

**“APPROVED” by
the Supervisory Board of
JSC «ANOR BANK»**

September __, 2020

Protocol No __

_____Karimbaev Sh.K.

Chairman of the Supervisory Board

REGULATIONS ON THE BANKING RISK SUPERVISION COMMITTEE OF JSC «ANOR BANK»

This Regulation has been developed in accordance with the Laws of the Republic of Uzbekistan "On the Central Bank of the Republic of Uzbekistan", "On Banks and Banking activities", "On Joint-Stock Companies and Protection of Shareholders' Rights", Regulations on Corporate Governance in commercial banks, approved by the Central Bank of the Republic of Uzbekistan No. 472 dated June 24, 2000, registered by the Ministry of Justice of the Republic of Uzbekistan No. 943 on July 5, 2000, Regulations on requirements for the Management of banking risks of commercial banks, Approved by Resolution No. 14/2 of the Board of the Central Bank of the Republic of Uzbekistan on May 7, 2011, No. 2229 registered by the Ministry of Justice of the Republic of Uzbekistan on May 25, 2011, the Charter of ANOR BANK JSC (hereinafter referred to as the bank) and is the main document regulating the activities of the Banking Risk Supervision Committee under the Supervisory Board of the Bank (hereinafter referred to as the Committee).

CHAPTER 1. GENERAL PROVISIONS

1. The Regulations on the Committee determine the legal status, goals and objectives, competence of the Committee, rights and obligations of Committee members, the procedure for convening and holding Committee meetings.
2. The Committee is created by the decision of the Bank's Supervisory Board and is an advisory and advisory body that ensures the effective performance by the Bank's Supervisory Board of its functions for general management and control over the financial and economic activities of the bank.
3. The committee is not the bank's governing body and is not entitled to act on behalf of the bank.
4. The decisions of the Committee are advisory in nature to the Supervisory Board of the bank. The Committee is accountable to the Supervisory Board of the Bank in its activities.
5. The Committee acts in accordance with these Regulations and is guided in its activities by the current legislation of the Republic of Uzbekistan, the Charter of the bank, the Regulations on the Supervisory Board of the Bank, decisions of the Supervisory Board of the bank.

CHAPTER 2. AIMS OF THE COMMITTEE

6. The main goal of the Committee is to assist the Bank's Supervisory Board in the implementation of its regulatory and supervisory functions in the area of control over the

availability and operation of an adequate risk management system in the bank, risk analysis, improvement and strengthening of the risk management system. The committee closely monitors the balance sheet and income statement of the bank to ensure that sufficient liquidity is maintained for the bank; for the presence of an appropriate balance between assets that generate interest income and the interest rate of liabilities; for the fact that the bank is not in a position when the maturity of the obligations does not coincide with the maturity of the assets.

CHAPTER 3. PURPOSES OF THE COMMITTEE

7. The competence of the Committee includes consideration and preparation of recommendations to the Supervisory Board of the Bank on the following issues:

a) review and approval of the bank's risk management policy. When coordinating risk management procedures, the Committee should strive to achieve an optimal balance between risk and profitability for the bank as a whole in compliance with the legislation and the provisions of the Bank's Charter, as well as to develop adequate incentives for the activities of the bank's executive body, structural divisions and individual employees of the bank;

b) review and approval of Regulations on Credit and Finance Committees, as well as on the management of specific types of risks;

c) review and approval of procedures for assessing the quality of loans provided by the bank, the formation of reserves and write-off of classified assets, assessment of the adequacy of the collateral provided;

d) consideration of procedures for conducting internal credit analysis for the purpose of verifying the reliability of the ranking process (rating assessment), which provide for the independence of the functions of such analysis from the functions of issuing loans;

e) implementation of continuous monitoring of the functioning of the risk management system (credit risk, interest rate risk, liquidity risk, currency risk, operational risk) of the bank, the reliability and accuracy of financial and management information provided to the Supervisory Board of the bank and external users;

f) review and coordination of stress testing procedures, values for stress tests, contingency plan, as well as analysis of the crisis scenario and initiation of corrective measures if necessary;

g) analysis of the conclusions of external auditors on improving internal control and risk management prior to approval by the Bank's Supervisory Board and monitoring the implementation of the action plan to eliminate deficiencies in activities;

h) as necessary, but not less than once a quarter, analysis of the following reports prior to their submission to the Bank's Supervisory Board:

- reports on the dynamics of classified loans, the volume of reserves formed against them;
- report on new loans received by persons related to the bank;
- a brief analysis of the bank's exposure to liquidity risk, interest rate and foreign exchange risk;

- a brief analysis of the current and projected needs of the bank in equity capital, including the assessment of the actual and projected indicators of capital adequacy;

- other reports on risk management.

i) regular discussion with the bank's management on the organization of the risk management system;

j) analysis of the work of the executive body and management of the bank to ensure internal control over the proper functioning of the risk management system and preparation of appropriate recommendations to the Supervisory Board of the bank.

CHAPTER 4. RIGHTS AND RESPONSIBILITIES OF THE MEMBERS OF THE COMMITTEE

8. Within the scope of their competence, members of the Committee have the right to carry out their assigned functions:

- i) to request and receive from the bank officials the information necessary to fulfill the assigned tasks. These documents are provided after receiving a written request signed by the Chairman of the Committee, within the period specified in the request. Information and documents specified in a written request are provided to the Committee through the Secretary of the Committee;
- ii) on their own initiative, to propose issues to the agenda of the committee meetings in the manner provided for by this Regulation;
- iii) if necessary, invite employees of the bank, members of the Supervisory Board of the bank, as well as independent consultants (experts) to their meetings.

9. Members of the Committee are obliged to:

- a) carry out the functions assigned to the Committee in accordance with these Regulations and local acts of the bank;
- b) promptly inform the Bank's Supervisory Board about the shortcomings of the risk management system that require improvement, as well as about the risks to which the bank is exposed;
- c) not to disclose information received in the course of carrying out its activities.

10. Members of the Committee are relieved from liability in the following cases::

- i) making decisions on the issues on the agenda of the Committee meeting without his or her participation;
- ii) when a member of the Committee votes against the adopted decision, both with and without drawing up a dissenting opinion.

CHAPTER 5. COMPOSITION OF THE COMMITTEE AND PROCEDURE OF ITS FORMATION

11. The quantitative composition of the Committee is determined by the decision of the Supervisory Board of the bank. The number of members of the Committee must be at least 3 (three) people. The Committee consists of members of the Supervisory Board and other persons who can be involved both from among the bank's employees and independent on the basis of a contract for the provision of consulting services.

12. The personal composition of the Committee is approved at a meeting of the Supervisory Board of the bank by a simple majority of votes.

13. The term of office of the Committee members is determined by the Supervisory Board of the Bank.

14. Members of the Committee, including the Chairman, must have an impeccable business reputation to work in the Committee.

15. Changes in the composition of the Committee are determined and approved by the decision of the Supervisory Board of the bank.

16. The Chairman of the Committee or any member of the Committee may resign when sending an application to the Chairman of the Bank's Supervisory Board no later than 10 (ten) business days prior to the proposed termination of powers.

17. In any case, if the powers of a member of the Committee are terminated, then the Supervisory Board of the bank at the next meeting, but no later than 10 (ten) working days from the date of receipt of a written application for resignation of the powers of a member of the Committee, shall elect a new member of the Committee with the obligatory compliance with the terms of this Regulation. Until the election of a new member of the Committee, the Committee continues to fulfill its duties in full in the current

composition.

18. Termination of the employment contract of a member of the Committee from a position held in the bank entails termination of membership in the Committee.

