

## I. GENERAL PROVISIONS

1.1. Joint-Stock Commercial Mortgage Bank "Ipoteka-Bank" (hereinafter referred to as the "Bank"), a credit institution incorporated under the law of the Republic of Uzbekistan re: "The Banks and Banking" and under Resolution No. PQ-10 of the President of the Republic of Uzbekistan dated February 16, 2005 of the President of the Republic of Uzbekistan re: "The steps to further develop housing and housing market" as well as under the resolution dated April 16, 2005 of the Joint General Meeting of Shareholders of the State Joint-Stock Housing Savings Bank "Uzhousingsavingsbank" and.

1.2. State Joint-Stock Mortgage Bank "Ipoteka-Bank" was incorporated on the basis of State Joint-Stock Housing Savings Bank "Uzhousingsavingsbank" and State Joint-Stock Mortgage Bank "Zamin" and shall be their successor for all their rights and obligations including their property, financial and other obligations as well as for guaranteeing the security and timely repayment of legal entities' and individuals' funds.

1.3. The Bank's main objectives shall be as follows:

acceptance of deposits from legal entities and individuals and providing with credits at own risk using the accepted deposits or using them for investment;

making payments;

introduction of the system of long-term concessional lending for individual housing;

assistance to individual housing builders and commercial entities engaged in housing construction for population in obtaining credits;

attraction of foreign investments, including credits as well as investments and grants of international and local financial institutions for development of mortgage lending for housing;

development of the network of branches in the country's regions, which ensure the population's full access to the bank's specialized services;

lending to enterprises engaged in production of modern, cost-effective, highly demanded building materials.

The Bank shall be a part of the banking system of the Republic of Uzbekistan and in its operation the Bank shall be guided by Laws of the Republic of Uzbekistan regulatory documents of the Central Bank of the Republic of Uzbekistan and hereby.

Full name of the Bank:

the official language: «Ипотека-банк» акциядорлик тижорат ипотека банки;

Abbreviated name of the Bank in the official language: "Ипотека-банк" АТИБ;

the Uzbek language based on Latin script: «Ipoteka-bank» aksiyadorlik tijorat ipoteka

Abbreviated name of the Bank in Uzbek language based on Latin script: "Ipoteka-bank" ATIB;

the Russian language: Акционерный коммерческий ипотечный банк «Ипотека-банк»;

Abbreviated name of the Bank in the Russian language: АКИБ «Ипотека-банк»;

the English language: Joint-Stock Commercial Mortgage Bank «Ipoteka-Bank»;

Abbreviated name of the Bank in English language: JSCMB "Ipoteka-Bank"

The Bank's e-mail address: [infor@ipotekabank.uz](mailto:infor@ipotekabank.uz)

The Bank's official web-site: [www.ipotejabank.uz](http://www.ipotejabank.uz)

## **II. BANK'S POSTAL ADDRESS**

- 2.1 The Bank shall be legal entity under the laws of the Republic of Uzbekistan, own its separate property posted to its independent balance sheet, undertake obligations, act as plaintiff and respondent in courts.
- 2.2 The Bank shall have exclusive rights to use its corporate name. The Bank shall have its common seal bearing its full corporate name in the official language and and its logo (the seal may additionally bear the Bank's corporate name in any other language), stamps and letterheads bearing the Bank's name, own logo as well as other means of visual identification.
- 2.3 The Bank shall be liable for obligations with all property it owns. The shareholders shall not be liable for the Bank's obligations and shall take the risk of losses associated with its business within the value of shares held by them.
- 2.4 The shareholders that failed to pay the value of shares in full shall be jointly and severally liable within the unpaid part of value of shares held by them.
- 2.5 The Bank shall not be liable for the obligations of its shareholders.
- 2.6 The Bank may have subsidiary and controlled joint-stock or limited liability companies. While incorporating enterprises, organizations and other commercial bodies, the Bank may take part in their businesses using equity funds including by contributing its share.
- 2.7 The Bank may coordinate its business, represent and protect its interests as well as participate in associations (unions) and other amalgamations in order to implement joint programs.
- 2.8 The Bank shall be independent in adoption of decisions associated to performance of banking transactions.
- 2.9 The Bank shall be incorporated for unlimited term of business and operate under the license issued by the Central Bank of the Republic of Uzbekistan.
- 2.10 The Bank's location (postal address): 17, Mustaqillik Avenue, Tashkent, 100000, Republic of Uzbekistan.

## **III. BANK OPERATIONS**

- 3.1 The Bank shall operate on commercial basis and the objective of its business shall be generation of profit.
- 3.2 In order to effect its operations and to deposit funds, the Bank shall have correspondent accounts with the institutions of the central Bank. The Bank may open correspondent accounts in with other banks.
- 3.3 Performing its banking transactions, the Bank shall effect the following operations:
- opening and keeping accounts of legal entities and individuals including correspondent banks, settling accounts and rendering cash services;
  - attraction of deposits;
  - accommodation with credits provided that they will be repaid, bear interest and have maturity dates, on its own behalf, using equity and borrowed funds;
  - management of cash funds under agreements signed with the fund owners or administrators;
  - purchase/sale of foreign currency cash and checks from/to legal entities and individuals;
  - collection of cash, bills of exchange, payment and settlement documents;
  - issuance of guarantees for performance of obligations by third parties;
  - acquisition of rights to demand performance of third party obligations;

- issuance, purchase, sale, accounting and keeping of securities, management of securities under agreements with clients, effecting other security transactions;
  - providing with banking consultations and information services;
  - leasing to individuals and legal entities special rooms or safes contained in them for keeping documents and other valuables;
  - financial leasing;
  - other transactions in accordance with the international banking practice specifically stated in licenses;
- 3.4 The Bank may carry out professional operations in the securities market in the manner established in the laws.
- 3.5 The Bank may not run directly production, trade and insurance businesses except as specified otherwise by the laws.
- 3.6 The bank shall attract funds of legal entities and individuals and keep them in deposit accounts (demand, savings, term and other deposit accounts) and other accounts of obligations.
- 3.7 The Bank's relations with its clients and counterparts shall be regulated by the laws.
- 3.8 Foreign currency transactions shall be effected in accordance with the General License issued by the Central Bank and regulations set up by the Central Bank.

#### **IV. BANK'S RIGHTS AND DUTIES**

- 4.1 The bank may:
- fix independently interest rates on deposits and provided credits upon agreement with depositors and borrowers;
  - attract funds from other banks as deposits and credits from other banks, and place funds as deposits and credits with other banks;
  - fix independently interest rates for conduction of asset and liability transactions and amount of commissions for the Bank's operations;
  - settle accounts through established settlement centers and correspondent accounts;
  - carry out, under the laws, other activities and operations necessary for performing its financial and economic activity specified in the license and herein and not prohibited by the laws;
  - obtain reports, balance sheets and documents from borrower enterprises and organizations confirming their solvency and availability of collateral for loans to be provided;
  - establish in-house regulation procedures that take into account adequacy of collaterals, guarantees, representations and obligations on credit collateralization;
  - incorporate subsidiary and controlled companies, make investments in subsidiary and controlled companies in the manner established by the laws;
  - incorporate enterprises, organizations and other commercial units and participate in their economic activities based on holding and interest principles;
  - effect on its own behalf transactions that do not contradict the laws, purchase property and non-property rights, act as plaintiff and respondent in courts;
  - demand that construction projects, solutions, expansion, rebuilding and retooling of credited facilities be assessed by experts;
  - in the event of a breach in the obligations specified in credit agreement, stop disbursement of funds and prematurely enforce repayment of the provided credit;
  - address the judicial bodies with respect of announcing the insolvency of enterprises and organizations in the order established by legislation currently in force;



- file requests with the judicial bodies in the manner established in the laws regarding ruling on insolvency of the enterprise or organization;
- accumulate funds of individuals and legal entities in special housing-loan-savings accounts as well as ensure that steps are taken to put them into circulation;
- spend funds on design and exploration work and construction/installation work on erection of housing;
- establish reserves and funds with allocations from the net profit remaining at the Bank's disposal after payment of all taxes and compulsory payments.
- independently adopt resolutions on effecting banking operations;
- carry out sponsor's and charity activities;
- have other rights in accordance with the applicable laws.

