

«A P P R O V E D»

**by the General Meeting of
Shareholders
«ANOR BANK» JSC
_____, 2020**

(minute № _____)

Chairman of the Supervisory Board

**REGULATION
on the Supervisory Board
of «ANOR BANK» Joint-Stock Company**

Tashkent-2020

1. GENERAL PROVISIONS

1. The present Regulation has been developed in compliance with the Civil Code of the Republic of Uzbekistan, laws of the Republic of Uzbekistan “On the Central Bank of the Republic of Uzbekistan”, “On Banks and Banking Activity”, “On Joint-Stock Companies and Protection of Shareholder Rights” (new edition) and other legislative acts, and also the Charter of “ANOR BANK” JSC (hereinafter - the bank).

2. The Regulation determines the status and regulates the activity of the Supervisory Board of the bank, the procedure of election to the Supervisory Board of the bank, along with the rights and obligations of the members of the Supervisory Board of the bank.

3. The Supervisory Board of the bank performs general management of the activity of the bank, performs supervisory and control function in the process of making management decisions and bears responsibility for the activity and financial sustainability of the bank as a whole.

4. The Supervisory Board of the bank shall determine and exercise supervision and control over the introduction of organizational structure of activity management, which provides efficient and prudent management over the bank, including allocation of powers and responsibilities between the members of the bank management, prevention and settlement of conflicts of interests.

5. In its activity, the Supervisory Board of the bank shall comply with the Constitution of the Republic of Uzbekistan, the Civil Code of the Republic of Uzbekistan and laws of the Republic of Uzbekistan “On Banks and Banking Activity”, “On the Central Bank of the Republic of Uzbekistan”, “On Securities Market”, “On Joint-Stock Companies and Protection of Shareholder Rights” (new edition), normative acts of the Central Bank of the Republic of Uzbekistan (hereinafter - the Central Bank), other legislative acts, and also the Charter of the bank and other local acts of the bank.

2. RIGHTS AND OBLIGATIONS OF THE BOARD OF THE BANK

6. Members of the Supervisory Board of the bank shall promote reasonable corporate management of the bank and in the performance of their authorities and obligations shall take into account legal interests of the bank, its depositors and shareholders, and ensure efficient cooperation between the bank and the Central Bank.

7. The competence of the Supervisory Board of the bank includes:

7.1. enhancing the role of shareholders, including minority shareholders, in the strategic management of the bank, introduction of modern methods of bank management based on the international experience, determination of priority directions of bank activities based on the improvement of efficiency of use of material, technical, financial and human resources;

7.2. convening annual and extraordinary General Meetings of Shareholders, with the exception of cases provided for by the legislation and the Charter of the Bank;

7.3. preparation of the agenda of the General Meeting of Shareholders, including the provision of necessary information on the items placed on the agenda;

7.4. determination of the date, time and place of the General Meeting of Shareholders;

7.5. determination of the date of compiling the register of the shareholders of the bank for giving notice on holding the General Meeting of Shareholders;

7.6. submission for resolution of the General Meeting of Shareholders of the issues on reorganization and liquidation of the bank, making amendments and supplements to the Charter of the bank or approval of the Charter in a new edition, approval of the annual report, distribution of profits and losses, as well as auditor inspection (except for mandatory auditor inspection), the maximum amount of payment for services of an audit organization and conclusion (termination) of a contract with it;

7.7. organization of establishment of market value of the property;

7.8. approval of policies and the annual business plan of the bank, herewith the business plan of the bank for the next year shall be approved at the meeting of the Supervisory Board of the bank no later than December 1 of the year in progress;

7.9. appointment and prescheduled termination of powers of the Head of the Management Board of the bank with subsequent submission of this question for approval by the General Meeting of Shareholders. Based on the legislation and on the reasons specified in the local documents of the bank, the decision for appointment of Chairman of the Board of the bank can be made on the basis of competitive selection, foreign managers can also participate in such selection;

