

« APPROVED »

**By the general meeting of
shareholders
of «Hamkorbank» JSCB
from June 6, 2015**

Chairman of the Bank Council

I. I. Ibragimov

**REGULATION ON
SUPERVISORY COUNCIL of
Joint-Stock Commercial Bank «Hamkorban» with participation of foreign capital**

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1. GENERAL PROVISIONS

1. The present regulation on the Supervisory Council of joint-stock commercial bank "Namkorbank" with the participation of foreign capital (hereinafter referred to as the Regulation) is developed in accordance with the Civil Code of the Republic of Uzbekistan, the law of the Republic of Uzbekistan "On banks and banking activities ", the law of the Republic of Uzbekistan" On joint-stock companies and protection of shareholders rights "(hereinafter referred to as the Law) and other legal and legislative acts of the Republic of Uzbekistan, regulatory documents of the Central Bank of the Republic of Uzbekistan (hereinafter referred to as the Central Bank), as well as the Charter of joint-stock commercial bank " Namkorbank " with the participation of foreign capital (hereinafter referred to as the Bank).

2. The present regulation defines the status and competence, composition, rights, duties, responsibilities and procedures for remuneration of the members of the Bank Supervisory Council (hereinafter referred to as the Council), procedure for its formation and early termination of authorities of the members of the Bank Council, requirements to candidates to the members of the Bank Council, as well as the procedure for its work organization and cooperation with other bodies of the Bank management.
3. The Bank Council is a collegial body of management and carries out general management of the Bank activity, except for the issues, referred by the law and the Bank Charter to the competence of the general meeting of the Bank shareholders (hereinafter referred to as the General meeting of shareholders).
4. The Bank Council supervises activities of the Bank in order to ensure carrying out of these activities in a safe and efficient manner, but also provides adequate control over the risks of the Bank. Members of the Bank Council shall contribute to the creation of coherent and transparent system of corporate governance in the Bank, corresponding to the Bank culture, control environment, long-term objectives and strategy of the Bank.

2. TASKS AND OBJECTIVES OF ACTIVITIES OF THE SUPERVISORY COUNCIL OF THE BANK

5. The main objectives of the Bank Council activity are to ensure financial stability of the Bank, observance of the rights and protection of legitimate interests of the Bank shareholders, implementation of the ongoing monitoring of the activities of the Executive Body -the Board of the Bank (hereinafter referred to as the Board), to ensure completeness, accuracy and objectivity of public information about the Bank
6. To implement the activity objectives, the Council of the Bank is obliged to be guided by the following principles:
 - making decisions, based on reliable information on the Bank activity;
 - exclusion of restrictions of the shareholders rights to participate in the management of the Bank activities, receive dividends and information about the Bank;
Achieving of interests balance of different groups of shareholders and adoption by the Council of the Bank of maximum objective decisions in the interests of all shareholders of the Bank.
7. To implement the activities objectives, the Bank Council within the limits of its competence, solves the following tasks:
 - definition of strategic objectives and priority directions of the Bank development;
provision of effective control over financial and economic activity of the Bank;
 - provision of control over establishment and operation of an effective system of risk management;
 - Organization of control over existing procedures in the Bank, in which shareholders ' rights are implemented, including for prevention and settlement of corporate conflicts;
 - provision of effective operation of the Executive Body- the Board of the Bank, including through monitoring of its activities;
 - approval of the corporate values and their dissemination throughout the Bank;
 - establishment of clearly defined spheres of responsibility and accountability throughout the Bank and provision of their implementation.
8. To perform its tasks, the Bank Council shall perform the following duties appropriately and in good faith:

- provide leadership and act on the basis of the principles of creativity, integrity and independent judgment, directing activities of the Bank with the aim of achieving the Bank stable prosperity, acting in all cases in the best interests of the Bank and observing the principles of transparency and accountability;
- ensure appropriately managed and efficient process for the appointment of competent members of the Council, each of which is able to contribute to the increase of the Bank's efficiency and be independent in decision-making;
- define the goals and objectives of the Bank, strategy for goals achievement in order to ensure continued operation of the Bank and its prosperity, as well as ensure monitoring of implementation of procedures and practices that protect the company's assets and reputation of the Bank;
- monitor and evaluate implementation of strategies, policies, as well as assessment of the activities effectiveness of the Executive Body- the Board of the Bank and execution of business plans of the Bank;
- provide control over compliance of the Bank's officials and staff members with all relevant legislative requirements, internal normative documents, policies, regulations and procedures, as well as the code of corporate governance of the Bank;
- provide effective communication between the Bank and its shareholders, as well as other stakeholders;
- serve the legitimate interests of the shareholders and the Bank, as well as be fully accountable to them for its actions;
- regularly review the processes and procedures in order to ensure the effectiveness of internal control systems, adoption of effective decisions, as well as maintain accuracy of the accounts and financial results at the highest level;
- regularly assess effectiveness of the Bank Council activity as a whole as well as of individual members of the Council, Chairman of the Board (hereinafter referred to as the Chairman of the Board) and members of the Board;
- motivate and protect intellectual capital of the Bank and provide adequate training for managers and employees of the Bank;
- conduct planning of posts replacement for senior management within the authority, provided by the law for the Bank Council;
- identify the key risk areas and key performance indicators and monitor these factors;
- provide regular independent assessments of the Bank's activities in order to ensure prosperity and stability of the Bank's activity as a viable operating organization.