#### 4.2 The Bank is bound to:

- comply with the requirements established by the Central bank for creation of provisions with the central bank and compliance with the established prudential regulations in order to ensure the bank's stability and protection of the creditors' interests;
- in accordance with the instructions given by the Central Bank, carry out operations on cash execution of the Public Budget of the Republic of Uzbekistan;
- timely submit to the Central bank reports and other information related to its operation;
- establish local procedure for collateralization of provided credits that takes into account the adequacy of pledge, provided guarantees, representations and obligations;
- create provisions to cover losses on all credits of the Bank (or on other active accounts) that reflect the sum to cover any possible losses in the Bank's credit portfolio (or assets) and off-balance sheet obligations in the manner and sizes established by the Central Bank;
- not disclose information related to operations, accounts and deposits of its clients and correspondents as well as other information constituting the bank secret;
- publish in the press information about its operation in the manner established in the laws;
- create the Internal Audit and Internal Supervision Service within the Bank;
- keep in its archive the documents of banking operations in the manner and within the deadlines established by the Central Bank;

The Bank shall also comply with:

- types or forms of investments being made;
- terms of purchase of immovable property and other property and possession thereof;
- terms of holding interests in authorized capitals of other legal entities.

4.3 The Bank is bound to abide by the Central Bank prudential regulations of conclusion of deals with persons related to the Bank. Also, the bank may not sign agreements with persons related to it or agreements being entered into on their behalf based on more favorable terms in comparison with agreements to be signed on their behalf with persons not related to it.

4.4 Clients' deposits and cash funds kept in the Bank accounts as well as other valuables may be seized or levied execution upon only in cases and in the manner established by the laws.

4.5 The Bank shall submit the information constituting the bank secret to the court, officers of court, prosecutor's office, investigation and inquiry bodies and state tax service and other bodies in strict compliance with the order established by the laws.

4.6 In case clients effect doubtful and suspicious transactions, the information related to transactions involving cash funds or property shall be duly submitted to the special authorized state body in charge of fighting the legalization of incomes generated from criminal activity and financing of terrorism.

## **V. SIZE OF AUTHORIZED CAPITAL, PROCEDURE OF INCREASING AND REDUCING IT AND AUTHORIZED SHARES**

5.1 The Bank Authorized Capital shall amount to UZS 181,528,649,280 (eight hundred and eighty one billion five hundred and twenty eight million six hundred and forty nine thousand two hundred and eighty) divided into 64,326,240 (sixty four million three hundred and twenty six thousand two hundred and forty) shares as follows:

Nominal common uncertificated shares: 62,326,240 (sixty two million three hundred and twenty six thousand two hundred and forty) each;

Nominal preferential incertificated shares: 2,000,000 (two million) each.

5.2 The number of shares (authorized) that the Bank may issue in order to increase the size of its Authorized Capital shall be 55,673,760 (fifty five million six hundred and seventy three thousand seven hundred and sixty) nominal common uncertificated shares.

5.3 The following persons are bound to receive prior permission from the Central Bank for acquisition of the Bank's shares:

non-residents of the Republic of Uzbekistan;

residents of the Republic of Uzbekistan – legal entities whose over fifty percent shares (participation contributions) are held, used and/or disposed by non-residents of the Republic of Uzbekistan;

Residents of the Republic of Uzbekistan that are administrators (proxies) of recipients of the Bank's shares indicated in the first part of this paragraph as well as the recipients shall also obtain prior permission from the Central Bank of the Republic of Uzbekistan in order to acquire the Bank's shares.

5.4 Acquisition of over 5% of the Bank shares as a result of one or several transactions effected by a legal entity or an individual or by group of legal entities and individuals contractually related to each other or controlling each other's requires notice thereon be given to the Central Bank, while acquisition of over 20% requires obtaining its prior consent.

5.5 Under a resolution of the shareholders' meeting, the Bank may consolidate and/or split the issued shares in the manner established by the laws.

5.6 The Bank Authorized Capital shall consist of the nominal values of Bank shares purchased by the shareholders and be denominated in the national currency of the republic of Uzbekistan as well as consist of only cash funds paid by the shareholders for the Bank shares.

### **Procedure for increasing the size of the Bank Authorized Capital**

5.7 The size of the Bank Authorized Capital may be increased by increasing the nominal value of the shares or by issuance of additional shares.

5.8 A resolution on increasing the size of the Bank Authorized Capital by increasing the nominal value of the shares or by issuance of additional shares shall be adopted by the Bank Council. A resolution on making relevant amendments to the Bank Charter related to increasing the size of the Bank Authorized Capital by increasing the nominal value of the shares or by issuance of additional shares shall be adopted by the Bank Council in the manner established by the laws.

5.9 Additional shares may be issued by the Bank only within the number of authorized shares established by the Bank Charter.

5.10 A resolution on increasing the size of the Bank Authorized Capital by issuance of additional shares should specify the number of additional common shares to be issued as well as the deadlines and terms of their issuance.

5.11 Increased size of the Bank Authorized Capital by additional issuance of shares shall be registered within the size of the nominal value of the additionally issued shares. Whereas the number of authorized shares of certain type indicated in the Bank Charter shall be reduced by the number of issued shares of the same type.

5.12 The size of the Bank Authorized Capital may be increased by issuance of additional shares by way of attracting investments, using the Bank's equity capital and accrued dividends in the manner established by the laws.

5.13 While increasing the size of the Bank Authorized Capital by issuance of additional shares by using its equity capital, these shares shall be distributed among all shareholders. Meanwhile shares shall be distributed to each shareholder pro rata the number of types of shares held by him. If as a result of increasing the size of the Authorized Capital, the increase in the sum does not conform to the nominal value of a share, it shall not be allowed to increase the size of the Bank Authorized Capital.

5.14 The Bank shares shall be placed either by public offering or by private subscription.

5.15 The shares shall be offered to public only in the stock exchange market and in OTC securities market.

5.16 In case shares and equity securities are offered in the stock exchange market and OTC securities market, they shall be deemed as issued, if the percentage of placement constitutes no less than 30% of the total number of shares and other equity securities of that issuance.

#### **Procedure for reduction in size of Authorized Capital**

5.17 The size of the Bank Authorized Capital may be reduced by reduction of the nominal value of the shares or reduction of their total number including by way of redemption of a part of the shares by the Bank.

5.18 The Bank may not reduce the size of its Authorized Capital if its size, as a result of this, becomes less than the minimum size established by the Central Bank for Authorized Capitals determined as of the date of registration of the relevant amendments made to the Bank Charter.

5.19 The Bank may not redeem its shares without a permission obtained from the Central Bank.

5.20 A resolution on reduction in the size of the Bank Authorized Capital and on making the relevant amendments to the Bank Charter shall be adopted by the bank shareholders' general meeting.

5.21 Adopting a resolution on reduction in the size of the Authorized Capital, the shareholders' general meeting shall indicate the reasons for the reduction and set up a procedure for its reduction.

5.22 No later than thirty days from the date of adoption of the resolution on reduction in the size of the Authorized Capital, the Bank shall notify in writing its creditors of the resolution. The creditors may, no later than 30 days from the date of the notice of reduction in the size of the Bank Authorized Capital sent to them, demand that the Bank prematurely meet its obligations and compensate for the losses in relation with that.

#### **VI. TYPES OF BANK SHARES, THEIR NOMINAL VALUE**

6.1 The Bank shares shall be nominal equity securities and divided by their types into common and preferential shares. The Bank shareholder shall admit whether it is a legal entity or an individual who owns the share as per title or other property right.

6.2 The Bank's common shares shall be voting shares entitling their holder to receive dividends, to participate in shareholders' general meetings and in managing the Bank.

6.3 The preferential shares are the shares that entitle their holders to receive dividends as a matter of priority as well as funds invested in the shares in the event the Bank winds up. The preferential shares



shall entitle their holders to receive certain dividends no matter whether or not the Bank has any profits. The liquidating value of preferential shares shall be indicated in the resolution of the liquidating committee. If this value is not indicated in the resolution of liquidating committee, it shall amount to the nominal value of preferential shares.

6.4 The bank is bound to place common shares as well as may place preferential shares of one or several types. The nominal value of the place preferential shares shall not exceed 20% of the size of the Bank Authorized Capital.

6.5 The nominal value of the Bank's each placed and additionally issued (authorized) share shall amount to UZS 2,822 (two thousand eight hundred and twenty two).

## **VII. PROCEDURE AND TERMS OF ISSUE OF BANK SHARES**

7.1 The Bank may issue and place common and preferential shares.

7.2 The Bank shares and other securities shall be placed in accordance with the laws.

7.3 The Bank may place either by public offering or by private subscription its shares and securities convertible into shares.

7.4 In the event the bank securities are issued for public offering, it shall be forbidden to set any priority of ne investor (investors) over another (other investors) except the following cases:

a) if the Bank shareholders are granted the preemptive right of purchase of additionally issued shares pro rata the number of shares they hold in the manner established by the laws.

b) if the Bank sets any restrictions on purchase of securities by non-residents;

c) if the Bank sets any restrictions on purchase of bonds by selecting a circle of persons (individuals and legal entities).

