

**APPROVED**  
**Supervisory Board of the**  
**Hamkorbank JSCB**  
**Chairman of Supervisory**  
**Board of the Bank**

\_\_\_\_\_ **I. I. Ibragimov**

**dated 10.10.2016**

**REGULATIONS**  
**on the Appointment and Remuneration Committee of**  
**the Supervisory Board of Joint-Stock Commercial**  
**Bank "Hamkorbank" with participation of foreign**  
**capital**

**ANDIJAN city – 2016 year**

**REGULATIONS**  
**on the Appointment and Remuneration Committee of the Supervisory Board of Joint-Stock Commercial Bank "Hamkorbank" with the participation of foreign capital**

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9. ACCOUNTABILITY OF THE COMMITTEE TO SUPERVISORY BOARD OF BANK.....	Ошибка! Закладка не определена.
10. INTERACTION OF THE COMMITTEE WITH THE BANK MANAGEMENT BODIES AND OTHER PERSONS .....	Ошибка! Закладка не определена.

## **1. GENERAL PROVISIONS**

1. These Regulations on the Appointment and Remuneration Committee of the Joint-Stock Commercial Bank "Hamkorbank" with participation of foreign capital (hereinafter referred to as the Regulations) are developed in accordance with the Civil Code of the Republic of Uzbekistan, the Law on Banks and Banking, the Law on joint-stock companies and protection of the rights of shareholders and other legal and legislative acts of the Republic of Uzbekistan, regulatory documents of the Central Bank of the Republic of Uzbekistan (hereinafter - the Central Bank), as well as the Charter of the Joint-Stock Commercial Bank Hamkorbank with the participation of foreign capital (hereinafter referred to as the Bank), HR Policy of Hamkorbank.
2. These Regulations determine the legal status, goals and objectives, competence, structure and composition of the Appointment and Remuneration Committee of the Joint-Stock Commercial Bank Hamkorbank with foreign capital (hereinafter the Committee), as well as the rights and obligations of the Committee members, the organization procedure his work and interaction with other governing bodies of the Bank.
3. The Committee is established by the resolution of the Supervisory Board of the Bank in the form of a permanent (non-temporary) committee and ensures: facilitating the effective implementation of the control functions of the Bank's Supervisory Board, preliminary consideration and preparation of recommendations to the Supervisory Board of the Bank for making decisions on attracting highly qualified specialists to fill positions in the Bank's management bodies determining the amount and procedure for remuneration of members of the Bank's governing bodies.

## **2. GOALS AND OBJECTIVES OF COMMITTEE**

4. The main purpose of the Committee is to assist the Supervisory Board of the Bank in attracting and training qualified managers and specialists of the Bank's management, as well as in creating the necessary incentives for their successful work.
5. The tasks of the Committee are:
  - creation of labor incentives that ensure that the bank's management bodies and its employees carry out all actions necessary to achieve strategic goals;
  - determination of the Bank's personnel management policy (remuneration and motivation) across the Bank;

- assistance to the Supervisory Board of the Bank in attracting and training qualified managers and specialists in the field of management, as well as creating the necessary incentives for their successful work;
- ensuring continuity in case of a change of persons belonging to the governing bodies of the Bank.

### **3. COMPETENCE OF COMMITTEE**

6. The competence of the Committee includes the following issues:

*in the organization of the assessment of the work of the Supervisory Board of the Bank:*

- development of a procedure for the annual evaluation of the activities of the Supervisory Board of the Bank, as well as its members, including the definition of evaluation criteria;
- conducting an annual assessment of the work of the members of the Supervisory Board of the Bank, by means of self-assessment or by attracting specialists from outside.