3. COMPETENCE OF THE BANK COUNCIL

9. Competence of the Bank Council includes the following questions:

- identification of priority directions of the Bank activity;
- convocation of annual and extraordinary general meetings of shareholders, except in the cases, prescribed by law;
- preparation of the agenda of the general meeting of shareholders;
- determination of the date, time and place of holding the general meeting of shareholders;
- determination of the formation date of the Bank's shareholders register for notification of holding the general meeting of shareholders;

- Introduction to the decision of the general meeting of shareholders of questions about the Bank reorganization;
 - Establishment of the market value of the property;
 - election (appointment) of the members of the Board of the Bank (except its Chairman), early termination of their powers;
 - appointment of corporate consultant (hereinafter referred to as the Corporate consultant) and adoption of the provisions, regulating its activities, if introduction of this post is provided for in the Charter of the Bank;
 - approval of the annual business plan of the Bank;
 - organization of internal audit service (hereinafter referred to as Internal audit service) and appointment of its employees, as well as quarterly hearing of its reports;;
 - access to any documents, relating to the activities of the Board of the Bank, and receipt of them from the Board of the Bank for the execution of responsibilities, tasks, entrusted to the Board. Received documents can be used by the Board of the Bank and its members solely for official purposes;
 - making decision to hold the audit, to choose audit organization and payment limit;
 - recommendations on the size of rewards and compensations, paid to members of the Audit Commission (Auditor) of the Bank (hereinafter referred to as the Audit Commission);
 - giving recommendations on the amount of dividend, the form and manner of its payment;
 - use of reserve and other funds of the Bank;
 - creation of branches and opening of representative offices of the Bank;
 - creation of subsidiaries and dependent companies;
 - making decision on committing large transactions and transactions with affiliated persons in the cases, provided for by law;
 - conclusion of transactions, involving the Bank in commercial and non-profit organizations, in the manner, prescribed by the legislation;
 - making decision on the redemption of corporate bonds.
10. The competence of the Bank Council may include according to the decision of the shareholders general meeting or the Bank Charter:
- solving of issues on increase in the authorized fund (authorized capital), as well as about amendments and additions on the Bank Charter, related to increase in the authorized fund (authorized capital);
 - setting of shares allocation price (placement at the на Exchange and organized OTC market of securities);
 - making decision about issue of corporate bonds, including those, converted into shares
 - making decision about issue of related securities;
 - making decision about redemption of corporate bonds of the Bank;
 - establishment of amounts of remunerations and compensations, paid to the members of the Board of the Bank
 - approval of the annual business-plan of the Bank.
11. Competence of the Bank Council includes solving of other matters in accordance with the law and the Bank Charter
12. Issues, referred to the competence of the Bank Council, may not be transferred for decision making to the Board of the Bank

4. ELECTION OF THE BANK COUNCIL

13. Staff of the Bank Council shall be determined in such a way as to ensure representation of different groups of shareholders, including minority.
14. Council of the Bank is elected by the annual general meeting of shareholders for a period of one year. The number of members of the Bank Council is 9 (nine) members. The members of the Board of the Bank and Chairman of the Board of the Bank may not be elected to the Bank Council. Persons, employed under the employment agreement (contract) in the Bank, may not be members of the Bank Council.
15. Until foreign shareholders, namely the International Finance Corporation (hereinafter referred to as IFC) and Nederlandse Financierings –Maatschappij Voor Ontwikkelingslanden N. V. (hereinafter referred to as FMO), own at least 1 (one) percent of the voting shares of the Bank, IFC or FMO has the right to nominate at least 1 (one) observer or 1 (one) member to the Bank Council.
16. In accordance with current law and subject to the decision of the general meeting of shareholders, IFC and FMO may apply to dismiss the candidate who has been nominated by the IFC or FMO as candidate member of the Bank Council, at any time, at that, IFC and FMO are entitled to appoint another person as their candidate instead of any rejected candidate. In the case of resignation, retirement or vacation of the nominated candidate, IFC and FMO (depending on who appoints such a candidate) have the right to appoint another person as their candidate.
17. The Bank shall reimburse to each Member of the Bank Council to the maximum extent, permitted by applicable law, any and all costs, expenses and liabilities, suffered or incurred by each such member in the course of his activities as a member of the Bank Council. Reasonably incurred expenses of each Member of the Bank Council, who is not the Bank employee, and associated with visits to the meetings of the Bank Council or Committee meetings of the Bank Council or the general meeting of shareholders (including reasonable costs, incurred by a member of the Bank Council, nominated by IFC or MFO, of travel and meetings attendance) shall be reimbursed by the Bank..
18. Only a natural person can be a member of the Bank Council. Member of the Bank Council may not be a shareholder of the Bank.
19. With a view to ensuring the objectivity of decisions and maintenance of balance between the interests of different groups of shareholders, not less than one third of the membership of the Bank Council may be independent members. The criteria for independence the Council members are defined in section 5 of the present regulations.
20. Persons who have an impeccable reputation can be elected as a member of the Bank Council. The Supervisory Council may not include the following persons:
 - having criminal record for offences in the sphere of economic activities or offences against State power, in respect of whom there are judicial decisions which have entered into force, which established the facts of misconduct, leading to deliberate and (or) fictitious bankruptcy, infliction of loss to any credit organization, as well as other persons who do not meet the qualification requirements, established by the laws and regulations of the Central Bank;
 - members of the Supervisory Council of more than three other organizations;
 - participant, sole executive body, member of the governing body or employee of the legal person, competing with the Bank.