7.5 The deadlines for placement of shares by the bank shall not exceed one year from the moment of state registration of their issue.

7.6 The Bank shall issue uncertificated shares (with payment by bank transfer);

7.7 In accordance with the laws, the Bank may issue and place bonds and other securities.

7.8 Payment for the Bank shares shall be made in cash only.

7.9 The share placing price, including the share placement price in case a resolution is adopted on placing them among the shareholders (placement of securities in the stock exchange market and in OTC market) shall be determined by the Bank shareholders' general meeting or the Supervisory Board provided that such powers are given to the Supervisory Board in accordance with the Bank Charter or a resolution of the shareholders' general meeting based on the price trend taking place on the trading floors of securities trading authorities.

7.10 While being placed, payment for the Bank's additional shares and other securities shall be made at a price no lower than the price fixed in the resolution on their issue.

7.11 The Bank shares shall not be limited in terms of quantity.

7.12 The Bank shares issued for circulation shall be placed in accordance with the laws in the manner and on terms established in the resolution adopted by the body (shareholders' general meeting and/or Supervisory Board) Bank management on issue of the said shares and in the prospectus of issue. While the shares are placed, no preemptive right of purchase shall be exercised.

## **VIII. BANK SHAREHOLDERS' RIGHTS AND DUTIES**

8.1 The shareholders may:

- be entered in the bank shareholders' registry;
- receive statements from his depository account in the depository;

- receive a part of the bank profit as dividends;
  - receive a part of the property pro rata the number of his shares, in the event the Bank winds up;
  - participate in management of the Bank by voting at shareholders' general meetings;
  - receive full and true information about the results of the financial/economic performance of the Bank;
  - be free to dispose of the received dividends;
  - protect their rights in the authorized state body in charge of regulation and coordination of the securities market, as well as in courts;
  - demand that any losses caused to them be duly compensated;
  - join associations and other public organizations with the view of representing and defending own interests;
  - insure against risks related to possible losses in the course of purchase of securities and (or) missed profits;
  - sell own shares to other shareholders or third parties in accordance with the applicable laws;
- The shareholders may have other rights, as well, in accordance with the laws and herewith.

8.2 A share of one type shall give each shareholder equal scope of rights as the share of the same type does.

8.3 The Bank's preference shares of one type shall give their holders equal scope of rights and have the same nominal value as the common shares have.

8.4 In accordance with the laws and herewith, the holders of common shares shall have the right to participate in the Bank shareholders' general meetings with the right to vote on all issues coming within their powers, to receive dividends, as well as a part of the Bank's property in case the bank winds up.

8.5 Any transferred share shall not entitle to vote until its full cost has been paid in full and the new holder has been entered in the shareholders' registry.

8.6 Shareholders who own the Bank's preferred shares shall not have the right to vote at the General Meeting of the Bank's Shareholders save the cases specified by the applicable laws and hereby. In case the Bank winds up, the preference shares shall entitle their holders to receive the liquidation value of assets set up for preference shares first in order of priority.

8.7 The preference shareholders shall participate in holders' general meetings with the right to vote on issues of re-organization of and winding up the Bank. The preference shareholders may vote when shareholders' general meeting address the issue of making amendments and addenda hereto that restrict the rights of preference shareholders including the issues related to determining or increasing the sizes of dividends and/or determining or increasing the liquidating value of the preference shares of the previous turn as well as granting the preference shareholders the priority in the order of receiving dividends and/or the liquidating value of shares.

8.8 The preference shareholders may participate in shareholders' general meeting with the right to vote on all issues of its competence beginning from the meeting following the shareholders' annual general meeting on which a resolution was adopted on non-payment of dividends or on partial payment of dividends on preference shares. The right of preference shareholders to participate in the shareholders' general meeting shall terminate from the moment of the first payment on the mentioned shares in full.

8.9 The title to shares transfer to the transferee of the shares from the moment of entry duly made in the relevant credit entry is made in the depository account and certified with a statement from the depository account issued by the depository in the manner established by the laws.

8.10 The rights attached to the shares shall transfer to their transferee from the moment of transfer of the title to the said securities.



8.11 The Bank may not adopt a resolution on restriction of the rights attached to the shares that may be converted into securities placed by it without a consent from the holders of the said securities.

8.12 In order to create convenient conditions for the shareholders and other concerned persons for reading and using the bank Charter, the bank shall post its electronic version at its official web-site.

8.13 The bank shareholders are bound to:

- pay the value of the shares being acquired in the manner and on dates specified in the laws and herein as well as by a resolution placement of shares;
- not to disclose the Bank's confidential information;
- follow the resolutions of the Bank management bodies within the limits specified hereby;
- may have other duties specified herein and in the laws.

## **IX DISTRIBUTION OF BANK'S PROFIT, PROCEDURE FOR ACCRUAL OF DIVIDENDS AND COVERING LOSSES**

9.1 The main summarizing indicator of the financial results of the Bank's operation shall be profit (net profit).

9.2. The Bank's net profit shall be formed of total revenues generated from the Bank's all types of activities net of total expenses, costs, losses, taxes and other contributions.

9.3. Dividends shall be paid from the Bank's net profit and/or the last year's undistributed profit. Dividends on preference shares may be paid also from the funds specifically created for this purpose.

9.4. The Bank is bound to pay the declared dividends on each type of the shares.

9.5. Under a resolution of shareholders' general meeting, dividends may be paid in cash or other legal tender or in the Bank's securities.

9.6. It shall not be allowed to pay dividends on preference shares in the Bank's securities.

9.7. Dividends shall be paid to the shareholders pro rata the number and type of shares held by them.

9.8. The bank may adopt a resolution on payment of dividends on the shares placed by it for Q1, the first half-year, nine months and/or for the fiscal year.

9.9. A resolution on payment of dividends for Q1, the first half-year and nine months of the fiscal year with three months after the end of the relevant period.

9.10. A resolution on payment of dividends on each type of shares, size of dividends, form and procedure of its payment shall be adopted by shareholders' general meeting upon the Ban Council's recommendation provided that there is auditor's opinion of accuracy of the financial statements, on the basis of the financial statements data.

9.11. The sizes of dividends may not exceed the sizes recommended by the Bank Council. The shareholders' general meeting may adopt a resolution on non-payment of dividends on shares of certain types as well as on partial payment of dividends on preference shares the size of which is determined herein.

9.12. A resolution on payment of dividends must indicate the dates of commencement and end of payment of dividends.

9.13. The deadlines and the procedure for payment of dividends shall be determined by a resolution of shareholders' general meeting. The payment deadline of dividends may not be later than sixty days from the date of adoption of such resolution.

9.14. If the Bank has no source for payment (net profit, undistributed profit) and/or insufficient cash in the Reserve Fund, the dividend on preference shares shall be paid in cash. The size of this dividend shall be determined at 25 (twenty five) percent of the nominal value of the share. Under a resolution of shareholders' general meeting, the size of the dividend to be paid on preference shares may be increased or reduced from the size fixed herein.

9.15. The size of the dividend on preference shares shall be computed based on the nominal value of a share as of the moment of adoption of the resolution.

The total size of the dividends paid within the year shall amount to the size of the dividends paid during the year in intermediate dividends and the dividends paid for the year.

9.16. While dividends are paid, first dividends will be paid on preference shares, then the dividends on common shares. If profit is available in the amount sufficient for payment of fixed dividends on preference shares, the Bank may not deny the holders of the said shares payment of dividends. In case the Bank denies, the shareholders may judicially demand payment of dividends. Payment of dividends by the bank on preference shares in case of insufficiency of profit or unprofitability of the Bank may be made only from the Bank's Reserve Fund that has been created for this purpose.

9.17. Dividends not claimed by the Shareholder or legal successor or heir thereof within three years shall remain at the bank's disposal under a resolution of shareholders' general meeting.

9.18. At a demand in writing from the shareholders who are non-residents of the Republic of Uzbekistan, the Bank is bound to exchange the dividends received by them into convertible currency and transfer the funds to the bank account indicated by the non-resident shareholder.

9.19. Persons entered in the Bank shareholder's registry created for holding the shareholders' general meeting that adopted a resolution on declaring payment of dividends shall be eligible for receiving dividends on the shares.

9.20. The Bank may not adopt a resolution on payment of dividends on shares and may not pay dividends:

- if as of the moment of payment of dividends, the Bank meets the criteria of bankruptcy or the said criteria appear as a result of payment of dividends;

- if the Bank's net assets are less than the total sum of the Authorized Capital and Reserves Fund;

- if there is a demand from the Central Bank that payment of dividends be stopped.

