criteria for evaluating the work of members of the Bank's Board and managers of key banking services;
- code of ethics and measures to prevent conflicts of interest;
- a list of conditions under which the bank's officials are excluded from their duties due to unprofessional work, unconscientious work, conflict of interests.

XI. SUPPORTING THE BANK'S PROPORTIONAL INVESTMENT

11.1. In order to preserve the Bank's capital and ensure that it is matched with the scale of the bank's operations and the level of risk, the Bank's Board:

- exercise control over the creation of special reserves by the bank in the amounts determined by the Central Bank against possible losses;
- requires the management of the Bank to ensure the level of risk of a bank that is not higher than that set by the Central Bank;
- takes measures to place bank shares;
- ensures adequate maintenance of the bank's capital and total reserves.

XII. FORMATION AND IMPLEMENTATION OF BANK'S BUSINESS PLAN

- 12.1. The Board of the Bank develops the annual business plan for the development of the bank (independently or with the involvement of external consultants and experts and using the Bank's management specialists) and submits it to the General Meeting of Shareholders for approval.
- 12.2. The Bank's Board monitors the implementation of the Bank's business development plan by the Bank's Management Board.

XIII. RESPONSIBILITY OF BANK BOARD MEMBERS

- 13.1. Members of the Bank's Board shall be liable for damages caused to the Bank as a result of improper performance of their obligations to the bank and its shareholders in accordance with the legislation of the Republic of Uzbekistan and the bank's charter.
- 13.2. Members of the Board of the Bank shall be fully liable in accordance with the current legislation to compensate the damage caused to the bank in case of violation by them of the Bank's Charter and the rules specified in this Regulation.
- 13.3. If more than one person is liable in accordance with the rules of this section, their liability to the bank is joint and several.

XIV. INTRODUCTION OF CHANGES AND REGULATIONS ON THE BANK BOARD

- 14.1. This Regulation may be amended or supplemented or adopted (approved) in a new edition. In this case, the text of the new revised changes and additions will be prepared by the Board of the Bank and submitted to the Board of the Bank. The Board of the Bank shall review the submitted document and submit it to the general meeting of shareholders for approval.
- 14.2. Amendments and additions to the Charter or its new edition shall come into force from the date of its approval by the general meeting of shareholders of the bank.
- 14.3. Following the approval of this Regulation by the General Meeting of Shareholders, the *зқумишщгы* Regulations on the Supervisory Board of Ipoteka Bank JSCB and all amendments and additions to it shall be deemed invalid.

Chairman of the Management Board of Ipoteka Bank JSCB

Signature

O.Musaev

(Protocol Statement 73)
APPROVED By the Supervisory Board
Of JSCB “Ipoteka-Bank”
(November 21, 2016)

(Protocol Statement 23)
at the ordinary general meeting of
shareholders JSCB “Ipoteka-Bank” from
December 5, 2016

**CHANGES AND ADDITIONS TO THE REGULATIONS ON THE
SUPERVISORY BOARD OF THE JOINT STOCK COMMERCIAL BANK
“IPOTEKA-BANK”**

TOSHKENT – 2020

Changes and additions to the Regulation on the Supervisory Board of JSCB "Ipoteka Bank"

1. After paragraph 2.5, add a new paragraph 2.6, and state it as follows:

2.6. The Supervisory Board in a manner that discloses information to all shareholders and within the framework established by law, has the right to determine the procedure and conditions of sponsorship (charity) or non-beneficial assistance (receive) and to make decisions in this regard.

2. After paragraph 3.2, a new paragraph 3.3 shall be added and stated as follows:

3.3. Members of the Supervisory Board must perform their duties on a professional basis, conscientiously and reasonably perform all obligations arising from the legislation, the bank's charter and the decisions of the governing body.

3. After paragraph 4.5, new paragraphs 4.5.1 and 4.5.2 shall be added and stated as follow:

4.5.1 The Board of the Bank must include at least one independent member (but not less than 15% of the total number of members of the Supervisory Board provided by the charter of the bank).

