

**APPROVED**  
**Supervisory Board of the Hamkorbank**  
**JSCB**  
The minutes No. 29 dated 18 September, 2018

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

**TASHKENT city – 2018**

## **TABLE OF CONTENTS**

- I. GENERAL PROVISIONS**
- II. TASKS OF THE COMMITTEE**
- III. COMPETENCE OF COMMITTEE**
- IV. COMPOSITION OF THE COMMITTEE AND ITS ELECTION**
- V. ORDER OF WORK OF THE COMMITTEE**
- VI. RIGHTS AND OBLIGATIONS OF THE COMMITTEE**
- VII. RESPONSIBILITY OF THE COMMITTEE MEMBERS**
- VIII. REMUNERATION OF COMMITTEE MEMBERS**
- IX. ACCOUNTABILITY OF THE COMMITTEE**
- X. INTERACTION OF THE COMMITTEE WITH THE BANK MANAGEMENT BODIES AND OTHER PERSONS**

### **I. GENERAL PROVISIONS**

1. These Regulations on the Audit and Risk Committee of the Supervisory Board of JSCB Hamkorbank, with the participation of foreign capital (hereinafter referred to as the Regulations), are developed in accordance with the laws “On banks and banking activity”, “On joint-stock companies and protection of shareholders' rights” and other 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 and Code of Corporate Governance of the Hamkorbank JSCB with the participation of foreign capital (hereinafter - the Bank).

2. This Regulation defines the legal status, goals and objectives, competence, structure and composition of the Audit and Risk Committee of the Bank’s Supervisory Board (hereinafter referred to as the Committee), as well as the rights and obligations of members of the Committee, the procedure for organizing its work and interaction with other management bodies of the Bank.

3. The Audit and Risk Committee at the Supervisory Board of the Bank is created in the form of a standing Committee and provides:

- ensuring the reliability of internal control, interaction with the external auditor of the bank;
- implementation of effective control over the activities of the bank, compliance with the requirements of credit and other standards aimed at placing assets and making investments in order to protect the interests of depositors, creditors and shareholders;

- organization of the effective work of internal audit and its close interaction with the subjects of internal control;

- risk management, including observation and monitoring of bank targets, in order to ensure bank resilience to various risks;

- assisting the Supervisory Board in all matters of bank risk management that fall within its competence;

- monitoring and making decisions on behalf of the Supervisory Board, which are aimed at implementing the risk management strategy and the proper functioning of the bank’s risk management system;

- defining principles for resolving conflicts of interest, including organizing the process of preventing, identifying, regulating, and controlling conflicts of interest;

- determination of a set of measures, the observance of which will minimize the risk of a conflict of interest in the process of the Bank;

- discussion of all issues on conflict resolution; giving advice to the Supervisory Board on conflict resolution; annual review of conflict resolution policies and procedures;

- adherence to information security;

informing all interested parties about the measures taken by the Bank to prevent, regulate, identify and control conflicts of interest in the Bank;

taking measures for the early detection of conflicts and the implementation of a clear coordination of actions of all the bodies of the Bank to resolve the conflict as soon as possible;

monitoring the preparation of financial statements and ensuring the reliability, transparency and completeness of financial information (including published).

4. The Committee is a consultative and advisory body of the Supervisory Board of the Bank and is created for preliminary consideration of the Bank's activities related to the competence of the Supervisory Board of the Bank and preparation of recommendations to the Supervisory Board of the Bank for making decisions on such issues. The Committee is not a management body of the Bank and is not entitled to act on behalf of the Bank or the Supervisory Board of the Bank.

5. Committee decisions are advisory in nature. The committee in its activities is accountable to the Supervisory Board of the Bank. The Committee contributes to the fulfillment by all members of the Supervisory Board of the Bank of their legislative duties, as well as working interaction with the governing bodies of the Bank.

6. Submission to the Supervisory Board of the Bank of issues within the scope of the Committee and defined by these Regulations, is carried out after their preliminary consideration by the Committee.

7. In order to ensure an objective assessment of a corporate conflict and create conditions for its effective settlement, individuals whose interests are affected or may affect the conflict should not be involved in resolving this conflict.

8. To obtain opinions on matters requiring special professional knowledge, the Committee has the right to engage independent consultants (experts). The procedure for their attraction and payment for services rendered is carried out in compliance with the requirements of the Bank's internal local documents.