21. Member of the Bank Council must have higher education, scientific degree or academic rank, as well as experience in leadership position or financial, economic or scientific areas.
22. Members of the Bank Council shall be elected by cumulative voting. With cumulative voting, the number of votes, held by each shareholder, shall be multiplied by the number of persons to be elected to the Bank Council, and the shareholder shall have the right to give votes, received in such way, for one candidate or distribute them among two or more candidates. Those nominees who obtain the largest number of votes shall be considered elected to the Bank Council. Persons, elected to the Bank Council, may be re-elected for a new term of Office unlimited number of times.
23. Shareholders (shareholder) of the Bank, who are in the aggregate owe not less than 1 per cent of the voting shares of the Bank, have the right to propose candidates for election to the Bank Council, whose number may not exceed the number of members of the Bank Council.
24. Proposals for candidates nomination for their election to the Bank Council are submitted at the annual general meeting of shareholders not later than 30 (thirty) days after the end of the fiscal year.
25. Proposal for candidates nomination to the Bank Council is made in writing with indication of the name (business name) of submitted them shareholder (s), the number and type of shares, belonging to them, and must be signed by the shareholders (shareholder). If the proposal comes from the shareholder who is a legal person, signature of the representative of the legal entity, acting in conformity with the Charter without proxy, is impressed with the seal of this legal entity.
26. Proposal for candidates nomination shall indicate:
 - surname, name, patronymic of each proposed candidate and date of his birth;
 - name (or designation) of shareholder (stockholders), having provided the candidate;
 - the number and type of shares, owned by such shareholders;
 - education, including upgrading of qualifications (name of institution, date of graduation, major);
 - information about positions, held by the candidate during the last 5 (five) years.
 - positions, held at the time of nomination;
 - information on the membership in councils and other governing bodies of other legal persons;
 - list of entities, of which the candidate is a member, indicating shares, owned by him, equities, shares of stocks in the share capital of these legal persons;
 - list of persons to whom the candidate is an affiliated person with indication of affiliation grounds;
 - information about limitations on the participation in the Bank Council: outstanding conviction, administrative responsibility, punishment by deprivation of the right to occupy certain positions or do some business, etc.
27. The Council of the Bank is obliged to consider the proposals and take decision on inclusion of the nominated candidates in the list of candidates to be elected to the Bank Council or on refusal to include no later than 10 (ten) days after the end of the period, referred to in paragraph 24 of the present Regulation

28. Nominees should be included in the list of candidates to be elected to Bank Council, except if:
 - shareholders (a shareholder) do not comply with the deadlines, established by paragraph 24 of the present regulation;
 - shareholders (a shareholder) are not the owners of the prescribed number of voting shares of the Bank;
 - proposal does not meet the requirements of the law and/or criteria to the Bank Council members, referred to in paragraph 20 of this regulation;
 - in other cases, stipulated by Law
29. The reasoned decision of the Bank Council to deny inclusion of the applicant in the list of candidates to be elected to the Bank Council shall be sent to the shareholders (shareholder), who nominated the candidate, no later than three working days from the date of its adoption. The decision of the Bank Council to deny inclusion of the applicant in the list of candidates to be elected to the Bank Council may be appealed in court.
30. By decision of the general meeting of shareholders, powers of the Bank Council members may be terminated prematurely. The decision of the general meeting of shareholders on the pre-term abatement of authorities can be accepted only in respect of all the members of the Bank Council. Powers of the members of the Bank Council shall be deemed terminated upon adoption by the general meeting of shareholders of the decision on their early termination.
31. The new staff of the Bank Council is elected by the same extraordinary general meeting of shareholders of the Bank, at which the decision is taken on early termination of the powers of the existing composition of the Bank Council.
32. In the event of early termination of the powers of the Bank Council, the powers of the new staff, elected at the extraordinary general meeting of shareholders, are valid until the nearest annual general meeting of shareholders.
33. Member of the Bank Council may inform the Bank Council in writing at any time on the voluntary termination of his powers, including because of illness. The specified notification is sent by registered letter, or by handing over it with signature confirmation to the Corporate advisor of the Bank Council. The corresponding statement is issued on the name of the Chairman of the Bank Council (hereinafter referred to as the Chairman of the Council), or the corporate consultant of the Bank Council if statement is filed by the Chairman of the Bank Council. Member of the Bank Council shall be obliged to inform in writing the Bank Council on the voluntary termination of their authority not later than prior one month.

5. CRITERIA FOR INDEPENDENT MEMBER OF THE BANK COUNCIL

34. Member of the Council of the Bank, who has no material relationship with the Bank and who is not its shareholder, is considered independent. Independent members of the Bank Council are members that meet the following criteria:
 - they are not affiliates of the Bank, as well as affiliated entities for such affiliated entities
 - are not major counterparties of the Bank (such counterparties, with who the aggregate amount of the transactions of the Bank during the year is 10 percent or more of the book value of the Bank assets);
 - they are not parties on contractual obligations with the Bank, in accordance with conditions of which they may acquire property (get money), cost of which is 10 per cent or more

of the total annual income of specified persons, with the exception of remuneration for participation in the work of the Council of the Bank;