The following individuals may be the independent members of the Supervisory Board of the bank:

(I) persons who have not worked in Ipoteka Bank, its subsidiaries and affiliated enterprises over the last five years;

(II) persons who have not been a shareholder of Ipoteka Bank, its subsidiaries and affiliates enterprises;

(III) persons not affiliated with major customers or suppliers who have a contract for an amount exceeding five thousand times the minimum wage established by law with Ipoteka Bank, subsidiaries and affiliates enterprises;

(IV) persons who do not have a service agreement with Ipoteka Bank, its subsidiaries and affiliates enterprises;

(V) persons who are not family members of the person who have been holding the management position or have been so for the past five years at Ipoteka Bank, its subsidiaries and affiliates enterprises ;

(VI) The persons, who are not controlling the Ipoteka Bank (or who are not members of a group and / or organization that control Ipoteka Bank collectively);

(VII) persons who are not related with Ipoteka Bank through a civil law contract and are not employees of a higher organization (company) in the field of with Ipoteka Bank or of a major shareholder.

4.5.2 Candidates who have been elected to the Supervisory Board must meet the following requirements:

- persons not convicted for economic crimes or crimes against public order;
- has worked in the field of finance, economics and law for at least five years and has sufficient knowledge and experience in this field;
- have an impeccable business reputation.

In some cases the requirements for candidates elected to the Supervisory Board may be excluded (or exception are made). This exception applies only to the requirement to work in the field of finance, economics and law, and can be applied to representatives of state and economic authorities, major shareholders of the bank.

Candidates for membership in the Supervisory Board should have a certificate of corporate managerial qualification issued by the Research and Education Center of Corporate Governance.

4. After paragraph 4.9, a new paragraph 4.10 shall be added and it stated as follows:

4.10. A member of the Supervisory Board may be exempt from performing his duties under the following conditions:

- 1) At the request (application) of a member of the Supervisory Board;
- 2) in case of inability of a member of the Supervisory Board to perform his duties due to health issues or absence of him for 4 months in the area (city) where the bank is located;
- 3) In the event that a member of the Supervisory Board is prosecuted for an economic crime or a crime against administrative order.

5.

6.11. - the paragraph to state as follows:

6.11. Meetings of the Bank's Board are held in the form of meetings (joint participation to discuss and decide on issues put to the vote), as well as by telephone conference and / or videoconferencing and / or by external voting (with questionnaire). Absentee voting (by questionnaire).

Completed ballot papers can be sent by mail, courier delivery service, e-mail. Decisions of the Board of the Bank may be made unanimously by all members of the Board by absentee voting (by questionnaire). At least once a year, the Board shall hold a meeting in the form of a meeting in real time (joint participation).

6.

7.3. - the paragraph to state as follows:

7.3. In case of positive financial results of the bank are positive (the amount of net profit exceeds the amount in the business plan approved by the general meeting of shareholders) and results of the independent evaluation of corporate management system, the members of the Supervisory Board of the bank may be rewarded in the following ways:

- monetary reward at the expense of a part of the net profit received at the end of the year;
- rewarding with bank shares;
- in connection with covering the expenses related with performance of the duties of a member of the Supervisory Board, quarterly bonuses at the expense of bank

7.

New 9.3., 9.4., 9.5., 9.6., 9.7., 9.8. paragraphs to be added after 9.2. and stated as follows:

9.3. The Supervisory Board of the Bank regularly reviews the activities of the enterprises that are part of the Bank, work performed in accordance with the approved business plan and requires a report on the indicators achieved.

9.4. The Supervisory Board coordinates the activities of the Management Board, the bank's internal control body, collegial bodies established in the bank, if necessary, organizes involves experts for the creating the bank's development plan and to monitor the achievement of its objectives.

9.5. To monitor the implementation of the Code's of recommendations, the bank will conduct an assessment of the corporate governance system. An independent organization will be involved to conduct this assessment. The Bank conducts an independent assessment of the corporate governance system at least once a year.

9.6. Independent assessment of the corporate governance system in the bank is carried out on the basis of an appropriate agreement with an organization that is not related to the bank through a property relationship.