## **II. TASKS OF THE COMMITTEE**

9. The main tasks of the Committee are:

ensuring the reliability and efficiency of the internal control system, the functions of internal audit, risk management systems, compliance control in the bank;

consideration of issues on the formation and development of a risk management system in accordance with the long-term objectives of the bank and the requirements of the law;

coordination and control over the implementation of risk management strategies to preserve and increase the shareholder value of the bank and protect the interests of customers, creditors and depositors of the bank;

coordination of risk appetite parameters with the interests of shareholders of the bank and taking measures to maintain a comfortable combination of riskiness and profitability of bank operations;

maintaining regular communications with the participants of the bank's risk management system and informing the Supervisory Board of the Bank about significant risks and risk management strategies and their minimization;

monitoring and evaluating the activities of the internal audit service and compliance control, monitoring the effectiveness of communication between external and internal audit, the Supervisory Board and the Executive Board of the Bank;

control over activities related to the activities of the external auditor, including issues of assessing the quality of the work of the auditor and ensuring independence when the auditor provides other services;

timely warning and fair settlement of corporate conflicts (disagreements and disputes between management bodies and shareholders of the Bank, other interested parties) affecting its interests;

pre-trial settlement of corporate conflicts at the earliest possible stage of appearance;

the early detection of conflicts and the implementation of close coordination of actions of all the Bank's management bodies to resolve the conflict as soon as possible;

to ensure more efficient work of the Supervisory Board of the Bank, giving specialists the opportunity to work with more specific problems on conflict resolution;

improving the quality of services provided, timely and carefully consider conflicts and difficulties, resolve customer claims and complaints;

provide shareholders with a full, thorough and motivated response and comprehensive information on issues that may be the subject of conflict;

preliminary consideration and preparation of recommendations to the Supervisory Board of the Bank for making decisions on the issues within the competence of the Committee;

ensuring a balance of interests of shareholders, members of the Supervisory Board of the Bank and executive bodies, employees of the Bank, creditors, depositors and other bank customers;

ensuring compliance with the legislation of the Republic of Uzbekistan, the Charter of the Bank, the Code of Corporate Ethics and other internal documents;

monitoring the process of preparing annual and interim accounting and financial statements according to national and international standards for the accuracy, transparency and completeness of the data contained therein;

control over activities related to the activities of the external auditor, including issues of assessing the quality of the work of the auditor and ensuring independence when the auditor provides other services;

opposition to unfair actions of bank employees and third parties.

10. In order to resolve conflicts of interest arising in the Bank, management bodies, officials and employees of the Bank carry out pre-trial procedures in order to find a solution that, being lawful and justified, would be in the interests of the Bank.

11. Information about the conflict, which at any stage of its development affects or may affect the interests of the Chairman of the Executive Board of the Bank, is transmitted within three working days to make a decision on how to resolve the conflict to the Supervisory Board of the Bank.

12. If, as a result of the consideration of a conflict, it becomes necessary to develop or amend the existing internal documents of the Bank, the Supervisory Board of the Bank or the Executive Board decides on the development of the document or on making the appropriate changes.

13. Send to the other party of conflict a full and thorough response clearly substantiating the Bank's position in a conflict, and the reason for refusing to satisfy the request or requirement of a party of conflict is based on legislation, regulations, articles of association and internal regulatory documents approved by the general meeting of shareholders of the Bank or the Supervisory Board of the Bank.

### III. COMPETENCE OF COMMITTEE

14. The competence of the Committee includes:

**1) in the field of internal audit, the following issues are within the competence of the Committee:**

preliminary review of the work plan of the Internal Audit Service and preparation of proposals and recommendations on its content, taking into account the conditions of the Bank's activities and the requirements of current legislation;

analysis of the organizational structure and performance of the Internal Audit Service. Consideration of reports, proposals and recommendations of the head of the Internal Audit Service;

coordination and assistance to the internal audit service on the active implementation of the requirements of the Basel Committee regarding risk-oriented audits and the gradual implementation of remote audit activities in automation of certain audit functions;

consideration of candidates for the post of the Head of the Internal Audit Service of the Bank and the provision of recommendations to the Executive Board on the candidate for approval in this position;

consideration of cases of violation of independence and interference by members of the Executive Board and heads of divisions of the Bank in the activities of the Internal Audit Service, including maintaining any restrictions on the scope of audit procedures or access to necessary information;

holding regular private meetings with the head of the Internal Audit Service at least every quarter to consider:

- activities related to the assessment of the adequacy of operational and information control systems;

- significant deficiencies discovered during the audit, proposed recommendations and the response of the Bank's executive management;

- results of inspections of the Internal Audit Service, as well as other issues requiring, in the opinion of the Committee and / or the head of the Internal Audit Service, a closed discussion;

- results of conducting official investigations of major losses in the course of the Bank's activities;

- any necessary changes to the approved audit plan;

ensuring that members of the Executive Board and heads of the Bank's departments take measures to eliminate violations identified by the Internal Audit Service and to prevent such violations in the future.

**2) in the field of risk management, internal control, the following issues are within the competence of the Committee:**

consideration of the Bank's internal control procedures, assessment of their compliance with the nature and scale of operations performed, the level and combination of risks taken, and preparation of proposals for their improvement;

analysis of recommendations of the Central Bank of the Republic of Uzbekistan, external auditors, rating agencies, the Internal Audit Service in the field of risk management, internal control;

quality analysis of control systems; compliance with legal requirements;

evaluation of the effectiveness of measures to ensure continuity and restoration of the Bank's activities.

**3) in the field of external audit, the following issues are within the competence of the Committee:**

preparing and submitting to the Supervisory Board of the Bank recommendations on the Auditor's candidacy, as well as on the maximum amount of the Auditor's remuneration, the type and scope of its services, including services related to the audit;

coordination with the Bank's Auditor of the scope of audits and approach to the audit for the current year, taking into account the conditions of the Bank's operations and the requirements of current legislation;

monitoring the scope of audit procedures, as well as assessing the degree of objectivity and independence of the Auditor, including when rendering audit and non-audit services to them;

discussion of significant differences between the auditors and the Bank's executive management, as well as any difficulties encountered in conducting inspections, including keeping any restrictions on the scope of audit procedures or access to the necessary information;

evaluation of the Auditor's opinion, including a letter to the management, and submission to the Supervisory Board of the Bank prior to submission to shareholders for consideration as part of the General Meeting of Shareholders of the Bank;

Meetings with the Bank's Auditor at least once a year to consider:

- the content of the annual financial statements and the opinion of the external auditor on the financial statements;

- accounting issues related to the activities of the Bank;

- the adequacy of domestic financial policies, procedures and accounting control systems;
  - significant deficiencies revealed during the audit, the recommendations made and the management response to them;
  - detected deficiencies in the work of the internal audit;
  - revealed abuses, frauds in the activities of bank officials and managers;
  - any other issues requiring, in the opinion of the Committee and / or external auditors, a closed discussion;
- ensuring that events are held by the members of the Executive Board and heads of the Bank's departments to eliminate violations identified by the Bank's Auditor and to prevent such violations in the future.

**4) in the field of risk management, the following issues are within the competence of the Committee:**

- maintaining an effective risk management organization, including independence, significance and endowment of the risk control function;
- consideration of the Bank's risk management policies in general and the management of each material risk individually;
- Preparation of recommendations on the approval of risk management policies by the Supervisory Board of the Bank and proposals for their revision;
- consideration of proposals and preparation of recommendations to the Supervisory Board of the Bank on the policy of management of assets and liabilities and liquidity management of the Bank;
- analysis of recommendations of the Central Bank of the Republic of Uzbekistan, external auditors, rating agencies, the Internal Audit Service in the field of risk management, planning and monitoring the implementation of their recommendations by members of the Executive Board and heads of departments of the Bank;
- assessment of the overall effectiveness of the risk management system, including issues related to ensuring consistency between the size and procedure for paying remuneration to executive bodies and other key managers of the Bank and the amount of risks taken;
- analysis of the effectiveness of the current system of control over compliance with legal requirements;
- coordination and analysis of the implementation of measures aimed at the development of culture and awareness of risk management activities of the Bank;
- planning measures to improve risk management and control their implementation;
- coordination and analysis of the implementation of activities aimed at the development of culture and awareness of risk management;
- maintaining an effective risk management organization, including the independence of control and risk-taking functions;
- control over the implementation of decisions of the Supervisory Board of the Bank in the field of risk management.