- Not representatives of State power;
 - not members of non-profit organizations, largely financed by the Bank and its branches
 - non-parties to the pension programs of the Bank and its branches or index options;
 - persons, not pecuniary interested in the Bank and its affiliates (or directly such persons as a principal officer, Chief, Director, shareholder or partner of such person concerned person);
 - non-family members or supervisors of persons, not meeting the above requirements;
 - not included directly in any proprietary relationship with the Bank, with the exception of relations as a member of the Bank Council;
 - listed as independent members of the Bank Council in annual report, distributed among shareholders of the Bank;
 - not participating in the management of the Bank for the last 10 (ten) years;
 - for the last 5 years:
 - not being in partnership with the Bank and its affiliates, not working as employees of the Bank and its branches;
 - not having other income from the Bank, except for income, derived from membership in the Bank Council, and such income does not constitute a large portion of their total annual income.
35. Independent member of the Bank Council, on expiry of the five-year period of the duties performance of a member of the Bank Council, cannot be regarded as independent member.
36. Independent member of the Bank Council must refrain from actions, because of which he can cease to be independent member. If, after election to the Bank council, changes take place or circumstances arise, which result in ceasing of the independent member of the Bank Council to be such independent member, he shall submit an application to the Bank Council, outlining these changes and circumstances. In this case, as well as in the case when the Bank Council otherwise becomes aware of these changes or circumstances, the Bank Council shall inform shareholders of these changes or circumstances, and, if necessary, it may convene an extraordinary general meeting of shareholders for election of the new staff of the Bank Council.

6. CHAIRMAN OF THE BANK COUNCIL

37. Chairman of the Bank Council shall be elected by the members of the Council from its membership by a majority of votes from the total number of the elected members of the Bank Council.
38. Members of the Bank Council shall have the right to elect the Chairman of the Bank Council that carries out the functions of Chairman of the Bank Council during his absence. In case of absence of the Chairman and his Deputy, his functions shall be performed by one of the Bank Council members by the decision of the Bank Council.
39. Chairman of the Council and his Deputy at any time can be re-elected by the Bank Council by a majority of votes of the total membership of the Bank Council.
40. Chairman of the Bank Council:
- organizes its work;
 - convenes meetings of the Council and presides at them;
 - organizes taking minutes at the meetings;

- presides at the general meeting of shareholders;
 - on behalf of the Bank name concludes contract of employment with Chairman of the Board of the Bank;
 - organizes work on creation of the Council committees, nomination of the Council members to the committees and also coordinates activities of the committees;
 - performs other actions, stipulated by the Charter of the Bank and the law.
41. On behalf of the name of the Bank Council, the Chairman of the Bank Council signs documents, approved at the meetings of the Bank Council, unless otherwise provided for by the Bank Council decision.
 42. Convening of the first meeting of the Bank Council with the new staff before election in the prescribed manner of the Chairman of the Bank Council is carried out by the Chairman of the Council of the Bank of the previous staff. If there is quorum, such a meeting can be held on the date of holding of the general meeting of shareholders, at which new staff of the Bank Council was elected.
 43. The Chairman of the Bank Council shall have the right to give orders to the Chairman of the Board of the Bank on attracting specialists in a specific field of knowledge, required for concluding qualified opinion by the Bank Council on any issue within the framework of the tasks and competence of the Bank Council, as well as give instructions to the Board the Bank to prepare documents, opinions and other material on issues, discussed at meetings of the Bank Council.

7. CORPORATE ADVISER OF THE BANK COUNCIL

44. Corporate adviser of the Bank Council shall hold office on full-time basis and have necessary qualifications to ensure compliance of the authorities with the requirements, established by the legislation and internal documents of the Bank. Corporate adviser of the Bank Council shall be appointed by the members of the Council by a majority of votes. Activities of the corporate adviser of the Bank Council is governed by the regulations on Corporate adviser of the Bank Council.
45. Task of the corporate adviser of the Bank Council is requirement to authorities and officials to comply with the Bank procedural requirements, guaranteeing realization of the rights and interests of the shareholders, as well as the implementation of the activities for the preparation and conduct of the general meeting of the Bank shareholders, meetings of the Bank Council, disclosure of information about the Bank, storage of the Bank documents, consideration by the Bank of shareholders appeals and assistance in conflicts settlement, related to the violation of the rights of the Bank shareholders.
46. Corporate adviser of the Bank Council provides clear interaction between the Council and governing bodies of the Bank, in accordance with the provisions of the Bank Charter and other internal documents of the Bank, as well as informs members of the Bank Council and the Bank officials on emerging new trends in development of corporate governance practice.
47. Corporate adviser of the Bank Council is obliged to:
 - form the agenda of the meetings of the Bank Council
 - keep records and prepare minutes of meetings;
 - to keep accounting and store incoming documentation and copies of outgoing documentation of the Bank;
 - to inform in advance the members of the Bank Council about meetings;
 - keep minutes of the meetings and decisions of the Bank Council;
 - to carry out other functions on instruction of the Bank Council.

48. To ensure activities of the corporate adviser of the Bank Council, the Bank budget shall provide necessary funds in the amount, approved by the Bank Council.
49. The Bank corporate adviser of the Bank Council receives monthly remuneration for the performance of his functions.
50. Amounts of compensations and reimbursement to the corporate adviser of the Bank Council shall be established by the decision of the Bank Council..