*in the scope of social and personnel policy of the Bank*

- assessment of the rationality of the quantitative composition of the Supervisory Board of the Bank, in relation to its powers;
- consideration of candidates to the Executive Board of the Bank and preparation of appropriate recommendations to the General Meeting of Shareholders on candidates to the Executive Board of the Bank, as well as preparation of responses to shareholders who nominated candidates to the Executive Board of the Bank during the preparation for the General Meeting of Shareholders;
- determination of the criteria for selecting candidates to the Executive Board of the Bank, as well as to the positions of the Chairman and members of the Executive Board of the Bank, heads of key departments of the Bank;
- preliminary assessment of candidates for the positions of Chairman and members of the Executive Board of the Bank, heads of key divisions of the Bank;
- developing of conditions of contracts with the Chairman of the Board, members of the Board, heads of the main structural divisions of the Bank;
- developing criteria and evaluating the performance of the Chairman and members of the Bank Supervisory Board, the Chairman and members of the Bank's Executive Board, the Audit Commission, as well as heads of key departments of the Bank;
- developing of the Bank's remuneration policy and remuneration system for the efficient operation of the Bank's management bodies.

*in the scope of remuneration and material incentives*

- developing of a bank's policy on the remuneration system, which is designed to provide an incentive for the effective work of the members of the Supervisory Board, the Executive Board and senior managers of the bank;
- on the issue of remuneration of the Chairman and members of the Supervisory Board of the Bank, the Committee develops criteria allowing the bank to offer them adequate salaries without fear that its size may affect the independence of the members of the Supervisory Board of the Bank;
- on the issue of remuneration of the Chairman and members of the Executive Board, as well as other senior managers, the Committee develops and periodically adjusts the criteria for determining a fixed (annual) salary, annual bonus based on key financial and non-financial indicators of the bank's activities, as well as a long-term incentive system bring the interests of

managers in line with the interests of shareholders, the system of payment of benefits and other types of remuneration;

- control over the compliance of the bank's policy in the field, the remuneration system it has created with the strategy for the development of the bank and its financial position, as well as the situation on the labor market;
- control over the implementation of decisions of the General Meeting of Shareholders, in terms of remuneration of members of the Bank's Executive Board, the Executive Board of the Bank and senior managers, as well as disclosure of information relating to the payment of remuneration and compensation to members of the Board of Directors.

#### **4. COMPOSITION OF THE COMMITTEE AND ITS ELECTION**

7. The quantitative composition of the Committee shall be determined by the Supervisory Board of the Bank and may not be less than three persons elected from among the members of the Supervisory Board of the Bank.
8. The term of office of the members of the Committee coincides with the terms of their authority as members of the Supervisory Board of the Bank.
9. The Chairman and members of the Committee are elected by the Supervisory Board of the Bank from among all members of the Supervisory Board by voting.
10. Members of the Committee should have a higher education and work experience, consistent with the tasks and activities of the Committee. Each member of the Committee should be well versed in the specifics of the Bank's activities, in the core issues of managing a credit institution, have knowledge of current labor and corporate legislation, as well as knowledge of international corporate governance standards.
11. The decision on the election of members of the Committee is taken by a simple majority of votes of the total number of members of the Bank's Supervisory Board. Committee members may be re-elected an unlimited number of times. By decision of the Supervisory Board of the Bank, the powers of all or individual members of the Committee may be terminated early.
12. A member of the Committee has the right to resign a member of the Committee, warning the Chairman of the Supervisory Board and the Chairman of the Committee by sending a written statement 1 (one) month before the date of resignation.
13. If the authority of a member of the Committee is terminated in accordance with paragraph 12 of these Regulations, the Supervisory Board of the Bank at the next meeting, but not more than 1 (one) month from the date of receipt by the Supervisory Board of the Bank of a written statement of resignation, elects a new member of the Committee. Up to this point, a member of the Committee who plans to resign as a member of the Committee continues to perform his duties in full.