**5) in the field of risk and capital management strategies, the Committee's competence includes the following issues:**

- formation of proposals regarding the Bank's Risk and Capital Management Strategy;
- analysis of the Bank's risk appetite parameters and preparation of proposals for their compliance with the interests of the Bank's shareholders;
- preparation of recommendations to the Supervisory Board of the Bank on the establishment of limit values of risk indicators for the organization of the Bank's activities;
- planning and monitoring the implementation of internal procedures for assessing the capital adequacy and stress testing of the Bank's activities;
- control over measures to implement the risk and capital management strategy on the part of the Bank's Executive Board.

**6) in the field of control over material risks of the Bank's activities and measures to manage them, the Committee's competence includes the following issues:**

- ensuring control over compliance with the limit values of risk profile indicators, mandatory ratios and financial covenants restricting the Bank's risk-taking activities;

consideration of new types of activities, products, systems, conclusion of major transactions related to the competence of the Supervisory Board, in terms of their impact on the risk profile and financial performance of the Bank;

analysis of exposure to risks on an aggregated basis and in the context of each significant type of risk in the present and future periods, as well as a strategy to prevent risks and minimize losses from their implementation;

consideration of issues related to the approval and approval of the excess of the risk limits of the Bank's activities related to the competence of the Supervisory Board of the Bank;

analysis of the compliance of pricing conditions for loans, deposits and other operations of the Bank with the provisions of the Bank's Development Strategy and risk management;

consideration of legal requirements that may have a significant impact on the risk profile and financial performance of the Bank;

consideration of materials on the financial performance of the Bank, in terms of identifying the facts of major losses and measures for their settlement and prevention in the future;

coordination of activities to ensure continuity and restoration of the Bank's activities, including on the functioning of information security systems.

**5) in the field of disclosing information about the risks of the Bank's activities and risk management measures, the Committee's competence includes the following issues:**

organization of regular comprehensive discussion of risk management issues at the level of the Supervisory Board and the Executive Board of the Bank;

determination of the nature, format, composition and frequency of risk management reporting for the information of members of the Committee and the Supervisory Board of the Bank; preliminary consideration of risk management reports prepared by the Bank's subdivisions for consideration at the Supervisory Board of the Bank;

coordination of texts of published reporting sections that relate to the risk management issues of the Bank;

analysis of information provided by the Bank at the official requests of the Central Bank of the Republic of Uzbekistan and other authorized authorities regarding risk management and compliance issues;

preparation of an opinion at the request of the Supervisory Board of the Bank or on its own initiative on certain issues within its competence;

submission for consideration of the Supervisory Board of the Bank of the annual report on the work of the Committee.

**6) in the field of accounting and financial reporting the following issues fall within the competence of the Committee:**

assisting the executive bodies of the Bank in organizing and preparing the Bank's accounting and financial statements and in ensuring the accuracy, transparency and completeness of the accounting and financial information disclosed;

harmonization of accounting policies applied by the Bank for the preparation of accounting and financial statements in accordance with the requirements of the legislation;

analysis of significant issues in the field of accounting and financial reporting, including issues that are reflected in the recently issued regulations of the banking supervisory authorities;

preliminary review of the annual report, interim and annual accounting and financial statements according to national and international standards on a consolidated and non-consolidated basis.

**7) in the field of conflict resolution, the following issues are within the competence of the Committee:**

control over the execution of decisions of the Supervisory Board of the Bank, taken in the area of transactions by related affiliates of the bank;

studying information about transactions with affiliates and providing its opinion to the Supervisory Board for decision making to the Supervisory Board of the Bank;

consideration of the Bank's conflict resolution policy (for various types), preparation of recommendations for the approval of this policy by the Supervisory Board of the Bank and proposals for its revision;

control over the implementation of decisions of the Supervisory Board of the Bank, taken in the field of conflict management;  
control over the introduction of accounting information on affiliates of the Bank.

**8) in the field of countering unfair actions of Bank employees and third parties, the following issues are within the competence of the Committee:**

analysis of measures to counter the occurrence of fraud, unfair use of insider or confidential information;

monitoring of special investigations into the occurrence of large losses as a result of cases of fraud, unfair use of insider or confidential information;

evaluation of the effectiveness of measures to minimize the consequences of the occurrence of cases of fraud, unfair use of insider or confidential information;

approval of transactions with related parties and insiders prior to their approval by the Supervisory Board of the Bank;

evaluation of candidates for members of the Audit Commission of the Bank, proposed by shareholders of the Bank and preparation of recommendations to the General Meeting of Shareholders on candidates for members of the Audit Commission;

consideration of written reports, memoranda, conclusions of the Bank's Audit Commission on violations detected during the relevant period of the Bank's activities and preparation and submission of recommendations to the Bank's Supervisory Board on how to prevent such violations in the future, if any;

provision of recommendations to the Bank's Audit Commission regarding the analysis of financial statements, the main aspects of the accounting policies, value judgments and audit results.