9.7. The following organizations may conduct an independent assessment of the corporate governance system in the bank:

- stock exchange;
- professional participants of the securities market;
- audit firms with employees who have a certificate of the relevant corporate manager or securities market specialist;
- accredited rating agencies;

Research and Education Center for Corporate Governance ;

Research center for Privatization, competition and corporate governance development problems

9.8. To conduct an assessment of the corporate governance system, selection of an independent organization is carried out on a competitive basis by the decision of the bank's supervisory board.

(Protocol Statement 30 from July 8, 2019)
APPROVED at the General Meeting of Shareholders
of JSCB "Ipoteka-Bank" on 28th June, 2019

**AMMENDMENTS AND ADDITIONS TO BE INTRODUCED TO
THE REGULATIONS ON THE SUPERVISORY BOARD OF THE
JOINT STOCK COMMERCIAL BANK "IPOTEKA-BANK"**

Tashkent - 2019

Amendments and additions to be introduced to the Regulations on the Supervisory Board of "Ipoteka Bank" JSCB

Paragraph 1.1.1 to state in the following edition:

“1.1. This Regulation is developed based on the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights", Presidential Decree No. PF-2084 of October 2, 1998 "On measures to improve the activities of joint-stock commercial banks" and dated January 24, 2003 PF-3202 the decree "On measures to radically increase the share and importance of the private sector in the economy of Uzbekistan" and other legislation, as well as the Code of Corporate Governance and the Charter of "Ipoteka Bank" JSCB (hereinafter referred to as "Bank").

2. The fourteenth subparagraph of the paragraph 2.3 to state in the following edition:

conducting an audit (except for mandatory audits), determining the audit organization, the maximum amount of payment for its services and the decision to enter into a contract with it (cancellation of the contract);

3. To be amended with 3.3.-band as follows:

“3.3. The Bank's Board monitors compliance with the Bank's corporate governance code and principles, including the implementation of the bank's strategy, risk management and disclosure of information on the Bank's activities in accordance with the law, as well as determines the measures and ensures their implementation for improving corporate governance within its competence and taking into account international best practices. .

4.4.5(1) - paragraph to state in the following edition:

“4.5(1) Unless otherwise provided by law, the Bank's Board must include at least one independent member (but not less than 15% of the number of members of the Supervisory Board provided by the charter) and this member (s) may be re-elected annually. In this case, the nominating and voting for an independent member of the Supervisory Board is carried out by representatives of the state and (or) business association. The following person is recognized as an independent member of the Bank's Board:

a person who has not worked for Ipoteka Bank and (or) its affiliates for the last three years;

- a person who is not a shareholder of the Ipoteka bank and (or) the founder (shareholder, participant) of its affiliate;
- a person who is not in a civil law relationship with a major customer and (or) a major supplier of the mortgage bank and (or) its affiliate.

In this case, those customers and suppliers who have a valid contract in the amount of more than two thousand times the minimum wage, are recognized as a major customer and a major supplier;

- a person who does not have any agreement with the Ipoteka bank and (or) its affiliates, except in cases related to ensuring the performance of the duties and functions of a member of the Supervisory board;
- a person who is not a husband (wife), parents (adoptive parent), child (adopted child), native or stepbrother (stepsister, bother and sister) of a person who is a member of the management and internal control bodies of the Ipoteka bank and (or) its affiliates or a member of them for the last three years;
- a person who is not an employee of a public administration body or a state enterprise. ”.

5. In paragraph 4.5(3):

the text of this paragraph to state in the following edition:

“4.5.(3) "The procedure for search, selection and election of candidates for independent membership in the Supervisory Board of "Ipoteka Bank" JSCB and the requirements for them are determined in accordance with the Annex to this Regulation.";

The appendix to the Regulation to state in edition according to appendix to these additions and amendments.

6. To add Paragraph 4.10 of the following content:

“4.10. In order to ensure effective regulation and control of important areas of banking activities, the Audit Committee, the Risk Control Committee, the Committee on Major Transactions and Interest Transactions and the Appointment and Reward Committee will be established under the Bank's Board.