8. PROCEDURE FOR HOLDING MEETINGS OF THE BANK COUNCIL

51. For the meeting of the Bank Council, Corporate adviser of the Bank Council must prepare materials, including brief description of the main issues, including the possible consequences in case of non-acceptance of decisions, and practical suggestions . More information should be reflected in the annexes to the materials for the meeting
52. Material for meetings of the Bank Council may include:
 - prepared by the Board of the Bank the main financial and non-financial indicators of the Bank's activities.
 - Protocol, and recommendations of the previous meetings of the Bank Council
 - indicators of business volume, assets, liabilities and equity, as well as information about income and expenses of the Bank;
 - information on the effectiveness of the Bank as a whole, its affiliates and other entities.

Convening of meetings of the Bank Council

53. Meetings of the Council shall be convened by the Chairman of the Council on its own initiative or at the request of:
 - Member of the Bank Council;
 - The Audit Commission;
 - The Board of the Bank;
 - The internal audit service of the Bank;
 - The Central Bank.
54. When deciding on the convening of the Bank Council meeting, persons, convening such meeting, shall determine:
 - date, time and place of the meeting;
 - agenda of the meeting;
 - wording of the questions, put to vote;
 - list of information (materials), submitted to the members of the Bank Council for the meeting.

Notification of members of the Bank Council on convening and conduct of meetings of the Bank Council

55. All members of the Bank Council shall be notified about the meeting within a period of not less than 7 days before the meeting. Notice of a meeting shall be sent to the members of the Bank Council in writing or in some other convenient way (including by mail, Telegraph, teletype, telephone, electronic or other communication).
56. Notice of the meeting must contain :
 - indication of the meeting initiator (initiator's name or the name of the body or legal person that submitted requirement);

- issues of agenda;
- reasons for the issues inclusion in the agenda;
- date, time and place of the meeting..

Refusal to convene a meeting of the Bank Council

57. Chairman of the Bank Council is not entitled to refuse to convene meetings, except when:
- the request for the meeting convening does not meet the requirements of the law, the Bank Charter, the present Regulation or other internal documents of the Bank;
 - initiator of convening has no right to demand convening of the Bank Council meeting according to the Bank charter and present Regulation.
58. Chairman of the Council is obliged to consider submitted requirement and decide on convening the meeting of the Bank Council or refusal to convene within 3 days from the date of the request filing.
59. Chairman of the Bank Council shall be obliged to notify the initiators of the meeting convocation about taken decision within 3 days from the date of the decision adoption.
60. The Bank Council meeting, convened at the request of persons, referred to in paragraph 53 of the present Regulation shall be held within 10 days from the date of the request presentation.
61. Chairman of the Bank Council shall be obliged to convene a meeting of the Council to address the following issues:
- convening of the annual general shareholders ' meeting and adoption of decisions, necessary for its convening and conducting;
 - preliminary approval of the annual report of the Bank;
 - consideration of the shareholders' proposals for the issues inclusion in the agenda of the annual general shareholders ' meeting and nomination of candidates in the management and control bodies of the Bank and taking decisions on the inclusion of issues in the agenda of the annual general meeting, and candidates- in the list of candidates to be elected to the organs of management and control of the Bank, or refusal of such inclusion;
 - convening of the general meeting of shareholders for election of the new staff of the Bank Council;
 - other issues, required for taking decision by the Bank Council in accordance with the current legislation, the Charter of the Bank and the present regulation.

Meeting of the Bank Council

62. Meetings of the Bank Council shall be held as necessary but not less frequently than once every 3 months, taking into account the annual graphics and proof of the date of the next meeting of the Bank Council at the previous meeting of the Bank Council
63. Quorum for conducting a meeting of the Bank Council shall be not less than seventy-five per cent of the number of elected members of the Bank Council. In the case where the number of members of the Bank Council is less than seventy-five per cent of the amount, provided for in the Charter of the Bank, the Bank shall be obliged to convene an extraordinary general meeting of shareholders for the election of the new staff of the Bank council. The remaining members of the Bank Council shall be entitled to take a decision on convening such extraordinary general meeting of shareholders, as well as in the event of early termination of the powers of the Board of the Bank Chairman, to appoint his designate.

64. When taking decisions by the Bank's Council , its members who are present at the meeting, are required to express their views on the matters on the agenda by voting. The Protocol shall be signed by all the members of the Council, present at the meeting.
65. Each Member of the Bank Council has one vote. Decisions of the Council shall be taken by a majority of votes of the members present, except in cases provided for by law, the Charter of the Bank and the present regulation. In case of equality of votes, the vote of the Chairman of the Bank Council shall be deemed conclusive. Voice transfer by one member of the Bank Council to another Member of the Bank Council is not permitted..
66. Decision of the Bank Council on the following matters shall be taken by unanimity:
 - increase of the authorized fund, as well as making appropriate changes in the Bank's Charter, in accordance with the Charter of the Bank and the law;
 - committing large transactions, in accordance with the Charter of the Bank and the law;
 - committing transactions with affiliated persons, in accordance with the Charter of the Bank and the law;
 - Issuance of corporate bonds by the Bank, convertible into shares, in accordance with the Charter of the Bank and the law.
67. Notwithstanding the foregoing, and to the extent, permitted by law, the Bank does not take the following decisions and does not carry out the following actions without approval of at least qualified majority (75%) of members of the Bank Council, present at the legible meeting of the Bank Council:
 - to enter into any agreement, arrangement or transaction with any affiliated person (a) with the value of transaction, exceeding 2.5 (two and a half) percent of banking capital, or (b) in addition to intangible agreements of less than 1 (one) year duration, concluded on the principles of the parties independence in the implementation of routine activities;
 - to approve or change business plan or budget of the Bank;
 - To participate in any investment, business or commercial activities beyond the standard banking activity in the Republic of Uzbekistan
68. Decisions of the Bank Council may be taken by absentee voting unanimously by all members of the Bank Council. No decision shall be deemed duly adopted by the Bank Council or the Bank Council Committee by absentee ballot or by written agreement, if the decision is not communicated in the form of preliminary text of the document, together with information, necessary to make informed faithful decision, in its entirety and relevant documents, necessary to support adoption of such decision, if any, to all members of the Bank Council or to all members of the relevant committees of the Bank Council at their mailing address.
69. At definition of quorum and voting results on the agenda issues, the written opinion of the Member of the Bank Council, absent at the meeting of the Bank Council , is taken into account in case if such written opinion clearly indicates the position of the member of the Bank Council on the question under discussion ("for", "against", "abstain"). The written opinion should be presented by the member of the Bank Council to the Chairman of the Bank Council before the meeting. The written opinion shall be drawn up in free form and may contain voting as on all matters on the agenda of the meeting, and on specific issues.
70. Decisions of the Bank Council may be taken by absentee voting (by poll) by all members of the Council unanimously.