#### **5. RIGHTS AND OBLIGATIONS OF THE COMMITTEE**

14. Within the framework of its competence to exercise the assigned functions, the Committee is vested with the following rights:
  - request and receive information necessary for the implementation of its activities from members of the Bank's Supervisory Board, the Executive Board of the Bank, employees of the Internal Audit Service;
  - monitor and take part in audits regarding the implementation of decisions and instructions of the Bank's Supervisory Board on its activities;
  - recommend to the Supervisory Board of the Bank to attract, if necessary, external experts and consultants to obtain professional services within their activities;

- if necessary, invite to the meetings of the Committee members of the Bank's Executive Board and other officials of the Bank, while those invited do not have the right to vote on the issues on the agenda of the meeting of the Committee;
- exercise other rights necessary for the Committee to exercise the powers assigned to it.

15. Members of the Committee must:

- participate in the work of the Committee and attend all its meetings;
- refrain from using their position in the Bank in the interests of third parties, as well as acting in the interests of the Bank, exercising their rights and fulfilling obligations towards the Bank in good faith and reasonably;
- comply with confidentiality requirements for information that becomes known to them during the performance of official duties;
- promptly inform the Supervisory Board of the Bank about the risks to which the Bank is exposed;
- timely inform the Supervisory Board of the Bank about any changes in its status as an independent member of the Bank Supervisory Board or about a conflict of interest in connection with decisions to be made by the Committee;
- annually, on the basis of the analysis and assessment of these Regulations, the Committee for the purpose of compliance with the established requirements should give the Supervisory Board of the Bank the necessary recommendations for making changes to this Regulation that the Committee considers appropriate.

## **6. ORDER OF WORK OF THE COMMITTEE**

16. The work of the Committee is headed by the Chairman of the Committee, who represents the Committee at the General Meetings of Shareholders of the Bank and to other governing bodies of the Bank, and also signs documents on behalf of the Committee of the Bank.

17. The Chairman of the Committee shall organize the work of the Committee, in particular:

- convenes meetings of the Committee and chairs them;
- based on the results of discussions with the Committee members, approves the agenda of the Committee meetings;
- organizes discussion of issues at meetings of the Committee, as well as hearing the opinions of persons invited to participate in the meeting;
- maintains constant contacts with the Executive Board of the Bank, the Supervisory Board of the Bank, the Auditor, the Audit Commission of the Bank and the employees of the Bank in order to obtain the most complete and reliable information necessary for making decisions by the Committee, as well as ensuring effective interaction with the Supervisory Board of the Bank;
- distributes responsibilities among the members of the Committee;
- performs other functions within the competence of the Committee, which are stipulated by the current legislation, the Charter of the Bank, these Regulations and other internal documents of the Bank.

18. Discussion and decision-making are carried out at meetings of the Committee. Committee meetings are held on a regular basis, but at least once a month. The decision to convene a meeting of the Committee is made by the Chairman of the Committee on its own initiative or on the basis of proposals from members of the Committee, the Supervisory Board of the Bank, the Auditor of the Bank, the Audit Commission of the Bank, the Executive Board of the Bank, the Internal Audit Service of the Bank.

19. The agenda of the meeting is determined by the Chairman of the Committee. At the same time, any member of the Committee should be given the opportunity to suggest their own issues for inclusion on the agenda. By decision of the members of the Committee, the agenda may be amended and supplemented. If necessary, the Committee may refuse to discuss issues identified in the agenda of the current meeting in favor of other issues.