In this case, the Audit Committee and the Risk Control Committee should, as a rule, include members of the Bank's Board with relevant higher education, sufficient qualifications and work experience in these areas.

Also, in accordance with the decision of the Bank's Board , other committees may be established under it or the existing ones may be reorganized. ”

7. To add paragraph 6.14 of the following content:

“6.14. The meetings of the Bank's Board shall be chaired by the corporate advisor, who shall be responsible for the correctness of the minutes of the meeting. ”

8. To add Paragraph 9.3 of the following content:

“9.3. The position of a corporate consultant will be introduced in the Bank, who will be responsible for monitoring compliance with corporate legislation, the Bank's charter and internal documents.

The objectives of the corporate consultant are to improve corporate governance practices in the Bank, taking into account best international practices, to effectively protect the rights of shareholders, to promote the widespread introduction of management practices that ensure the sustainable development of the Bank.

The corporate advisor is subordinated to the Bank's Board and is accountable to it.

Chairman of the Management Board of “Ipoteka-bank” JSCB

Signature Sh.Atabaev

Signature Signature

**Procedure for the search, selection and election of independent members
Supervisory Board of JSCB "Ipoteka-Bank",
as well as the requirements for them**

1. The nomination of candidates for the position of an independent member of the Supervisory Board of JSCB "Ipoteka-Bank" (hereinafter - the Supervisory Board) is carried out by the shareholders of JSCB "Ipoteka-Bank" (hereinafter - the Bank) in accordance with the Law of the Republic of Uzbekistan "On joint ventures and the law of shareholders' rights", other legislative and internal regulations of the Bank, taking into account the requirements of this Procedure.

At the same time, at the request of the Bank's shareholders, the search and selection of appropriate candidates can be carried out both with the assistance of the Bank and the Supervisory Board.

2. The procedure for the search, selection and election of candidates for the position of an independent member of the Supervisory Board (hereinafter - candidate) consists of the following stages:

- determining the need for the selection of independent members to the Supervisory Board;
- search for candidates who meet the qualification requirements;
- preliminary assessment by the Bank of candidates for compliance with qualification requirements;
- consideration of candidates by the Supervisory Board and recommendations for the selection of candidates meeting the qualification requirements.

3. At the request of the Bank's shareholders regarding the search for candidates, the Bank's Corporate Consultant Service informs the Bank's Personnel Management Department about the emerging need for a selection of independent members of the Supervisory Board.

The Human Resources Department organizes the search for suitable candidates in one of the following ways:

- posting information about a vacancy on the corporate website of the Bank;
- publication of the announcement in periodicals and other mass media;
- appeal to the relevant field of activity of international and domestic associations and other public associations and organizations;
- the use of other available reserves.

4. Applicants for the position of an independent member of the Supervisory Board

must meet the criteria of independence.

The criteria for independence for membership in the Supervisory Board, in addition to those specified in paragraph 4.5(1) of the Regulations on the Supervisory Board of JSCB "Ipoteka-Bank", as a rule, include:

experience and work experience in the banking / financial sector in the relevant functional areas, at least 10 years, including preferably in listed / public banks and other financial institutions as a member of the Supervisory Board, and / or in management positions for at least 3 years. At the same time, for inclusion in the Supervisory Board, candidates may be considered and selected with experience in the field of activities of the bulk of existing or prospective clients of the Bank or priority areas of the Bank's activities (for example, construction business, production management, information technology, etc.);

- absence of a conflict of interest in relation to the Bank by holding a position in banks or other financial institutions competing with it, or owning a package of shares (stakes) in their authorized capital;

- the availability of practical options for the implementation of advanced corporate governance practices, improving the performance of banks, which in the future will make a significant contribution to the development of the Bank;

- Possession of special skills in certain areas related to the functional duties of an independent member, membership in the Supervisory Board committees, developed communication skills;

- having an impeccable reputation / positive achievements in the business or industry environment, adhering to the principles of corporate governance, including local ethical standards;

- having enough time to participate in the work of the Supervisory Board not only during its meetings, but also to properly study the materials for its meetings.