9.21 After the circumstances mentioned in p.9.20 hereof are cleared, the Bank is bound to pay the dividends accrued to the shareholders.

The Bank shall announce the size of the dividends without regard to collected taxes thereof.

## **X. FINANCIAL SOURCES AND NET ASSETS OF THE BANK**

10.1. Equity of the Bank shall be made of:

- the Authorized Capital;
- the Share Capital;

- reserve funds;
- retained earnings;
- other sources determined under the legislation.

10.2. The Reserve Fund of the Bank shall be formed out of mandatory deductions from the net profits earned by the Bank.

10.3. The Reserve Fund of the Bank shall be formed in the amount of not less than 15% of the Authorized Capital of the Bank. The Reserve Fund of the Bank shall be formed with annual mandatory deductions from the net profits until reaching the size established in the Charter of the Bank. The rate of annual deductions must not be less than 5% of the net profits.

10.4. In case when the Reserve Fund of the Bank exceeds the size established in the Charter of the Bank, the size of the Reserve Fund may be also increased. At the same time, the size of deduction from the net profits shall be determined by recommendation of the Council of the Bank and by decision of the General Meeting of Shareholders.

10.5. According to results of the year, the amount of funds (profit) generated as a result of accumulation in the accounts of retained earnings of the Bank of positive revaluation gain of the size of amortization of revalued fixed funds and exclusions thereof accrued during the year shall be directed to the general Reserve Fund of the Bank as a financial source of operations related to renewal and strengthening of material and technical resources of property necessary in activity of the Bank.

10.6. If there are no other funds, the Reserve Fund of the Bank shall be intended to cover losses of the Bank, exclusions from circulation of bonds of the Bank, payment of dividends on preferential shares and redemption of shares of the Bank.

10.7. The Bank may also create other funds not prohibited with the legislation.

10.8. Cost of net assets of the Bank shall be determined according to accounting data as difference between total assets and obligations of the Bank.

10.9. If cost of net assets of the Bank is less than the Authorized Fund thereof after completion of the second and each subsequent financial year in accordance with annual balance sheet proposed to the General Meeting of Shareholders of the Bank for approval, or results of audit inspection, the Bank shall be obliged to declare about reduction of its Authorized Fund to the size not exceeding cost of its net assets.

10.10. Financial sources of the Bank shall consist of:

- equity of the Bank;
- funds of physical and legal entities in accounts of the Bank;
- credits and deposits of other banks;
- funds attracted from state and non-state funds;
- funds received from placement of bonds and other securities issued by the Bank;
- funds of banks and organizations of other states attracted under agreements and contracts;
- other attracted funds.

10.11. The Bank shall be entitled to issue and place corporate bonds and other securities in accordance with the legislation and its Charter.



10.12. Corporate bonds of the Bank may include securities convertible into shares of the Bank.

10.13. Issue of corporate bonds by the Bank including issue of corporate bonds convertible into shares shall be carried out by decision of the General Meeting of Shareholders or by decision of the Supervisory Council of the Bank.

10.14. If the Bank issues corporate bonds convertible into shares according to decision of the Supervisory Council of the Bank, then such decision must be adopted unanimously by all members of the Supervisory Council of the Bank.

10.15. All financial resources of the Bank may be used as credit resources.

## **XI. MANAGEMENT BODIES OF THE BANK**

11.1. The following shall be management bodies of the Bank:

- the General Meeting of Shareholders;
- the Supervisory Council of the Bank (the Council of the Bank);
- the Board of the Bank.

### **The General Meeting of Shareholders of the Bank**

11.2. The General Meeting of Shareholders shall be a supreme management body of the Bank.

11.3. The General Meeting of Shareholders shall act on the basis of Regulation on General Meeting of Shareholders of JSCMB «Ipoteka-bank» approved thereby.

11.4. The Annual (Regular) General Meeting of Shareholders shall be held annually not later than six months after completion of the financial year.

11.5. The General Meeting of Shareholders shall be conducted by the Chairman of the Council of the Bank or by one of members of the Council of the Bank in case of absence of the Chairman for valid reasons.

11.6. Matters related to election of the Council and the Auditing Commission of the Bank, possibility of extension, renewal or termination of an agreement entered into with the Chairman of the Board of the Bank shall be resolved as well as the annual report of the Bank and other documents shall be considered at the Annual General Meeting of Shareholders.

11.7. The General Meetings of Shareholders held apart from annual ones shall be extraordinary.

11.8. The date and procedures for holding of the General Meeting of Shareholders, procedures for notification of shareholders about holding thereof, list of materials (information) provided to shareholders during preparation to holding of the General Meeting of Shareholders shall be established by the Council of the Bank.

11.9. The following shall be included to exclusive competence of the General Meeting of Shareholders:

- making amendments and supplements to the Charter of the Bank or approval of the Charter of the Bank in new wording;
- reorganization of the Bank;

- liquidation of the Bank, appointment of the Liquidation Commission (the Liquidator) and approval of intermediary and final liquidation balance sheets;
- determination of quantitative composition of the Council of the Bank and committee of the minority shareholders, election of members thereof and pre-term termination of powers thereof;
- determination of the maximum size of declared shares;
- increase of the Authorized Capital of the Bank;
- decrease of the Authorized Capital of the Bank;
- redemption of equity shares according to procedures established with the legislation;
- approval of organizational structure of the Bank, establishment of an executive body, election of its manager and pre-term termination of powers thereof;
- election of members of the Auditing Commission of the Bank and pre-term termination of powers thereof as well as approval of Regulation «On Auditing Commission»;
- approval of the annual report and annual business plan of the Bank;
- distribution of profit and losses of the Bank;
- determination of the size of remuneration and compensation to members of the Council of the Bank and the Auditing Commission;
- hearing of reports of the Council of the Bank and the Auditing Commission on matters included to competence thereof including those related to compliance with requirements for management of the Bank established with the legislation;
- adoption of decision on issue of corporate bonds by the Bank including bonds convertible into shares;
- adoption of decision on issue of derivative securities;
- adoption of decision on redemption of corporate bonds of the Bank;
- adoption of decision not to use pre-emptive right;
- approval of procedure rules of the General Meeting of Shareholders;
- splitting and consolidation of shares;
- determination of remunerations and (or) compensations paid to the Board of the Bank as well as maximum size thereof;
- adoption of decision on approval for conclusion of a big transaction and transaction entered to with an affiliated entity related to property, book cost or acquisition cost of which amounts to more than fifty percent of book cost of assets of the Bank as of the date of adoption of decision on such transaction;
- resolution of other matters provided for with the current legislation and the present Charter.

11.10. Matters included to exclusive competence of the General Meeting of Shareholders may not be passed for resolution by the Board of the Bank.

11.11. Matters included to exclusive competence of the General Meeting of Shareholders may not be passed for resolution by the Council of the Bank, with exception of following matters:

- increase of the Authorized Capital of the Bank as well as making amendments and supplements to the Charter of the Bank related to with increase of the Authorized Capital of the Bank;
- placement of shares including determination cost of placement of shares (in stock exchange market of securities and organized over-the-counter market) if decision on placement of shares among shareholders is adopted;
- adoption of decision on issue of corporate bonds including bonds convertible into shares by the Bank;
- adoption of decision on issue of derivative securities;
- adoption of decision on redemption of corporate bonds of the Bank;
- establishment of an executive body of the Bank, election (appointment) of its manager, and pre-term termination of manager's powers;
- determination of the size of remuneration and compensations paid to the executive body of the Bank;

- approval of annual business plan of the Bank in accordance with the legislation.

11.12. Decision on below given matters shall be adopted by the General Meeting of Shareholders by majority (qualified majority) by three fourth of votes of shareholders who are owners of voting shares who take part in the General Meeting of Shareholders:

- making amendments and supplements to the Charter of the Bank or approval of the Charter of the Bank in new wording;
- reorganization of the Bank;
- liquidation of the Bank, appointment of the Liquidation Commission (the Liquidator) as well as approval of intermediary and final liquidation balance sheet;
- determination of the maximum size of declared shares;
- hearing reports of the Council of the Bank and the Auditing Commission on matters included in their competence including those on compliance to requirements for management of the Bank established with the legislation;
- adoption of decision on conclusion of a big transaction if the Council of the Bank fails to reach consent on the matter of conclusion of a big transaction;
- adoption of decisions on conclusion of a big transaction related to property, book cost or acquisition cost of which amounts to more than fifty percent of book cost of assets of the Bank as of the date of adoption of decision on such transaction.