7.10. election (appointment) and early termination of powers of the members of the Board of the Bank;

7.11. establishment of the Audit Committee, consisting solely of the members of the Supervisory Board of the Bank, the Internal Audit Service and appointment of its employees, as well as reviewing its reports on a quarterly basis;

7.12. establishment of the Committee on Information Technologies (IT-Committee) and Committee on Supervision of Banking Risks;

7.13. giving recommendations as to the amount of remunerations and compensations to be paid to the Auditor of the Bank;

7.14. giving recommendations on the size of a dividend and the form and procedure of its payment;

7.15. use of the reserve and other funds of the bank;

7.16. establishment of branches and representative offices of the bank outside the Republic of Uzbekistan;

7.17. establishment and reorganization, as well as liquidation of subsidiaries and affiliated economic entities;

7.18. making of a unanimous decision on execution of major transactions related to procurement or alienation or possibility of alienation of the property by the bank, if the book value of alienated property or value of acquired property exceeds fifteen percent of net assets of the bank as of the date of making the decision on conclusion of such transactions. If unanimity of the Supervisory Board of the bank on the issue of execution the major transaction is not reached, the issue of execution of such major transaction may be submitted for resolution of the General Meeting of Shareholders by decision of the Supervisory Board of the bank;

7.19. conclusion of transactions related to the participation of the bank in commercial and non-commercial organizations, as established by the legislation;

7.20. making decisions on redemption of corporate stock of the bank;

7.21. making decisions on executing transactions with the persons related (affiliated) to the bank, excluding cases when the decision on such transactions shall be made by the general meeting of shareholders of the bank;

7.22. making decisions on issuance of corporate stock, savings and deposit certificates by the bank;

7.23. determination of the placement price (offering at the stock exchange and organized over-the-counter market of securities) of shares in compliance with the procedure established by the legislation and this Charter;

7.24. establishment of the amount of remuneration and (or) compensation paid to the Board of the Bank.;

7.25. approval of local acts of the bank which determine the procedure of activity of its structural units and banking services centers, except for local acts, adoption (approval) of which, in compliance with the legislation of the Republic of Uzbekistan and the Charter of the bank, shall be attributed to the competence of the General Meeting of Shareholders and the Board of the bank;

7.26. access to any documents related to the activities of the Board of the bank and reception of such documents from the Board or on its behalf from the authorized persons for

performance of duties imposed on the Supervisory Board of the bank. The received documents may be used by the Supervisory Board of the bank and its members only for service purposes;

7.27. establishment of committees and approval of provisions on them, along with provisions of internal audit and internal control services;

7.28. adoption of decisions on the terms of charity, sponsorship and gratuitous aid only within the limits established by the General Meeting of Shareholders and the business plan for the year under review, with mandatory disclosure of information about this to all shareholders. In this case, the maximum amount of charitable or gratuitous aid is established annually by the Annual General Meeting of Shareholders;

7.29. prevention and settlement of conflicts of interests (conflicts between property and other interests of the bank, its structural units and (or) its employees, clients which may entail adverse consequences for the bank and (or) clients) arising in the bank;

7.30. issue of prior consent for distribution of expert reports on the activity of the bank to third parties and their publication on the web-site of the bank or in the information and telecommunication network "Internet";

7.31. resolution of other matters referred to the competence of the Supervisory Board of the bank by the legislation of the Republic of Uzbekistan, the Charter of the bank, the present Regulation and other local acts of the bank.

Issues referred to the competence of the Supervisory Board of the bank may not be delegated for resolution to the Board of the bank.