Candidates must also meet the criteria established by the legislation of the Republic of Uzbekistan, including the normative and moral acts of the Central Bank.

5. Candidates for the position of an independent member of the Supervisory Board shall submit the following types of documents:

- application of the candidate in any form;
- information about the candidate (resume);
- letters of recommendation (if any);
- a document confirming the absence of a criminal record;
- other documents in accordance with the legislation of the Republic of Uzbekistan.

6. Relevant documents are provided in the state language or in English or Russian.

7. The Human Resources Department, together with the Corporate Consultant Service and the Bank's Legal Department, reviews the submitted documents for completeness and correctness, as well as the applicants' compliance with the independence criteria specified in this Procedure, including the absence of a conflict of interest.

8. Based on the results of the preliminary qualification assessment, the HR Department draws up a list of candidates that meet qualification requirements and independence criteria.

9. The HR Department forms a package of necessary documents for consideration by the Appointment and Remuneration Committee under the Supervisory Board (hereinafter referred to as the Committee).

10. The Committee reviews and submits recommendations to the Supervisory Board on candidates that meet the criteria for independent members of the Supervisory Board.

11. After consideration of the candidates by the Supervisory Board, the issue of electing an independent member of the Supervisory Board is submitted for approval to the general meeting of shareholders in the established row.

12. For qualitative formation of the Supervisory Board and satisfaction of the need to fill the relevant position of an independent director, the HR Department forms a pool of candidates (CV database).

13. The database is formed, in addition to the candidates who submitted documents for election as an independent member, also from the candidates who applied for admission to the reserve, if they meet the qualification requirements.

(Protocol Statement 11 from
February 24, 2020)
APPROVED at the General
Meeting of Shareholders
of JSCB "Ipoteka-Bank" held on
24th March, 2020

(Protocol Statement 32 from April 2,
2020)
APPROVED at the General
Meeting of Shareholders
of JSCB "Ipoteka-Bank"

**AMENDMENTS AND ADDITIONS TO THE REGULATIONS ON THE
SUPERVISORY BOARD OF THE JOINT STOCK COMMERCIAL BANK
"IPOTEKA-BANK"**

Tashkent - 2020

Amendments And Additions To The Regulations On The Supervisory Board of The Joint Stock Commercial Bank "Ipoteka-Bank"

Paragraph 1.1.1 to state in the following edition:

- 1.1. This Regulation is based on the Laws of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights" and "On Banks and Banking", Presidential Decree No. PF-2084 of October 2, 1998 "On Measures to Improve the Activities of Joint Stock Commercial Banks" and PF-3202 of January 24, 2003 "On measures to radically increase the share and importance of the private sector in the economy of Uzbekistan" and other legislation, as well as the Corporate Governance Code and the Charter of "Ipoteka Bank" JSCB (hereinafter referred to as "Bank").

2. Paragraph 2.3 to state in the following edition:

“2.3. The competence of the Bank's Board includes:

- 1) determination of the priorities of the Bank's activities by regularly hearing the report of the Management Board on the measures taken to achieve the Bank's development strategy;
- 2) convening annual and extraordinary general meetings of shareholders, except as provided in paragraph 11.25 of the Charter of the Bank;
- 3) preparation of the agenda of the general meeting of shareholders;
- 4) determination of the date, time and place of the general meeting of shareholders;
- 5) setting the date of formation of the register of shareholders of the Bank for notification of the general meeting of shareholders;
- 6) introduction of amendments and additions to the Bank's charter or approval of the new edition of the Bank's charter for the decision of the general meeting of shareholders;
- 7) organization of determination of market value of property;
- 8) election (appointment) of members of the Management Board (other than the Chairman), early termination of their powers;
- 9) appointment of a corporate consultant and approval of the charter determining the procedure for its activity;
- 10) approval of the annual business plan of the Bank;
- 11) organization of the internal audit service of the Bank and appointment of its employees, as well as hearing its reports on a quarterly basis;
- 12) to have free access to any documents related to the activities of the Management Board of the Bank and to receive these documents from the Management Board of the Bank in order to perform the tasks assigned to the Bank's Board. The Bank's Board and its members may use the received documents only for official purposes;
- 13) conducting an audit (except for mandatory audit), determining the audit organization, the maximum amount of payment for its services and the decision to enter into a contract with it (cancellation of the contract);
- 14) making recommendations on the amount of fees and compensations to be paid to the members of the Revision Commission of the Bank;
- 15) making recommendations on the amount of dividends, the form and procedure for its payment;
- 16) use of the Bank's reserve fund and other funds;
- 17) establishment of branches and representative offices of the Bank;
- 18) establishment of subsidiaries and affiliates of the Bank;
- 19) making a decision on concluding a major transaction in respect of property, the carrying amount of which is fifteen percent to fifty percent of the Bank's net assets on the date of the