11.13. Decisions on matters put forward for voting shall be adopted by the General Meeting of Shareholders by majority (simple majority) of votes of shareholders who are owners of voting shares of the Bank who take part in the meeting if otherwise is not provided for with the present Charter and with the legislation.

11.14. The General Meeting of Shareholders shall not be entitled to adopt decision on matters not included in the meeting agenda as well as to make amendments to the agenda.

11.15. Decisions adopted by the General Meeting of Shareholders as well as results of voting shall be acknowledged to shareholders according to procedures and periods provided for with the legislation and with the present Charter; however, not later than 30 days from the date of adoption of these decisions.

11.16. The shareholders registered in the registry of shareholders of the Bank, formed three days prior to the date of holding of the General Meeting of Shareholders shall be entitled to take part in the General Meeting of Shareholders.

By shareholder's demand, the Bank shall be obliged to provide information thereto on inclusion thereof in the registry of shareholders of the Bank formed for holding of the General Meeting of Shareholders.

11.17. Amendments to the formed registry of shareholders of the Bank may be made only in case of restoration of infringed rights of persons not included in the said registry as of the date of compilation thereof, or correction of mistakes made during compilation thereof according to procedures established with the legislation.

11.18. Notification on holding of the General Meeting of Shareholders shall be published in the official web-site of the Bank, in mass media and shall be dispatched to shareholders by electronic mail not later than seven days in advance but not earlier than thirty days prior to the date of holding of the General Meeting of Shareholders.



11.19. The annual report of the Bank, conclusion of the Auditing Commission of the Bank and an audit organization according to results of inspection of annual financial and economic activity of the Bank, conclusion of the Council of the Bank in respect to extension of the term, renewal or termination of the agreement with the chairman of the Board of the Bank as well as information on candidates to members of the Council of the Bank and the Auditing Commission, draft amendments and supplements made to the Charter of the Bank or draft Charter of the Bank in new wording shall be included to information (materials) subject to submission to shareholders during preparation for holding the General Meeting of Shareholders.

11.20. Shareholders of the Bank who are owners in total of not less than one percent of voting shares of the Bank, within the period of not later than 30 days after completion of the financial year of the Bank, shall be entitled to submit matters to the agenda of the annual General Meeting of Shareholders and propose of candidates to the Council of the Bank and the Auditing Commission the quantity of which may not exceed the quantitative composition of this body.

11.21. A matter shall be submitted to the agenda of the General Meeting of Shareholders in writing with specification of reasons for its submission, name of a shareholder who submits a matter, quantity and a type of shares belonging thereto.

11.22. When making proposals of candidates to the Council of the Bank and the Auditing Commission including in case of self-proposal, candidate's name, quantity and type of shares belonging thereto as well as names of shareholders who propose a candidate, quantity and type of shares in case belonging thereto if a candidate is a shareholder of the Bank shall be specified.

11.23. During preparation to holding of the General Meeting of Shareholders, the Council of the Bank, and in cases provided for in Clause 11.25 of the present Charter, persons who convene the meeting, shall determine:

the date, venue and time for holding of the General Meeting of Shareholders;

the agenda of the General Meeting of Shareholders;

the date of compilation of a list of shareholders of the Bank for holding of the General Meeting;

procedures for notification to shareholders on holding the General Meeting;

a list of information (materials) provided to shareholders during preparation to holding of the General Meeting;

form and text of a bulletin for voting in case of voting with bulletins.

Inclusion of statements which contain no concrete matter (including «various matters», «other matters», «miscellaneous matters» and so on) to the agenda of the General Meeting of Shareholders shall not be allowed.

11.24. The date of holding of the General Meeting of Shareholders may not be established less than ten days and more than thirty days from the day of adoption of decision on holding thereof.

11.25. The Extraordinary General Meeting of Shareholders shall be held by decision of the Council of the Bank at its own initiative, written demand of the Auditing Commission and a shareholder (shareholders) who is an owner of not less than ten percent of voting shares of the Bank as of the date of submission of a written demand.

11.26. Convocation of the Extraordinary General Meeting of Shareholders by written demand of the Auditing Commission of the Bank or shareholders who are owners of not less than ten percent of voting shares of the Bank shall be carried out by the Supervisory Council of the Bank not later than 30 days

from the moment of submission of a written demand for holding the Extraordinary General Meeting of Shareholders.

11.27. The matters subject to submission to the meeting agenda, with specification of reasons for submission thereof, must be stated in the demand for holding the Extraordinary General Meeting of Shareholders.

11.28. The Council of the Bank shall not be entitled to submit amendments to statements of matters in the agenda of the Extraordinary General Meeting of Shareholders convened by demand of the Auditing Commission of the Bank or a shareholder (shareholders) who is an owner of not less than ten percent of voting shares of the Bank.

11.29. If the demand for convocation of the Extraordinary General Meeting of Shareholders originates from a shareholder (shareholders), it must contain name (title) of a shareholder (shareholders) who demands convocation of the meeting, with specification of quantity and type of shares belonging thereto.

11.30. Demand for convocation of the Extraordinary General Meeting of Shareholders shall be signed by a person (by persons) who demands convocation of the Extraordinary General Meeting of Shareholders.

11.31. During 10 days from the date of submission of demand for convocation of the Extraordinary General Meeting from the Auditing Commission of the Bank or a shareholder (shareholders) who is an owner of not less than ten percent of voting shares of the Bank, the Council of the Bank must adopt decision on convocation of the Extraordinary General Meeting of Shareholders or refusal of convocation.

11.32. Decision on refusal of convocation of the Extraordinary General Meeting of Shareholders by demand of the Auditing Commission of the Bank or a shareholder (shareholders) who is an owner of not less than ten percent of voting shares of the Bank may be adopted in cases if:

a shareholder (shareholders) who demands convocation of the Extraordinary General Meeting of Shareholders is not an owner of not less than ten percent of voting shares of the Bank;

none of the matters proposed for submission to the agenda of the Extraordinary General Meeting of Shareholders of the Company is included to competence thereof;

a matter proposed for submission to the agenda does not conform to requirements of the legislation or the present Charter.

11.33. Decision of the Council of the Bank on convocation of the Extraordinary General Meeting of Shareholders or motivated decision on refusal of convocation thereof shall be sent to persons who demand its convocation not later than three days from the moment of its adoption.

11.34. Decision of the Council of the Bank on refusal of convocation of the Extraordinary General Meeting of Shareholders may be appealed in a court.

11.35. The General Meeting of Shareholders shall be qualified (existence of quorum), if shareholders (representatives thereof) who jointly have more than fifty percent of votes distributed and placed voting shares of the Bank have registered at the time of completion of registration for participation in the General Meeting of Shareholders.

11.36. The date of holding of the new General Meeting of Shareholders shall be announced if there is no quorum for holding the General Meeting of Shareholders. Amendments to the agenda shall not be allowed in case of holding of the new General Meeting of Shareholders.

11.37. The new General Meeting of Shareholders convened instead of the cancelled one shall be qualified, if shareholders (representatives thereof) who jointly have not less than forty percent of votes of placed voting shares of the Bank have registered therein at the time of completion of registration for participation.

11.38. A counting commission quantitative and personal composition of which is approved by the General Meeting of Shareholders shall be established for counting votes, registration of shareholders for participation in the General Meeting of Shareholders as well as issuance of bulletins for voting by the Council of the Bank.

11.39. The right to participate in the General Meeting of Shareholders shall be exercised by a shareholder personally or via a representative thereof.

11.40. A shareholder shall be entitled at any time to replace its representative at the General Meeting of Shareholders or to take participation personally therein.

11.41. A representative of a shareholder at the General Meeting of Shareholders shall act on the basis of a power of attorney made in writing. A power of attorney for voting must contain information about a represented person and a representative (name or title, place of residence or place of location, and passport data). A power of attorney for voting on behalf of a physical person must be notary certified. A power of attorney for voting on behalf of a legal entity shall be issued according to procedures established with the legislation.

11.42. When the date for holding the General Meeting of Shareholders is moved for not less than 20 days in connection with absence of quorum, shareholders who have a right to participate in the General Meeting shall be determined in accordance with the registry of shareholders who had a right to participate in the cancelled General Meeting.

11.43. Voting on matters of the agenda at the General Meeting of Shareholders shall be carried out using bulletins for voting. The form and text of bulletin for voting shall be approved by the Council of the Bank. Voting bulletin shall be issued to a shareholder (representative thereof) registered for participation in the General Meeting.

11.44. Protocol of the General Meeting of Shareholders shall be made not later than 10 days after closure of the General Meeting of Shareholders in two duplicates. Both duplicates shall be signed by a person chairing at the General Meeting and secretary of the General Meeting.