8. The liabilities of the Supervisory Board of the bank are as follows:

- to exercise its powers for the benefit of the shareholders of the bank;
- to ensure competent management of the bank;
- to approve, consulting with the Board of the bank, the long-term and short-term business plans of the bank;
- to exercise ongoing control over the operational activity of the bank, proper credit granting and investment of funds (in order to protect the interests of the depositors, creditors and shareholders);
- to approve and control the realization of strategic targets, corporate governance policy, other internal policies of the bank, including identification, management, monitoring and informing about the risks, and maintenance of sufficient capital in the bank;
- to exercise control over the establishment of reserves against potential losses on assets created on the basis of assets classification and to ensure maintenance of capital and general reserves of the bank at a sufficient level;
- to approve the procedure of preventing and regulating the conflict of interests;
- to approve the plans for restoration of the financial standing of the bank;
- to exercise control over the Board of the bank;
- to control the execution of the adopted business plan of the bank, as well as review the report of the Board of the bank on the results of the activity of the bank on a quarterly basis;
- to organize the work of the internal audit service of the bank, as well as to assess the compliance with the strategies and policies of the bank by the Board on the basis of quarterly reports of the internal audit service of the bank;
- to study, discuss and challenge the information, suggestions and explanations submitted by the members of the Board of the bank;
- to perform monitoring and periodic assessment of the efficiency of business management system, including the principles of bank management, and taking appropriate measures to eliminate revealed deficiencies;
- to submit, not less than once a year, to the general meeting of shareholders a report on supervisory and control activity, as well as a report on compliance with the corporate governance requirements stipulated by legislation

- to approve the annual financial reports and ensure the integrity of the accounting and financial reporting systems;
- to ensure the compliance with prudential requirements, with due regard to the long-term financial interests of the bank and the requirements to the capital set by the Central Bank;
- to exercise control over the compliance with the Regulations on internal control of the bank.

3. ELECTION PROCEDURE OF THE SUPERVISORY BOARD OF THE BANK

9. The Supervisory Board of the bank is elected in the composition of 5 persons. Members of the Supervisory Board of the bank shall be elected by the General Meeting of Shareholders for the term of one year with the right of unlimited re-election.

10. Members of the Board of the bank and the Chairman of the Board, along with the persons who are employed by the bank under the labour agreement, are not eligible for election to the Supervisory Board of the bank.

Except for the shareholders, scientists and specialists of the banking sphere can be the members of the Supervisory Board of the bank.

Members of the Supervisory Council of the bank shall comply with the requirements on independence of their judgements.

A person is not eligible to become a member of the Supervisory Board of the bank or the person, who has been elected, shall be deprived of the right of membership in the Supervisory Board of the bank, in the following cases:

- the person is or intends to become a member of the Supervisory Board of two or more banks, excluding cases when these banks belong to one banking group;
- the powers of this person have been terminated prematurely at the request of the Central Bank.

11. The Supervisory Board of the bank shall include at least one independent member, who can be re-elected annually.

An independent member of the Supervisory Board of the bank shall be deemed a person who:

- has not worked in the bank and (or) in the affiliated entities of the bank over the last three years;
- is not a shareholder of the bank and (or) founder (shareholder, participant) of the affiliated entities of the bank;
- does not have any civil-legal relations with a high-profile customer and (or) a major supplier of the bank and (or) an affiliated entity of the bank. At the same time, a high-profile customer and a major supplier shall be deemed the persons who have an effective contract with the bank for the amount of more than two thousand minimum wages;
- does not have any agreements with the bank and (or) affiliated entities of the bank, with the exception of those that are related to the provision of fulfillment of tasks and functions of a member of the Supervisory Board of the bank;
- is not a spouse, parent (adopter, foster parent), child (adopted, foster child), blood brother or half brother or sister of the person, who is or was within the last three years a member of the management and internal control bodies of the bank and (or) affiliated entities of the bank;
- is not an employee of a state administration body or state-owned enterprise.

12. Shareholders (shareholder) who are in the aggregate the holders of not less than one percent of voting shares of the bank shall be entitled to nominate candidates to the Supervisory Board of the bank, the number of which may not exceed the number of its members.

13. Election of the members of the Supervisory Board of the bank shall be performed by cumulative voting.

At cumulative voting the number of votes, that belong to each shareholder, is multiplied to the number of persons, which should be elected to the Supervisory Board of the bank, and the

shareholder is entitled to give all votes received in such way for one candidate or to distribute them between two or more candidates.