decision to enter into a transaction;

20) concluding agreements with affiliates of the Bank in cases established by law;

21) conclusion of transactions related to the Bank's participation in commercial and non-commercial organizations in the manner prescribed by law;

22) Decision on repurchase of corporate bonds of the Bank.

23) resolving issues of increasing the authorized capital of the Bank, as well as amendments and additions to the Bank's charter related to increasing the authorized capital of the Bank and reducing the number of authorized shares of the Bank;

24) determination of the price of placement of shares (issuance of securities on the stock market and organized over-the-counter market) based on the price situation in the areas/market of the organizers of securities trading;

25) decision-making by the Bank on the issuance of corporate bonds, including bonds convertible into shares;

26) decision-making on the issue of securities derivatives;

27) determination of the amount of fees and compensations to be paid to the management of the Bank;

28) approval of strategic goals, corporate governance policy, other internal policies of the bank, including identification, management, monitoring and notification of risks, approval of the policy of adequate capital adequacy and control over their implementation;

29) control over the formation of reserves against possible losses on assets on the basis of asset classification, as well as ensuring adequate maintenance of the bank's capital and total reserves;

30) approval of the procedure for prevention and elimination of conflicts of interest;

31) approval of plans to restore the financial condition of the bank;

32) control over the management of the bank;

33) control over the implementation of the adopted business plan of the Bank, as well as hear quarterly reports of the Bank's Management Board on the results of the bank's activities;

34) organization of the Bank's internal audit service, as well as assessment of compliance with the bank's strategies and policies by the bank's management on the basis of quarterly reports of the bank's internal audit service;

35) study, discuss and argue about the information, proposals and explanations provided by the members of the Management Board of the Bank;

36) monitoring the effectiveness of the banking management system, including the principles of banking management and their periodic assessment, as well as taking appropriate measures to address identified shortcomings;

37) submission of a report to the general meeting of shareholders on the control and audit activities carried out at least once a year;

38) approval of annual financial statements and ensuring the integrity of the accounting and financial reporting system;

39) ensuring compliance with prudential requirements, taking into account the long-term financial interests of the bank and the capital requirements set by the Central Bank;

40) conclusion of an employment contract on behalf of the Bank to hire the Chairman of the Management Board;

41) approval of the documents determining the order of the Bank's Management Board;

42) approval of internal regulations of the Bank in cases stipulated by the legislation;

43) determination of the procedure and conditions of sponsorship (charity) or non-sponsorship (receipt) within the limits established by the legislation and decision-making in this regard by the general meeting of shareholders and disclosure of information to all shareholders ;

44) establishment of committees (working groups) under the Bank Council on relevant issues. ”.

3. Paragraph 3.3 to state in the following edition:

“3.3. The members of the Bank's Board must have the necessary business reputation, effective management of banking risks, experience, knowledge and skills necessary to make sound decisions within their competence, they must perform their duties conscientiously and prudently in a professional manner, comply with all laws, regulations and decisions of the governing body.

The Bank's Board monitors compliance with the Bank's corporate governance code and principles, including the implementation of the bank's strategy, risk management and disclosure of information on the Bank's activities in accordance with the law, as well as improving corporate governance within its competence, taking into account international best practices it determines measures and ensures their implementation. ”.