**9) in the field of disclosure of information on the financial and economic activities of the Bank and compliance with the requirements of the legislation, the following issues are within the competence of the Committee:**

organization of regular comprehensive discussion of issues that are within the competence of the Committee at the level of the Supervisory Board and the Executive Board of the Bank;

preliminary study of the results of audits and opinions prepared by the Internal Audit Service, the Internal Control Service and the Bank's Auditor for consideration at the Supervisory Board of the Bank;

coordination of texts of published reporting sections, which relate to issues of financial and economic activities of the Bank and Bank's compliance with legal requirements;

analysis of information provided by the Bank at the official requests of the Central Bank of the Republic of Uzbekistan and other authorized authorities regarding the issues of the Bank's financial and business activities and compliance by the Bank with legal requirements;

preparation of opinions at the request of the Supervisory Board of the Bank or on its own initiative on certain issues within its competence;

submission for consideration to the Supervisory Board of the Bank of the annual report on the work of the Committee.

15. The terms of reference of the Committee include other issues directly or indirectly related to the above (except for those falling within the competence of other Committees of the Bank), as well as other matters referred to the Committee on behalf of the Supervisory Board of the Bank.

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

16. The quantitative composition of the Committee is determined by the Supervisory Board of the Bank and may not be less than three people elected from among the members of the Supervisory Board of the Bank.



17. The term of office of members of the Committee for members of the Supervisory Board coincides with the terms of their powers as members of the Supervisory Board of the Bank, and for others it is established by decision of the Supervisory Board.

18. 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.

19. The Chairman of the Committee shall be an independent member of the Supervisory Board. The Chairman of the Supervisory Board may not be the Chairman of the Committee.

20. Members of the Committee should have a university degree and work experience appropriate to the tasks and activities of the Committee. At least one member of the Committee should have knowledge and experience that allows assessing the adequacy and effectiveness of risk management structures and processes.

21. Each member of the Committee should be familiar with the principles of corporate governance, with the best domestic and international practice and legislative and regulatory framework in the field of corporate behavior.

22. Members of the Committee should not have conflicts of interest and should not be influenced by other members of the Executive Board, members of the Executive Board or shareholders of the Bank who may impede the performance of their duties.

23. 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 Supervisory Board of the Bank. 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.

24. A member of the Committee has the right to resign a member of the Committee, notifying 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.

25. If the authority of a member of the Committee is terminated in accordance with paragraph 15 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, conducts election of 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.

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

26. To manage the work of the Committee, the Chairman of the Committee, who represents the Committee at the Bank's Supervisory Board, at the General Meeting of Shareholders of the Bank and before other bank management bodies, also signs documents on behalf of the Bank's Committee.

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

on the basis of proposals of the Supervisory Board of the Bank and members of the Committee, draws up a Plan of Work for the coming year (or half year), organizes its approval by the Supervisory Board of the Bank;

convenes meetings of the Committee in accordance with the approved Work Plan and chairs them;

based on the results of discussions with members of the Committee and on the basis of the Committee's Work Plan, 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 head of the structural unit responsible for risk management, the head of the Internal Audit Service and other employees of the bank in order to obtain the most complete and reliable information necessary for the Committee to make decisions, as well as ensure effective interaction with the Supervisory Board of the Bank;  
distributes duties and tasks 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.

28. 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 quarter. The decision to convene a meeting of the Committee shall be taken by the Chairman of the Committee on his own initiative, on the basis of proposals from members of the Committee or on behalf of the Chairman of the Supervisory Board of the Bank.

29. 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 propose for inclusion on the agenda other issues falling within the competence of the Committee. By decision of the Committee members, the agenda may be amended or supplemented. If necessary, the Committee may refuse to discuss issues identified in the agenda of the current meeting in favor of other issues.