The membership in the Supervisory Board of the bank may be terminated due to the following reasons in cases of:

- a) voluntary resignation of his powers with written notification;
- b) existence of verdict of conviction which entered into legal force on imprisonment of a member of the Supervisory Board of the bank;
- c) the death of a member of the Supervisory Board of the bank;
- d) adoption of relevant decision by the General Meeting of Shareholders of the bank.

4. THE CHAIRMAN OF THE SUPERVISORY BOARD OF THE BANK

14. The Chairman of the Supervisory Board of the Bank shall be elected by the members of the Supervisory Board of the Bank from among its members by majority of votes of the total number of members of the Supervisory Board of the Bank.

15. The Chairman of the Supervisory Board of the bank shall:

- arrange its work;
- convene the meetings of the Supervisory Board of the Bank and preside at such meetings;
- organize record-keeping of the minutes at the meetings;
- preside at the General Meeting of Shareholders and enter into the structure of its Presidium, and on the behalf of the bank, conclude labour agreements on recruitment of the Head of the Board;
- perform other actions stipulated by the Charter of the Bank and the legislation.

16. In case of absence of the Chairman of the Supervisory Board of the bank, his/her functions shall be performed by one of the members of the Supervisory Board of the bank, who is appointed according to the procedure established by the legislation and the Charter of the bank.

5. THE PROCEDURE OF HOLDING THE MEETING OF THE SUPERVISORY BOARD OF THE BANK

17. Meetings of the Supervisory Board of the bank shall be convened by the Chairman of the Supervisory Board on his/her own initiative, at the request of a member of the Supervisory Board, Auditor of the bank, Management Board, at the request of shareholders, holders of ordinary shares of at least one percent, manager of internal audit service, external auditor of the bank, as well as other persons established by legislation.

18. The Supervisory Board of the bank shall be convened not less than once a month. A quorum for holding of a meeting of the Supervisory Board of the bank must be not less than 80% of the elected members of the Supervisory Board of the bank.

19. When the number of members of the Supervisory Board of the bank becomes less than 80% of the number prescribed by the Charter of the bank, the Supervisory Board of the bank shall convene an extraordinary (unscheduled) General Meeting of Shareholders to elect new members of the Supervisory Board of the bank. The remaining members of the Supervisory Board of the bank shall only be entitled to make a decision on convocation of such extraordinary (unscheduled) General Meeting of Shareholders, and also, in case of early termination of powers of the chairman of the Board of the bank, to appoint an executor of his duties.

20. Resolutions at meetings of the Supervisory Board of the bank shall be made by the majority of votes of the members attending the meeting, excluding cases when decisions on matters listed in clauses 7.7, 7.13, 7.14, 7.15, 7.17, 7.18, 7.19, 7.20 and 7.21 of these Regulations, which shall be made by the Supervisory Board of the bank unanimously. If the Supervisory Board of the bank does not reach unanimity on specified matters, the Supervisory

Board of the bank shall submit these matters for resolution of the General Meeting of Shareholders of the bank.

21. If in the process of making decisions by the Supervisory Board of the Bank the votes are equal, the Chairman of the Supervisory Board of the Bank shall be entitled to a decisive vote.

It is not allowed to transfer votes by one member of the Supervisory Board of the bank to another member of the Supervisory Board of the bank.

22. In the process of the meeting of the Supervisory Board of the bank there shall be recorded Minutes, which shall be drawn up and approved no later than 10 days after the meeting.

The Minutes of the meeting of the Supervisory Board of the bank shall be signed by the members of the Supervisory Board of the bank, who attended the meeting and are liable for accuracy of drafting the Minutes.

Decisions of the Supervisory Board of the bank may be adopted by absentee voting (by poll) by all members of the Supervisory Board of the bank on a unanimous basis.