CHAPTER 6. CHAIRMAN OF THE COMMITTEE AND THE PROCEDURE OF HIS OR HER ELECTION

19. The decision on the election of the Chairman of the Committee is made by a simple majority of votes of the total number of members of the Supervisory Board of the bank. The Chairman of the Committee can only be a member of the Supervisory Board of the bank.

20. The Chairman organizes the work of the Committee, including:

- i) convenes meetings of the Committee and chairs them, organizes the minutes of meetings;
- ii) approves the agenda of the meetings of the Committee taking into account the proposals of the members of the Committee, the executive body of the bank and the head of the structural unit for risk management of the bank;
- iii) distributes responsibilities among the members of the Committee;
- iv) develops a plan of meetings of the Committee for the current year, controls the implementation of decisions and plans of the Committee;
- v) reports to the Bank's Supervisory Board on the results of the Committee's work;
- vi) performs other necessary functions within the powers of the Committee.

CHAPTER 7. PROCEDURE FOR HOLDING MEETINGS OF THE COMMITTEE

21. The meetings of the Committee are held as required, but at least once a quarter.

22. The notice, the agenda of the meeting of the Committee and the necessary materials for it are prepared and sent to the members of the Committee no later than 3 (three) business days before the planned date of the meeting.

23. The decision to convene the next meeting of the Committee, the date, time and place of the meeting, and issues on the agenda, as well as the decision on the list of persons invited to participate in the meeting, are made by the Chairman of the Committee in accordance with the schedule of the regular meetings of the Committee.

24. An extraordinary meeting of the Committee is held by decision of the Chairman of the Committee, at the request of a member of the Committee, the Supervisory Board of the bank, the Board of the bank.

25. Persons who, in accordance with these Regulations, have the right to demand the convocation of an extraordinary meeting of the Committee, no later than 10 (ten) working days before the expected date of the extraordinary meeting of the Committee, send their requests to the Secretary of the Committee, who no later than the next day after receiving the said requirements to the attention of the Chairman of the Committee.

26. The decision of the Chairman of the Committee to refuse to convene an extraordinary meeting of the Committee may be made in the following cases:

- the issue proposed for inclusion in the agenda of the meeting of the Committee is not referred by these Regulations to its competence;
- the agenda item contained in the request to convene an extraordinary meeting of the Committee has already been included in the agenda of the next regular meeting convened in accordance with the decision of the chairman of the Committee.

27. If the Supervisory Board of the bank requests to convene an extraordinary

meeting of the Committee, the Chairman of the Committee is obliged to convene an extraordinary meeting within 5 (five) business days.

28. The Chairman of the Committee presides over the meetings of the Committee.

29. A meeting of the Committee is competent (has a quorum) if it was attended by at least half of the members of the Committee.

30. When resolving issues, each member of the Committee has one vote. Transfer of voting rights by a member of the Committee to other persons, including other members of the Committee, is not allowed.

31. The decisions of the Committee are taken by a simple majority of votes of the members of the Committee.

32. The functions of the Committee secretary are performed by the Secretary of the Bank's Supervisory Board.

33. The Secretary of the Committee ensures the preparation and holding of the Committee meetings, the collection and systematization of materials for the meetings, the timely sending to the Committee members and invited persons of notifications about the Committee meetings, the agenda of the meetings, materials on the agenda, protocols of meetings, preparation of draft decisions of the Committee, as well as subsequent storage of all relevant materials. The Secretary of the Committee ensures that the members of the Committee receive the necessary information.

34. Not later than 3 (three) business days after the meeting of the Committee, the secretary of the Committee draws up the protocol of the meeting.

35. The protocol of the meeting of the Committee shall be signed by the Chairman of the Committee, the members of the Committee who were present and the Secretary of the Committee. The protocol is drawn up in one copy, which after signing is kept by the Secretary of the Committee with the attachment of materials and recommendations prepared for him.