#### **The Council of the Bank**

11.45. The Council of the Bank shall carry out general management of Bank's activity excluding resolution of matters included to exclusive competence of the General Meeting of Shareholders.

11.46. The Council of the Bank shall act on the basis of Regulation on Supervisory Council of JSCMB «Ipoteka-bank» approved by the General Meeting of Shareholders.

11.47. The following shall be included into competence of the Council of the Bank:

- determination of priority directions of Bank's activity, and formation of strategy;
- convocation of annual and extraordinary of general meetings of shareholders of the Bank excluding cases provided for in Clause 11.25 of the present Charter;



- preparation of the agenda of the General Meeting of Shareholders;
- determination of the date, time and place for holding the General Meeting of Shareholders;
- determination of the date for formation the registry of shareholders of the Bank for notification about holding of the General Meeting of Shareholders;
- submission for resolution of the General Meeting of Shareholders of a matter to make amendments and supplements to the Charter of the Bank or approval of the Charter of the Bank in new wording;
- determination of market cost of property;
- election (appointment of members) of the Board of the Bank (excluding the chairman) and pre-term termination of powers thereof;
- appointment of a corporate consultant and approval of regulation governing activity thereof;
- approval of annual business plan of the Bank;
- establishment of internal audit service of the Bank and appointment its employees as well as quarterly hearing reports thereof;
- access to any documents related to activity of an executive body of the Bank, and receipt thereof from an executive body for execution of duties imposed to the Council of the Bank. The received documents may be used by the Council of the Bank and its members exclusively for official purposes;
- adoption of decision on holding of audit inspection, determination of an audit organization and maximum size of remuneration for services thereof;
- issuance of recommendations in respect to the size of remuneration and compensations paid to members of the Auditing Commission of the Bank;
- issuance of recommendations in respect to the size of dividend on shares and procedures for payment thereof;
- use of the reserve and other funds of the Bank;
- establishment, opening and liquidation of branches and representative offices of the Bank;
- establishment of subsidiary and controlled enterprises of the Bank;
- adoption of decision on conclusion of a big transaction connected with property, book cost or acquisition cost of which amounts to fifteen to fifty percent of book cost of assets of the Bank as of the date of adoption of decision on such transaction;
- execution of transactions with affiliated persons of the Bank in cases established with the legislation;
- conclusion of transactions related to participation of the Bank in commercial and non-commercial organizations in cases established with the legislation;
- adoption of decision on redemption of corporate bonds of the Bank;
- decision of matters of increase of the Authorized Capital of the Bank (by increasing nominal cost of shares or issue of additional shares) as well as matters on making amendments and supplements to the Charter of the Bank connected with increase of the Authorized Capital of the Bank;
- adoption of decision on issue of corporate bonds by the Bank including bonds convertible into shares;
- adoption of decision on issue of derivative securities;
- determination cost of placement of shares (in stock exchange market of securities and organized over-the-counter market), taking into account price conditions formed at platforms of securities trading organizers;
- determination of the size of remuneration and compensations paid to the Board of the Bank;
- conclusion, on behalf of the Bank, of a labor agreement for employment of the chairman of the Board of the Bank;
- approval of documents which determine procedures of activity of the Board of the Bank;
- approval of internal normative documents of the Bank in cases established with the legislation;
- resolution of other matters in accordance with the legislation and with the present Charter may be also included to competence of the Council of the Bank.

11.48. Matters included to competence of the Council of the Bank may not be delegated to the Board of the Bank.

11.49. Quantitative composition of the Council of the Bank must amount to 9 members. The Council of the Bank must include persons who have experience and education in the field of economy, finance and crediting creating opportunities for development of the Bank. Apart from shareholders, members of the Council of the Bank may be scientists and specialists in banking field. Inclusion of a member who expresses interests of minority shareholders into the Council of the Bank shall be mandatory. Such member shall be included into the Council of the Bank by recommendation (proposal) of the Council of the Bank by inclusion for election to the General Meeting of Shareholders and election on the basis of requirements of the current legislation. A member who expresses interests of minority shareholders of the Bank must not be a representative of big shareholders of the Bank; on the contrary, it is expedient that it is an independent person who is good possession of principles of corporate management and the legislation on securities market.

11.50. Re-election of persons elected to the Council of the Bank shall not be limited.

11.51. Members of the Board of the Bank may not be elected and be appointed to the Council of the Bank.

11.52. Persons who work in the bank under a labor agreement (contract) may not be members of the Council of the Bank.

11.53. Requirements put forward to members elected to the Council of the Bank shall be determined in Regulation on Supervisory Council of JSCMB «Ipoteka-bank».

11.54. The Chairman of the Council of the Bank shall be elected by members of the Council of the Bank from its members by majority of votes of total quantity of members of the Council of the Bank.

11.55. The Council of the Bank shall be entitled to re-elect its chairman by majority of votes of total quantity of members of the Council of the Bank.

11.56. The Chairman of the Council of the Bank shall organize its work, shall convene meetings of the Council of the Bank and shall chair thereon, shall organize maintenance of protocol at meetings, and shall chair at the General Meeting of Shareholders.

11.57. In case of absence of the Chairman of the Council of the Bank, its functions shall be carried out by one of members of the Council of the Bank.

11.58. The meeting of the Council of the Bank shall be convened by the Chairman of the Council of the Bank not less than one time per quarter. Extraordinary meetings of the Council of the Bank shall be convened under initiative of the Chairman of the Council of the Bank, or by demand of:

- a member of the Council of the Bank;
- the Central Bank;
- the Auditing Commission;
- the Board of the Bank;
- in other cases specified with the legislation and with the present Charter.

11.59. Decision of the Council of the Bank shall be adopted by majority of votes (if other procedures are not provided for with the legislation). In case of equality of votes, the vote of the Chairman of the Council of the Bank shall be deemed decisive. Decision of the Council of the Bank shall be deemed legal if not less than 3/4 members of the Council of the Bank participate in its meeting.

### **The Board of the Bank**

11.60. Management of current activity of the Bank shall be carried out by the Board of the Bank, a collegiate executive organ. Activity of the Board of the Bank shall be managed by the Chairman of the Board of the Bank.

11.61. The Board of the Bank shall act on the basis of Regulation on the Board of JSCMB «Ipoteka-bank» approved by the General Meeting of Shareholders.

11.62. Composition of the Board of the Bank shall be determined by the Council of the Bank. Composition of members of the Board of the Bank shall be established in quantity of 7 persons. The Board of the Bank must include the Chairman of the Board of the Bank, its deputies, chief accountant, and head legal department. Heads of main sub-divisions (departments and divisions) may be also included.

11.63. The following shall be included to powers of the Board of the Bank:

- organization and management of current activity of the Bank, ensuring execution of decisions of the General Meeting of Shareholders and the Council of the Bank;
- preliminary examination of all matters subject to examination by the General Meeting of Shareholders and by the Council of the Bank as well as preparation of respective materials for proposals and draft decisions thereon;
- development and implementation of new kinds of banking services;
- ensuring compliance to the current legislation in the bank;
- holding of banking operations, compilation of internal control report, interbank operations and resolution of other matters of Bank's activity;
- operative regulation of interest rates on asset side and liability side operations based on internal policies approved by the Council of the Bank;
- in order to ensure Bank's activity, establishment of standing committees, commissions and other working groups, determination of powers thereof (excluding a commission or working group established for temporary or certain matters in accordance with ordinance or decree of the Chairman of the Board of the Bank);
- adoption of decisions for implementation (or cancellation) of personnel within the organizational structure of the Bank, opening (or liquidation) of new divisions;
- adoption of decision on establishment (or liquidation) of a mini-bank in the Bank's system;
- resolution of matters related selection, placement, preparation and use of personnel;
- ensuring execution of Bank's obligations, implementation of maintenance of monetary and payment documentation;
- under own powers, adoption of regulations on structural sub-divisions and internal normative documents regulating activity of the Bank;
- resolution of all matters regulating current activity of the Bank excluding matters included to competence of the General Meeting of Shareholders and the Council of the Bank in accordance with the legislation and with the present Charter.



11.64. The organizational structure of the Board of the Bank shall be determined in accordance with Regulation on the Board of JSCMB «Ipoteka-bank».

11.65. Being an executive organ of the Bank, the Board of the Bank shall manage its current activity and shall carry out operative management in accordance with the legislation of the Republic of Uzbekistan, the Charter of the Bank, decisions of the General Meeting of Shareholders and the Council of the Bank.

11.66. The Board of the Bank shall be subordinate to the General Meeting of Shareholders and the Council of the Bank.

11.67. The Chairman of the Board of the Bank shall be elected at the General Meeting of Shareholders on the basis of positive conclusion of a respective commission of the Central Bank of the Republic of Uzbekistan. Members of the Board of the Bank shall be elected by the Council of the Bank on the basis of positive conclusion of a respective commission of the Central Bank of the Republic of Uzbekistan.