30. The members of the Supervisory Board of the Bank and the Executive Board of the Bank may appeal to the Chairman or any member of the Committee with a proposal to consider any matter within the competence of the Committee.

31. Notification of the meeting of the Committee and sending the necessary materials to the members of the Committee and invited persons shall be made within a reasonable time before the meeting, in a manner agreed 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.

32. The meetings of the Committee are closed. At the meetings of the Committee, in addition to members of the Committee, members of the Supervisory Board, as well as invited persons, may attend. Meetings are held in the form of a meeting (joint attendance) or absentee voting (by poll).

33. Members of the Committee are entitled to participate in a meeting of the Committee, including through technical communication tools (telephone, video-telephone, conference calls, etc.), which allow a member of the Committee to promptly express their opinion and vote on the issues discussed during the meeting. Members of the Committee in order to express their will in writing on the agenda of the meeting of the Committee, the draft decision on which he had previously read, has the right to send a written message, expressing his opinion.

34. Committee meetings are held on the approved agenda of the meeting. Consideration of each issue on the agenda ends with a vote on the proposal of the Chairman of the Committee.

35. 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 the members of the Committee participating in the meeting and are recorded in the minutes. A

member of the Committee who voted against the 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.

36. The minutes of the meeting of the Committee shall indicate:  
the date, place and time of the meeting (or the date of the absentee voting);  
the list of Committee members who took part in the meeting (absentee voting), including remotely;  
questions 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.

37. The minutes of the meeting of the Committee shall be signed by all members of the Committee participating in the meeting. The protocol shall include the prepared materials for organizing and holding the Committee meeting, conclusions, proposals and recommendations, as well as the special opinion of the Committee members, if available.

38. Officials of the Bank 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 the issues under discussion.

39. The invited persons do not have the right to participate in voting on issues on the agenda of the meeting of the Committee.

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

40. Within its competence for the implementation of 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 and other structural units;

monitor and take part in inspections in relation to the execution of decisions and instructions of the Supervisory Board of the Bank regarding its activities;

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, moreover, the invitees do not have the right to vote on the issues on the agenda of the meeting of the Committee;

recommend to the Supervisory Board of the Bank to attract, if necessary, external experts and consultants to obtain professional services as part of their activities;

enjoy other rights necessary for the Committee to exercise the powers assigned to it.

41. Members of the Committee must:

participate in the work of the Committee and attend all its meetings;

refrain from using their position at the Bank in the interests of third parties, as well as acting in the interests of the Bank, exercise their rights and fulfill their obligations towards the Bank in good faith and reasonably;

comply with confidentiality requirements for information that becomes known to them in the course of their official duties;

timely inform the Supervisory Board of the Bank on the risks to which the Bank is exposed;

timely inform the Supervisory Board of the Bank on any changes in its status as an independent member of the Bank Supervisory Board;

annually the Committee, on the basis of the analysis and assessment of these Regulations for compliance with the established requirements, should give the Supervisory

Board of the Bank the necessary recommendations on introducing changes into this Regulation that the Committee considers appropriate.

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

42. Members of the Committee are responsible for the unfair performance of their duties in accordance with the procedure established by the current legislation of the Republic of Uzbekistan, the Charter of the Bank, the Regulations on the Supervisory Board of the Bank and these Regulations.

## **VIII. REMUNERATION OF COMMITTEE MEMBERS**

43. 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.

## **IX. ACCOUNTABILITY OF THE COMMITTEE**

44. The Committee should ensure an appropriate level of awareness of the Supervisory Board of the Bank in matters that may significantly affect the financial situation or the state of affairs at the Bank.

45. The Committee is obliged to notify the Supervisory Board of the Bank on 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.

46. The Committee shall submit to the Supervisory Board of the Bank an annual report on the implementation of the tasks performed by this Committee.

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

47. 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.

48. The heads of structural divisions are responsible for the preparation of materials for the meetings of the Committee and a written report on matters within the competence of the Committee.

49. The reports of the head of the services should cover all issues relating to the activities of the service, as well as other questions as requested by the Committee.

50. The Chairman of the Committee carries out regular communications with the heads of services.

51. The Chairman of the Committee shall attend meetings of the General Meeting of Shareholders and answer questions that fall within the terms of reference of the Committee.

52. Members of the Committee are entitled to receive information on the minutes of meetings of any collegial management body of the Bank on matters related to the activities of the Bank.