20. Members of the Supervisory Board of the Bank, the Executive Board of the Bank, the Audit Commission of the Bank, the Bank's Auditor, as well as experts invited to work in the Committee may appeal to the Chairman or any member of the Committee to consider any matter falling within the competence of the Committee.
21. The notification of the meeting of the Committee and the sending of necessary materials to the members of the Committee and invited persons shall be made within a reasonable time before the start of the meeting, in a manner agreed upon with the members of the Committee. The Chairman of the Committee takes the necessary and reasonable steps to ensure that the notification and the direction of the materials have been carried out properly and in due time.
22. Members of the Committee are entitled to participate in the meeting of the Committee, including through technical communication tools (telephone, video-telephone, conference calls, etc.), which allow a member of the Committee to promptly, during the meeting, express their opinion and vote on the issues discussed, and also by expressing his will in writing on the agenda item, with which he had first read the draft decision, by sending a written opinion. The decision of the Committee may be taken by absentee voting (by poll).
23. The quorum for a decision by the Committee shall be at least two thirds of the members of the Committee. All decisions are taken by a simple majority of votes of members of the Committee and are recorded in a protocol. A member of the Committee who voted against decision, has the right to attach a dissenting opinion to the protocol of the meeting. In case of equality of votes of the Committee members when making decisions, the vote of the Chairman of the Committee is decisive.
24. The minutes of the meeting of the Committee shall indicate:
  - date, place and time of the meeting (or the date of absentee voting);
  - list of members of the Committee who took part in the meeting (absentee voting);
  - issues put to vote and voting results on them (indicating the result of voting of each member of the Committee who participated in the meeting);
  - decisions made.
25. The protocol shall include the materials prepared by the Committee, conclusions, suggestions and recommendations, as well as the special opinion of a member of the Committee, if available.
26. Officials of the Bank, the Bank's Auditor may be invited to meetings of the Committee for reports and clarifications. Invited persons have the right to:
  - to speak on the issues on the agenda of the meeting of the Committee in accordance with the issues predetermined for them;
  - at the request of members of the Committee to clarify issues under discussion.

The invited persons do not have the right to vote on issues on the agenda of the meeting of the Committee.

## **7. RESPONSIBILITY OF THE COMMITTEE MEMBERS**

27. Members of the Bank's Committee are responsible for the unfair performance of their duties in the manner prescribed by the laws of the Republic of Uzbekistan, the Charter of the Bank, the Regulations on the Supervisory Board of the Bank and these Regulations.

## **8. REMUNERATION OF COMMITTEE MEMBERS**

28. By decision of the General Meeting of Shareholders, members of the Committee may be paid remuneration and (or) reimbursement of expenses related to the performance of their duties as members of the Committee during the period of their duties.

## **9. ACCOUNTABILITY OF THE COMMITTEE TO SUPERVISORY BOARD OF BANK**

29. The Committee should ensure an appropriate level of awareness of the Bank Supervisory Board in matters that may significantly affect the financial situation or the state of affairs at the Bank.
30. The Committee is obliged to notify the Supervisory Board of the Bank about its activities through the submission to the Supervisory Board of the Bank of reports on the activities of the Committee in the form approved by the Supervisory Board of the Bank, at least once a quarter.
31. The Committee shall submit to the Supervisory Board of the Bank an annual report on the implementation of the tasks performed by this Committee.

**10. INTERACTION OF THE COMMITTEE WITH THE BANK MANAGEMENT BODIES AND OTHER PERSONS**

32. In order to ensure the effective performance of the Committee's functions, members of the Committee should have access to all necessary information. Members of the Executive Board of the Bank, the Supervisory Board of the Bank, the Audit Commission of the Bank, as well as heads of structural divisions and employees of the Bank are obliged by the Committee's decision to provide full and reliable information and documents on the subject of the Committee's activities within the time limits set by them. The request for information and documents is drawn up in writing and signed by the Chairman of the Committee.

Director of Branches Management Department	_____	A. Parpiev
Head of Corporate Governance Office of the Executive Board of the Bank (Corporate Advisor)	_____	A. Rakhmanov
Director of the Accounting Department - Chief Accountant	_____	N. Irgashev
Head of Internal Control Service	_____	H. Yuldashev
Head of Legal Service	_____	K.Teshaboev
Head of Department for Work with Staff	_____	G. Mirabdullaev
Head of Department for Work with Population Contributions	_____	F.Hudayberdiev
Head of Sector for Management Operating Risks and Fraud Risks	_____	D. Madrahimov
Leading Specialist of Department of Standards and Business Processes (business process management)	_____	O. Yusupov
Specialist of Methodology Sector	_____	N.Israilova