71. The meeting of the Bank Council may be attended by invitees. Invited persons shall have the right:
- to speak on the agenda matters of the meeting of the Bank Council, in accordance with pre-defined questions for them;
 - at the request of the members of the Bank Council clarify issues under negotiation by the Bank Council.

72. Invited persons do not have the right to participate in voting on issues on the agenda of the meeting of the Bank Council..

Minutes of the meetings of the Bank Council

73. At the meeting of the Bank Council corporate adviser of the Bank Council maintains Protocol, and in his absence- one of the members of the Bank Council on the instruction of the person, presiding at the meeting.

74. Protocol of the Bank Council meeting shall be prepared not later than ten days after the meeting.

75. The minutes of the meeting shall specify:

- date, place and time of the meeting;
- persons, present at the meeting;;
- Agenda of the meeting;
- questions, put to vote and results of voting on them;
- adopted decisions

76. The Bank shall keep minutes of the meetings of the Bank Council in the manner and time, prescribed by the law. The Bank is obliged to provide the shareholders, the members of the Council, Bank's Audit Commission, auditor of the Bank with access to the minutes of the meetings of the Bank Council.

9. RIGHTS AND OBLIGATIONS OF THE MEMBERS OF THE BANK COUNCIL

77. Member of the Bank Council shall have the right:

- to require full information (documents and materials) from officials and employees of the Bank in the manner, prescribed by Regulation;
- to get remuneration for his duties performance and (or) compensation for costs, associated with the performance of the functions of a member of the Bank Council;
- to get acquainted with the meetings of the Bank Council and other collegial bodies of the Bank and receive copies of them;
- to put the question on the agenda of the Bank Council;
- to speak at meetings of the Bank Council;
- to require insertion in the Protocol of the meeting of the Bank Council of his individual opinion on agenda, taken decisions;
- and other rights, stipulated by the legislation and the Charter of the Bank.

78. : Member of the Bank Council shall be obliged:

- to keep loyalty to the Bank;
- act reasonably, in good faith, with due diligence with respect to the Affairs of the Bank;
- to act in the interests of the Bank as a whole and not for interests of individual shareholders, officials and others
- not to disclose confidential, insider and other proprietary information about the Bank's activities, about which he became aware, as well as not to use it in their own interests or in the interests of third parties during the execution of

duties of the member of the Bank Council, and within five years after the end of the term of Office of the Member of the Bank Council;

- initiate the meeting of the Bank Council to deal with urgent matters;
- allocate sufficient time to perform their duties;
- participate in meetings of Council and committees of the Bank Council;
- in case of impossibility to participate in the meeting of the Council he shall immediately inform the Chairman of the Bank Council or corporate advisor of the Bank Council;
- participate in taking decisions of the Bank Council by voting on issues on the agenda of the meetings;
- take justified decisions, study all necessary information (materials), investigate and bring to the attention of all members of the Bank Council, all without exception information, relevant to the decisions to be taken;
- When deciding, to assess risks and adverse effects;
- bring to the attention of the Bank Council information about affiliation when the Bank performs transactions by sending written notification with detailed information about expected transaction, including information about the persons, involved in the transaction, subject of the transaction, essential conditions of the relevant contract;
- to participate in the conduct of examinations of projects, and programs, offered by the Bank Council;
- prepare proposals to improve the financial and economic activity of the Bank at the request of the Bank Council;
- ; inform other members of the Bank Council about facts of violations by the Bank's employees, about which he became aware, including officials, legislation, the Charter of the Bank, internal regulations, rules and instructions of the Bank;
- to prepare and submit for consideration of the Bank Council issues, included in its competence;
- have own opinion on annual reports, annual accounting statements, including profit and loss reports (profit and loss accounts) of the Bank, on the order of profit distribution, including dividend payment, and losses of the Bank on the results of fiscal year;
- attend the general shareholders' meeting and answer questions of the meeting participants;
- and other duties, stipulated by the legislation and the Charter of the Bank.