11.68. The labor agreement with the Chairman and members of the Board of the Bank shall be signed on behalf of the Bank by the Chairman of the Council of the Bank or a person who is authorized by the Council of the Bank.

11.69. In accordance with the present Charter and with the current legislation, the labor agreement with employees of the Bank shall be entered into by the Chairman of the Board of the Bank, and the labor agreement with employees of branches of the Bank shall be entered into by managers of branches of the Bank.

11.70. Meeting of the Board of the Bank shall be held in necessary cases but not less than once per month. Matters submitted by the Board of the Bank for resolution by the Council or by the General Meeting of Shareholders shall be preliminary discussed at the meeting of the Board of the Bank on mandatory basis. The Chairman of the Board of the Bank or a member of the Board of the Bank authorized thereby shall give information and advocate the opinion of the Board of the Bank at the council of the Bank and the General Meeting of Shareholders.

11.71. The Board of the Bank shall be entitled to resolve matters submitted for examination only in case of participation of not less than 2/3 members of the Board at the meeting thereof.

11.72. Decisions at the meeting of the Board of the Bank shall be adopted by simple majority of votes of members of the Board participating at the meeting. In case of equality of votes, the vote of the Chairman of the Board of the Bank shall be deemed decisive.

11.73. By all means, the members of the Board of the Bank not participated at the meeting of the Board of the Bank must be familiarized with a decision adopted without participation of such member of the Board of the Bank at the earliest convenience or at the following meeting of the Board of the Bank. At the same time, such member of the Board of the Bank may communicate own opinion by decision of the Board.

11.74. Protocol shall be maintained at the meeting of the Board of the Bank. Protocol of meetings of the Board of the Bank shall be issued to members of the Council of the Bank and to members of the Auditing Commission, and the auditor by demand thereof.

11.75. The following shall be included to powers of the Chairman of the Board of the Bank:

- management of affairs of the Bank in accordance with powers granted thereto under the Charter and by the Council of the Bank;
- under consent of the Council of the Bank, participation in work thereof with its consulting vote;
- shall carry out work on behalf of the Bank without a power of attorney, shall protect its interests in state institutions, enterprises and organizations of all forms of ownership;
- shall enter into agreements and contracts with clients of the Bank;
- shall issue orders on establishment (or liquidation) of saving and communal cash offices in the system of the Bank;
- shall establish personnel and hire employees of the Central Office of the Bank and managers of branches, shall enter into and shall terminate labor agreements with them, shall apply disciplinary punitive measures in respect thereto, shall ensure compliance of labor and executive discipline by employees;
- on behalf of the Bank, shall enter into labor agreements with managers of branches of the Bank;
- shall distribute execution of duties between members of the Board of the Bank in order to ensure efficiency of Bank's activity;
- shall, on behalf of the Bank, issue a power of attorney to some employees for participation as a representative of the Bank in accordance with the current legislation;
- in accordance with the current legislation and Regulation on branch of the Bank, shall, on behalf of the Bank, issue Principle or Special power of attorney to managers of branches of the Bank to carry out banking operations as well as for entering into economic agreements and to ensure activity of a branch;
- shall issue orders and decrees which are mandatory for execution by all employees of the Bank and shall issue instructions;
- within own powers, shall sign internal normative documents of the Bank approved by decisions of the Board of the Bank;
- shall sign internal normative documents and regulations on structural sub-divisions of the Bank;
- within own powers, shall manage current activity of the Bank ensuring its effective and stable work (excluding matters included to competence of the General Meeting of Shareholders and the Council of the Bank);
- shall organize execution of decisions of the General Meeting of Shareholders and the Council of the Bank;
- shall ensure effective interaction of structural sub-divisions and branches of the Bank;
- shall ensure receipt of profit in the amount specified in the business plan approved by the Council of the Bank;
- shall carry out management of development programs of the Bank and business plans, shall organize them and shall control implementation thereof;
- shall ensure compliance of requirements of legislative acts in Bank's activity;
- in accordance with the current legislation, shall ensure organization of accounting and reporting in the Bank, respective formalization and reliability, timely submission to respective organs of annual reports and other financial reports as well as submission of data on Bank's activity which are dispatched to creditors and other recipients;
- shall submit documents on financial and economic activity of the Bank by demand of the Council of the Bank, the Auditing Commission and the auditor of the Bank;
- shall ensure complete and timely submission of state statistical reporting to respective organs;
- keeping information which constitutes bank secrets; ensuring legality of issuance of such information to third parties. A list of information which constitutes bank secrets shall be determined by the Board of the Bank;

- shall ensure keeping of information which constitute official, commercial and bank secrets by employees of the Bank;
- shall provide the Bank with qualified personnel, shall take measures for maximum use of knowledge, skills, experience and abilities of employees of the Bank;
- shall ensure compliance of social guarantees and labor protection by employees of the Bank;
- shall submit information on the state of affairs included to own competence to the General Meeting of Shareholders and to the Council of the Bank within the established period;
- shall ensure compliance of all rights of shareholders for accrual and payment of dividends, participation in the General Meeting of Shareholders of the Bank;
- shall comply with the current legislation of the Republic of Uzbekistan and other subordinate legal acts, normative documents of the Central Bank of the Republic of Uzbekistan and internal documents of the Bank;

11.76. Official persons of State Power and management organs shall not be entitled to work in the Board of the Bank under second employment.

11.77. The Chairman and members of the Board of the Bank must act pursuing interests of the Bank in exercise of own rights and implementation of own duties.

11.78. The Chairman and members of the Board of the Bank shall be obliged to execute own official duties in good faith as well as in interest of the Bank.

11.79. The Chairman and members of the Board of the Bank shall bear responsibility owed to the Bank and to shareholders in accordance with legislative acts and with the present Charter.

## **XII. CONTROL OF FINANCIAL AND ECONOMIC ACTIVITY OF THE BANK**

### **Auditing Commission**

12.1. In order to control financial and economic activity of the Bank, the General Meeting of Shareholders shall appoint the Auditing Commission consisting of 3 (three) persons for the period of one year.

12.2. Powers of the Auditing Commission of the Bank shall be determined with the current legislation and with the present Charter.

12.3. Procedures of activity of the Auditing Commission of the Bank shall be determined in Regulation «On Auditing Commission of JSCMB «Ipoteka-bank» approved by the General Meeting of Shareholders.

12.4. Inspection of financial and economic of Bank's activity shall be carried out under initiative of the Auditing Commission, the General Meeting of Shareholders, the Council of the Bank or by shareholder's (shareholders) demand who own not less than five percent of voting shares of the Bank by preliminary notification of the Council of the Bank according to results of activity of annual or other period.

12.5. By demand of the Auditing Commission of the Bank, official persons of the Bank shall be obliged to provide documents on financial and economic activity to the Auditing Commission.

12.6. Members of the Auditing Commission of the Bank may not, at the same time, be members of the Council of the Bank and may not occupy other positions in the Board of the Bank.



12.7. Qualification requirements to an inspector of the Bank or to members of the Auditing Commission shall be determined by the General Meeting of Shareholders. The same person may not be elected in the composition of the same Bank for more than three times in a row.

12.8. The Auditing Commission shall prepare a conclusion according to results of inspection of financial and economic of the Bank.

12.9. The Auditing Commission shall submit to the General Meeting of Shareholders or to the Council of the Bank a report on inspection made, if necessary, with recommendations for elimination of shortcomings as well as a conclusion on compliance of profit and losses report and annual balance sheet submitted for approval to the actual state of affairs of the Bank, together with recommendations for approval thereof.

#### **Internal Audit Service**

12.10. The Bank shall organize internal audit service. Internal audit service shall be accountable to the Council of the Bank.

12.11. Internal audit service of the Bank shall control and assess compliance by the executive organ, branches and representative offices of the Bank to the Charter of the Bank and other documents, ensuring full and reliable reflection of data in accounting and financial reports, compliance to established rules and procedures for implementation of economic operations, keeping of assets as well as work of an executive body, branches and representative offices of the Bank by monitoring and inspection of compliance to requirements established in legislative acts related to management of the Bank.

#### **Audit Organization**

12.12. An audit organization shall carry out financial and economic activity of the Bank in accordance with procedures established with the legislation, in accordance with an agreement entered into by the Bank and shall submit an audit conclusion thereto.

12.13. An audit organization shall be responsible to the Bank for causing damage as a result of compilation of an audit conclusion which includes incorrect conclusion about the financial report and other information about finances of the Bank.