36. The protocol of the meeting of the Committee shall indicate:

- i) place, date and time of its holding (or the date of absentee voting);
- ii) the list of members of the Committee who took part in the consideration of the agenda of the Committee, as well as a list of other persons present at the meeting of the Committee;
- iii) agenda;
- iv) proposals of the members of the Committee on the agenda items;
- v) questions put to the vote and the results of voting on them;
- vi) decisions taken.

CHAPTER 8. REPORTING

37. The Committee reports on the results of its activities to the Supervisory Board of the bank once a year. The report is submitted to the Supervisory Board of the Bank in writing no later than 5 (five) working days before the date of the meeting of the Supervisory Board of the Bank, at which the Committee's report is scheduled to be considered. The Chairman of the Committee submits the report of the Committee to the Supervisory Board of the Bank.

38. The report of the Committee should contain the following information about the activities of the Committee:

- i) on the meetings of the Committee;
- ii) on the recommendations made to minimize banking risks;
- iii) on the recommendations prepared by the Committee and conclusions to the Bank's Supervisory Board on the issues of its competence;
- iv) on revealed violations of the established limits, as well as on

violations in the work of internal control mechanisms and recommendations for the prevention of such violations. The report of the Committee may contain other material information at the discretion of the Committee.

39. The issue of the expediency of accepting for consideration the Committee's recommendations sent to the Bank's Supervisory Board in accordance with these Regulations shall be decided at a meeting of the Bank's Supervisory Board.

40. The Supervisory Board of the bank has the right at any time during the year to require the Committee to provide a report on the current activities of the Committee. The terms of preparation and submission of such a report are determined by the decision of the Bank's Supervisory Board.

CHAPTER 9. INTERACTION OF THE COMMITTEE WITH DIVISIONS, GOVERNING BODIES OF THE BANK AND OTHER PERSONS

41. In order for the Committee to perform its functions effectively, Committee members should have access to all necessary information. Members of the Bank's Supervisory Board, members of the Bank's Management Board, the Bank's Auditor, employees of the Internal Audit Department, as well as heads and employees of the bank's divisions, by the decision of the Committee, are obliged to provide complete and reliable information and documents on issues within the competence of the Committee within the time frame set by the Committee. The request to provide information and documents is drawn up in writing and signed by the chairman of the Committee.

42. Information and documents specified in clause 41 of these Regulations are submitted to the Secretary of the Committee for transfer to the Committee.

43. If necessary, as well as in order to effectively perform its functions by the Committee, members of the collegial executive body, as well as heads and employees of the bank's divisions with the appropriate professional knowledge, may be involved in the work of the Committee to consider certain issues within the competence of the Committee.

CHAPTER 10. RESPONSIBILITY OF THE MEMBERS OF THE COMMITTEE

44. The members of the Committee are responsible within the functions assigned to them.

45. During the term of office of the members of the Committee, as well as the end of the term of office in the Committee, persons who are (were) members of the Committee are obliged to observe the strict confidentiality requirement in relation to information received by them in connection with their activities in the Committee.

CHAPTER 11. FINAL PROVISIONS

46. This Regulation, as well as all amendments and additions to it, are approved by the Bank's Supervisory Board by a majority vote of the total number of members of the Bank's Supervisory Board.

47. Issues that are not reflected in these Regulations are regulated by the Bank's Charter, the Regulations on the Bank's Supervisory Board and other local acts of the bank, as well as the current legislation of the Republic of Uzbekistan.

48. If, as a result of amendments to the current legislation and regulatory legal acts of the Republic of Uzbekistan, certain norms of this Regulation come into conflict with them, prior to the approval of amendments to this Regulation in the prescribed manner, legislative and other regulatory legal acts have priority.

Introduced:

Chairman of the Banking Risk Supervision Committee

K. Olimov

Agreed:

Chairman of the Board

Sh. Akramov

Deputy Chairman of the Board

E.Nadjimitdinov

Deputy Chairman of the Board

M. Nurutdinova

Chief Accountant

B. Shamansurova

Head of Legal Department

T. Zanakhov

Head of Internal Audit Department

U. Babaev