79. The procedure for exercising the rights and obligations of the members of the Bank Council:

- activities of the Member of the Bank Council is continuous and is not limited to participation in decision-making of the Bank Council;
- person, engaged in storage of minutes of meetings of the Bank Council, shall, within two days at the request of the member of the Bank Council provide it with certified copies of these documents;

Member of the Bank Council, in order to exercise their rights and duties, is entitled to give instructions and orders, mandatory for all officials of the Bank if they are not in conflict with the law, the Charter of the Bank and internal documents of the Bank and do not infringe the competence of other bodies and officials of management and control of the Bank;

Board of the Bank is obliged upon request of the member of the Bank Council to provide him with any information on the activities of the Bank and not directly related to the activities of the Bank, except for information about

Privacy and information, violating personal secrets, as well as being a trade secret of any third party;

- information requests from members of the Bank Council are provided centrally through the Chairman of the Bank Council or corporate advisor of the Bank Council;
- in the event of failure to provide information, requested by the Bank Council Member, the Board of the Bank is obliged to present to the Member of the Bank Council a written motivated refusal within one day;
- the Bank Council decisions are obligatory for execution by the Bank's Board and Chairman of the Board of the Bank.

For new members of the Bank Council, organization of familiarization training on corporate governance, as well as on banking activities is required.

10. REMUNERATION AND WORK EVALUATION OF THE MEMBERS OF THE BANK COUNCIL

80. According to the decision of the general meeting of shareholders, the Bank Council members during their duties execution are paid **fixed and additional remuneration**, as well as compensation for the costs, associated with the performance of their functions as members of the Bank Council, according to the regulations "On the assessment of the Bank Council work", within the approved budget of the Bank Council.
81. Additional remuneration is paid for the work of the members of the Bank Council in the committees, for chairmanship in the committees and for performance of duties of the Chairman of the Bank Council.
82. On recommendation of the Committee on appointment and remuneration, the Bank Council may take a decision on the remuneration of the members of the Bank Council according to the results of work for the year in the specific amount and form within the budget, approved by the general meeting of shareholders.
83. To ensure the effectiveness of the Bank Council work, the Committee on appointment and remuneration quarterly assesses the activities of the Bank Council as a whole and individual members of the Bank Council, in particular, as well as compliance of the members of the Bank Council with policies and corporate governance procedures and Code of corporate governance of the Bank.

11. COMMITTEES OF THE BANK COUNCIL

84. For effective implementation of its functions, the Bank Council creates standing committees:
 - Committee on strategic planning, development and corporate governance;
 - Audit and risk Committee;
 - the Committee on appointment and remuneration;
 - other committees that the Council will decide to create in case of need.
85. The committees include only members of the Bank Council. In case of need in the work of the committees experts can be involved with the necessary skills to work in a particular Committee. Independent member of the Bank Council should be appointed in each of the Bank's Council committees, specified in paragraph 84 of the present regulations.

86. The Committee has no right to act on behalf of the Bank Council. Decisions of the Committee are advisory in nature.
87. For each generated Committee, the Bank Council approves the regulation, which sets out the goals and objectives of the Committee, its functions, rights and obligations of the members of the Committee, procedure for the Committee formation, decision-making requirements and accounting rules of the Committee to the Bank Council.
88. The Committee is required to notify the Bank Council about its activities by submitting to the Bank Council of reports on the Committee activities on the form, approved by the Bank Council, at least once a month.
89. The Committee shall submit to the Council an annual report on implementation of the tasks, performed by this Committee

12. PROTECTION OF RIGHTS AND INTERESTS OF THE BANK SHAREHOLDERS

90. Protection of the interests and rights of the Bank shareholders is carried out by the Bank Council by:
 - Organization of the Bank's activity, taking into account the shareholders' interests;
 - monitoring of preparation and holding of general meetings of shareholders, voting and voices counting processes and decision-making;
 - preventing infringement of the shareholders rights when changing their participation interests in the authorized capital of the Bank by¹ increase or decrease of the authorized Fund, issue of additional securities and other means;
 - development of effective policy on dividends;
 - consideration of issues, related to the Bank's shareholders;
 - Receipt and consideration of suggestions and complaints of shareholders about unlawful and incompetent actions of the Management Board of the Bank.
91. Council of the Bank will make every effort to ensure effective and transparent functioning of the Bank. In this regard, the Bank Council shall take the necessary steps in order:
 - rules and procedures, governing acquisition of control over the Bank on the stock market, as well as transactions of extraordinary nature, such as mergers and sales of substantial portions of the Bank's assets ' were clearly formulated and publicized, and shareholders understood their rights and remedies under these conditions;
 - transactions were concluded at transparent prices and on fair terms that would protect the rights of all shareholders, in accordance with shares owed by them.
92. The Bank Council will ensure timely and fair disclosure to shareholders of any information that could significantly affect the value of their investments or income from these investments, including information on significant changes in ownership structure , offers about buying majority stake, shareholders plans, acquisitions, mergers, split up and associations with other banks and so on.. Essential information includes:
 - the Bank tasks;
 - financial and operating results of activity;
 - important issues, related to the structure and management policies;
 - change or factors, influencing the Bank's Council members or key staff of the Bank;
 - remuneration and benefits of members of the Bank Council;
 - normative-legal acts or changes in legislation;

- other important issues, affecting business environment.
93. All information, important for the shareholders, will be submitted in accordance with the Bank's information policy..