4. Paragraph 4.5 to state in the following edition:

“4.5. The majority of the members of the Board of Directors shall be independent members who are not related to the bank (except for their membership in the Board of the Bank). In this case, the nomination of an independent member and voting on an independent member of the Board of the Bank shall be carried out by representatives of the state and (or) business association. ”.

5. Paragraph 4.5(1) to state in the following edition:

“4.5(1). The following person is recognized as an independent member of the Board of the Bank:

- a person who has not worked for the Bank and (or) its affiliates for the last three years;
- a person who is not a shareholder of the Bank and (or) the founder (shareholder, participant) of its affiliate;
- A person who does not have a civil relationship with a major customer and (or) a major supplier of the Bank and (or) its affiliate. In this case, those customers and suppliers who have a valid contract in the amount of more than two thousand times the minimum wage, are recognized as a major customer and a major supplier;
- a person who does not have any agreement with the Bank and (or) its affiliates, except for cases related to ensuring the performance of the duties and functions of a member of the Board of the Bank;
- a person who is not a husband (wife), parents (adoptive parent), child (adopted child), native or stepbrother (stepsister, bother and sister) of a person who is a member of the management and internal control bodies of the Ipoteka bank and (or) its affiliates or a member of them for the last three years;
- a person who is not an employee of a public administration body or a state enterprise. ”.

6. Paragraph 4.5 (2) to state in the following edition:

“4.5 (2). Candidates to be elected to the Board of the Bank must meet the following requirements:

- 1) have an impeccable business reputation, experience, knowledge and skills necessary to ensure the effective management of banking risks, the adoption of sound decisions within its competence;
- 2) has not been convicted of an economic crime or a crime against public order;
- 3) have worked in the field of finance, economics and law for at least five years;
- 4) non-membership of two or more banks in the Board of the Bank (except for cases when these banks belong to one banking group);
- 5) the powers have not been terminated early at the request of the Central Bank.

In some cases, the requirements for candidates to be elected to the Board of the Bank may be excluded. This exception applies only to the requirements of work in the field of finance, economics and law, and can be applied to representatives of state and economic authorities, major shareholders of the bank.

7. After paragraph 4.5 (3) to add new paragraphs 4.5 (4) and to state them as follows:

“4.5 (4). The Central Bank shall agree on the nominees for membership in the Bank's Board before they take office. ”.

8. Paragraph 4.10 to state in the following edition:

“4.10. In order to ensure effective regulation and control of important areas of the Bank's activities, committees (Audit Committee, Risk Control Committee, Major Transactions and Interest Transactions Committee, Appointment and Reward Committee, etc.) may be established under the Bank's Board.

9. After paragraph 4.10 to add paragraph 4.11 and to state it as follows:

4.11. A member of the Bank's Board may be relieved of his / her duties under the following conditions:

- 1) at the request (application, petition) of a member of the Bank's Board;
- 2) in case of inability of a member of the Bank's Board to perform his duties due to ill health or absence from the territory (city) where the bank is located for 4 months;
- 3) in case of criminal prosecution of a member of the Bank's Board for a crime in the field of economy or a crime against the order of management;
- 4) in other cases stipulated by the legislation. ”.

10. After paragraph 7.13 to add new paragraphs 7.14 and 7.15 and to state them as follows:

“7.14. Members of the Board of Directors must promote sound corporate governance of the bank and take into account the legitimate interests of the bank, its depositors and shareholders in the performance of their powers and obligations, as well as ensure effective cooperation with the Central Bank.

7.15. The members of the Bank's Board must comply with the requirements for the independence of their opinions. ”

11. After paragraph 9.3. To add paragraph 9.3(1) and to state it as follows:

“9.3(1). The Board of the Bank regularly requests the Bank's management to report on the activities of legal entities established by the bank, including the work done and the indicators achieved in accordance with the business plans approved by them.

Chairman of the Management Board of “Ipoteka-Bank” JSCB Signature Sh.Atabaev