### **XII. ACCOUNTING AND REPORTS OF THE BANK, PROCEDURES OF COMPILATION, VERIFICATION AND APPROVAL OF ANNUAL REPORTS.**

13.1. The Bank shall be obliged to maintain accounting and submit a financial report according to procedures established with the legislation and by the Central Bank.

13.2. Responsibility for organization, state and validity of accounting of the Bank, annual and other financial reports to respective organs as well as timely submission of information on Bank's activity to be provided to shareholders and creditors in the official web-site of the Bank and in mass media shall be imposed onto the Board of the Bank.

13.3. Property interests of validity in profit and loss accounts, balance sheet, financial report submitted to the General Meeting of Shareholders and specified in the financial report of the Bank must be confirmed by the audit organization not connected with the Bank or its shareholders.

13.4. The annual report of the Bank must be preliminary approved by the Council of the Bank not later than thirty days from the date of holding the General Meeting of Shareholders.

13.5. Financial reports of the Bank shall be announced in a form and periods determined by the Central Bank in press after approval by an external auditor of correctness of information specified therein.

13.6. The financial year of the Bank shall commence on January 1 and shall finish on December 31.

#### **XIV. BRANCHES OF THE BANK, PROCEDURES OF CREATION THEREOF**

14.1. A branch is a separate sub-division which is located outside location of the Bank and which carries out all its duties or part thereof including duties of representation.

14.2. The Bank may create branches on the territory of the Republic of Uzbekistan according to established procedures and issue powers thereto according to procedures and scope established with the legislation and respective Regulation on a branch.

14.3. Under authorization of the Central Bank, the Bank may create branches and open representative offices outside the Republic of Uzbekistan and issue powers according to procedures and scope established with the legislation and respective Regulation on a branch.

14.4. A branch of the Bank shall be provided with a property by the Bank. The name of a branch must fully conform to the name of the Bank.

14.5. Branches and of representative offices of the Bank shall not be legal entities. A branch shall carry out its activity on the basis of a license issued to the Bank under a power of attorney issued by the Bank and Regulation on a branch approved by the Council of the Bank.

14.6. Branches of the Bank shall be created and shall be liquidated in accordance with the legislation and according to decision of the Council of the Bank and shall be registered and excluded from registration in the Central Bank.

14.7. Managers of the Bank shall be appointed by the Board of the Bank on the basis of positive conclusion of a commission of the Central Bank of the Republic of Uzbekistan for determination of professional conformance. The Chairman of the Board of the Bank shall enter into a labor agreement with managers of branches of the Bank on behalf of the Bank.

14.8. Branches of the Bank shall carry out all kinds of banking operations established in the Charter of the Bank under own regulations and shall provide paid services.

#### **XV. REORGANIZATION AND LIQUIDATION OF THE BANK**

15.1. Reorganization of the Bank shall be carried out by decision of the General Meeting of Shareholders in form of merger, affiliation, de-merger, separation and alteration.

15.2. Reorganization and liquidation of the Bank shall be carried out in accordance with Articles 49-56 of the Civil Code of the Republic of Uzbekistan, Articles 92-101 of the Law of the Republic of Uzbekistan «On Joint-Stock Companies and Protection of Rights of Shareholders» as well as respective Regulations approved by the Central Bank.

15.3. Reorganization of the Bank shall be carried out after receipt of authorization from the Central Bank of the Republic of Uzbekistan in form of merger, affiliation, de-merger, separation and reorganization.

15.4. The Bank may be reorganized by demand of the Central Bank.

## **XVI. ENSURING INTERESTS OF CLIENTS**

16.1. According to peculiarities of the work, persons in possession of information of the Bank shall be drawn to responsibility for disclosure of information on operations, accounts and deposits of clients in accordance with procedures established with the legislation.

16.2. The Bank shall guarantee preservation of confidentiality of information about operations, accounts and savings of clients and representatives. All employees and shareholders of the Bank shall be obliged to preserve confidentiality of information about operations, accounts and deposits of the Bank, clients and representatives. Seizure and collection measures in respect to monetary funds and other property of clients kept in the Bank including savings of citizens may be applied only on the grounds and procedures provided for with the legislation of the Republic of Uzbekistan.

16.3. Information about operations on accounts of legal and physical entities shall be issued to owners of accounts, their legal representatives and successors, prosecutor, court, investigative organs, tax, investigatory and other authorized organs according to procedures established with the legislation.

16.4. The Bank shall guarantee safe custody of monies and other funds, valuables and property submitted for storage and in respect to other operations conforming to requirements of the Central Bank of the Republic of Uzbekistan.

16.5. The Bank shall be in permanent ready state for timely and complete execution obligations imposed thereto, by streamlining its balance sheet structure in accordance with norms established by the Central Bank of the Republic of Uzbekistan.

16.6. The Bank shall deposit a part of attracted monetary funds to the fund of mandatory reserves in accordance with normative deductions determined by the Central Bank of the Republic of Uzbekistan.

## **XVII. MAKING AMENDMENTS AND SUPPLEMENTS TO THE CHARTER**

17.1. All amendments and supplements made to the Charter of the Bank by the General Meeting of Shareholders of the Bank and by the Council of the Bank under own powers shall be registered in accordance with procedures established by the Central Bank of the Republic of Uzbekistan.

17.2. Amendments and supplements made to the Charter of the Bank or the Charter of the Bank in new wording shall enter in force for third parties from the moment of state registration thereof, and from the moment of notification of the Central Bank of the Republic of Uzbekistan in cases established with the current legislation.

17.3. If other rules are established in the current legislation of the Republic of Uzbekistan than those provided for in the present Charter, then the rules of the current legislation of the Republic of Uzbekistan shall be applied.



17.4. After state registration of the present Charter of the Bank, the Charter of the Bank which was in force prior to adoption of the present Charter as well as all amendments and supplements made thereto shall be void.

**Chairman of the Board**

**JSCMB «Ipoteka-bank»**

*Signature*

**O.Musaev**

On August 18, 2014 I, Norova Makhfuza Ikromovna, notary of the Notary Public Office No 2 of Yunusabad District, Tashkent city, certify the authenticity of the copy to the original document. There are no any additions, erasures, crossed-out words and other not specified any fixes or features to be found in the original document.

Entered into the registry No. 4820

State fee paid 51896 soum

Notary:        Signature        M.I.Norova

*Official Seal of Notary Public*

**APPROVED:**  
at the Annual General Meeting  
of Shareholders  
of the JSCMB "Ipoteka-Bank"  
held on May 30, 2014

Charter of the  
Joint-Stock Commercial Mortgage Bank  
"Ipoteka-Bank"

Numbered and bound

Total- 26 pages

Deputy Chairman of the Board

*Signature*

Sh.Shoakhmedov

*Official seal: Joint-Stock Commercial Mortgage Bank  
"Ipoteka-Bank" of the Republic of Uzbekistan*

Numbered, sealed and bound on 26 (twenty six) pages

Notary: M.Norova *Signature*

*Official Seal of Notary Public*

Translated into English by translator of "Xizmatlar Dunyosi" Translation Agency **Makhmatmurotov Alisher Tagaymurotovich**, holder of passport number AA 1293232 issued on 22.04.2013 by the Department of Internal Affairs of Uchtepa District, Tashkent city, registered at: Tashkent, Mirabad District, Shakhrisabz street, Bld. 38, Flt. 8.

I have been warned of inaccurate translation.

Tel.: (99871) 233 67 75, 233 67 64

Signature

*M. Makhmatmurotov A. S.*





Республика Узбекистан.

Republic of Uzbekistan.

Город Ташкент

Tashkent city

27 OCT 2018

20 \_\_\_\_\_ года, Я, Камбаров К.М. Нотариус Государственной нотариальной  
\_\_\_\_\_, 20 \_\_\_\_\_, I, Kambarov K. M., the Notary Public of Public Notary

конторы № 7 Мирзо Улугбекского района города Ташкента, расположенного по  
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Office No. 7 of Mirzo Ulugbek district, Tashkent city, located at:

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1, Sayram str., Mirzo Ulugbek district, Tashkent city, hereby certify

подлинность подписи известного мне переводчика

the authenticity of signature of translator personally known to me:

Махматмуратова Алишера Тагаймуратовича

Makhmatmurotov Alisher Tagaymurotovich

Личность подписавшего документ установлена, дееспособность проверена.

The identity of the signed person and capability are proved.

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Registered under No.

Взыскано государственной пошлины

State fee paid amounting to UZS

НОТАРИУС:

NOTARY PUBLIC:

Камбаров К. М.

Kambarov K. M.

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pages  
Notary