13. MONITORING OF THE BANK ACTIVITIES

94. The Bank Council shall receive from the Bank Board periodic (at least quarterly) reviews and written reports on the financial status and activities of the Bank, including recommendations on their improvement, as well as hear the reports of the Chairman of the Board and the head of internal audit service. Members of the Bank Council shall carry out thorough check of such reports and recommendations with a view to determine their accuracy and operability. List of reports to the Bank Council and their descriptions are given in appendices 1 and 2 to the present Regulation.
95. Subject of regular monitoring by the Council of the Bank is, in particular, the following financial ratios:
- income in relation to assets;
 - income on ordinary shares;
 - total interest margin;
 - Costs of the Bank, not related to the payment of interest, with respect to assets;
 - proportion of doubtful and bad loans with respect to all loans;
 - percentage of written-off loans in relation to all loans;
 - amount of large loans and loans to individuals, connected with the Bank..
96. Council members should receive information and reports, covering the following issues:
- financial activity results;
 - loan portfolio management;
 - liquidity risk management;
 - interest rate risk management;
 - investment portfolio management;
 - financial derivatives and off-balance sheet transactions;
 - Audit and internal control;
 - security;
 - assets quality and management;
 - management information system;
 - mandatory reports to the Central Bank;
 - transactions with related persons;
 - compliance with the code on corporate governance and ethical standards;
 - marketing ;
 - new products;
 - important legal issues;
 - personnel management issues;
 - economic analysis.
97. Financial reports should be analyzed to identify significant deviations (favourable and unfavourable) between the Bank and the Group of similar organizations. The Bank Council members should have explanations of the management about significant deviations from the forecasts, as well as from indicators on the group of similar organizations and industry standards.
98. The Bank Council quarterly hears:

- report of the Board of the Bank on the status of implementation of the annual business plan;
- report of the internal audit service of the Bank;
- conclusion of the Audit Commission of the Bank on the availability during the reporting quarter of major transactions and transactions with affiliates.

14. IMPLEMENTATION OF PERSONNEL POLICY

99. The Bank Council develops and implements personnel policy, strategy to attract highly skilled managers for appointment to the posts of Chairman and members of the Management Board of the Bank, as well as their remuneration.
100. Personnel policy, in accordance with the law, includes:
- system rewards, encouragement and punishments of the bank employees;
 - Programme of training and retraining;
 - replacement of the managers in the case of vacancies;
 - definition of circumstances under which the dismissal of the Bank's management is mandatory.
101. The Bank Council develops and approves:
- criteria for evaluating the work of the members of the Management Board of the Bank, and the heads of the main services of the Bank;
 - Code of ethics and measures to prevent conflict of interest;
list of conditions under which the bank officials are suspended from assigned duties because of incompetence, bad faith, conflict of interest, or for other reasons.

15. SUPPORT OF ADEQUATE CAPITALIZATION OF THE BANK

102. In order to maintain the Bank's capital and ensure its conformity with the scale and degree of risk of the Bank Council operations:
- Monitors the creation of the special Bank reserves against possible losses, in the amount established by the Central Bank;τ
 - requires from the Board of the Bank to ensure the level of banking risks not higher than established by the Central Bank;
 - takes measures on shares allocation;
 - Банка. ensures maintenance on sufficient level of capital and General reserves of the Bank.
103. Council members should always consider the Bank's capital position in light of other factors, significantly affecting capital sufficiency, such as credit quality, profile of risky assets, interest rate risk, growth and incomes.

16. FORMATION AND EXECUTION OF THE STRATEGIC PLAN OF THE BANK DEVELOPMENT

104. The Bank Council develops strategic plan for the Bank development, including goals, objectives and strategy of the Bank in the future, as well as monitors implementation of the business plan for the Bank development by the Board of the Bank.Совет
105. Business plan of the Bank is reviewed, usually not less than once in six months with a view to making necessary changes and additions.

17. CONFLICT OF INTERESTS OF THE BANK COUNCIL MEMBERS WITH THE BANK INTERESTS

106. The Bank Council does not prohibit to the members of the Bank Council to participate in the supervisory councils of other companies, provided that this does not prevent the proper execution of his duties.

At the time of appointment to the Bank Council and then, on regular basis (at least once per year), or at any time as circumstances change, all members of the Bank Council shall disclose any information on their business or other interest that might create a potential conflict of interest, the honesty and integrity to the Bank's Council for documenting and providing data to external Auditors and the Audit Committee of the Bank,

107. In the case where a member of the Bank Council is an affiliated person in the transaction, the party of which is the Bank, as well as in the case of another conflict of interest, a member of the Bank Council and the Bank, Member of the Bank Council shall be obliged to inform the Bank Council about affiliation prior conclusion of the transaction, and the decision about transaction must be taken unanimously by the members of the Bank Council that are non-affiliated persons in this transaction, either by a qualified majority of the shareholders at the general meeting of shareholders. The Bank Council members who are affiliated entities, take part neither in the discussion, nor in the taken decision on the transaction.

18. RESPONSIBILITY OF MEMBERS OF THE BANK COUNCIL

108. Members of the Bank Council are responsible for the improper performance of their duties to the Bank and its shareholders in accordance with the legislation of the Republic of Uzbekistan, the Charter of the Bank and the present Regulation
109. The members of the Bank, Council who did not take part in voting at the meeting of the Council, or voting against the decision, which resulted in causing Bank losses., are released from responsibility.
110. When determining cause and size of the liability of the Council members, the usual business conditions and other circumstances relevant to the case should be taken into account. If several persons are liable, their liability to the Bank shall be joint and several.