The minutes of the meeting of the Supervisory Board of the bank shall be submitted to the Board of the bank for execution as of the date of its signing. In case the Supervisory Board of the bank makes a decision on convocation of the General Meeting of Shareholders, the information about such decision shall be submitted to the Board of the bank as of the date of the meeting of the Supervisory Board of the bank.

23. In the minutes of the meeting, the following shall be indicated:

- date, time and place of the meeting;
- persons attending the meeting;
- agenda of the meeting;
- issues submitted to voting, results of voting on them;
- adopted resolutions.

24. Shareholders of the bank may get familiarized with decisions of the Supervisory Board of the bank (except those containing commercial and banking secrecy).

6. RIGHTS AND OBLIGATIONS OF MEMBERS OF THE SUPERVISORY BOARD OF THE BANK

25. A member of the Supervisory Board of the bank shall be entitled to:

- personally participate in meetings of the Supervisory Board of the bank, make speeches on the issue discussed at the meeting within the time allotted by the regulations;
- receive detailed and reliable information about the results of the activity of the bank for a certain period of time, about its development plans;
- receive a certain remuneration for his/her work in the Supervisory Board of the bank by performing the assigned functions.

Functions allocation among the members of the Supervisory Board of the bank shall be carried out by the chairman of the Supervisory Board of the bank specifically for each member of the Supervisory Board of the bank.

26. Functional duties of a member of the Supervisory Board of the bank are as follows:

- to exercise his/her powers with due regard to the interests of the bank;
- to adopt adequate operational policies for the realization of legitimate, safe and prudent banking activities, as well as for the achievement of the objectives of the bank;
- exercise supervision over banking operations to ensure adequate control and compliance with the approved policies of the bank and the legislation of the Republic of Uzbekistan;
- to form the business strategy of the bank and control over the implementation of the business plans adopted for the development of the bank;
- to perform a thorough review of reports on the financial standing and activities of the bank, including recommendations for their improvement, submitted by the Board of the bank..

27. In case when a member of the Supervisory Board of the bank has financial interest in a transaction to which the bank is one of the parties, as well as in case when there is any other

conflict of interests of a member of the Supervisory Board of the bank, a member of the Supervisory Board of the bank shall inform the Supervisory Board of his interest before the conclusion of the transaction, and decision on the transaction shall be made by the majority of members of the Supervisory Board of the bank who do not have such interest or by the majority of shareholders at the General Meeting of Shareholders. At the same time, the interested members of the Supervisory Board of the bank shall not take part either in the discussion or in making a decision on such transaction.

28. Members of the Supervisory Board of the bank shall not be entitled to directly or indirectly receive remuneration for influencing the adoption of any decisions by the Supervisory Board of the bank.

29. Members of the Supervisory Council of the bank shall not be entitled to use the bank facilities (property or non-property rights, facilities in the sphere of economic activity, information on activity and plans of the bank) for personal enrichment.

30. The amount of remuneration and compensations to a member of the Supervisory Board of the bank shall be determined by the Provision on remuneration of members of the Supervisory Board of the bank approved by the General Meeting of Shareholders.

7. PROTECTION OF THE RIGHTS AND INTERESTS OF SHAREHOLDERS OF THE BANK

31. Protection of rights and interests of the shareholders of the bank shall be performed by the Supervisory Board of the bank by means of:

- organization the activity of the bank taking into account the interests of the shareholders;
- control over preparation and conduction of General meetings of shareholders, procedure of voting and counting the votes and decision making
- prevention of infringement of the rights of shareholders in case of changes in shares of the authorized capital of the bank by increasing or reducing the authorized capital, issuing additional securities, etc;
- development of an effective dividend policy of the bank;
- review of matters related to mutual relations with the shareholders of the bank
- receipt and consideration of offers and complaints of shareholders about illegal and incompetent actions of the Board of the bank.

8. EXERCISE CONTROL OVER THE ACTIVITY OF THE BANK

32. The Supervisory Board of the bank shall periodically (at least once in a quarter) receive from the Board of the bank reviews and written reports on financial standing and activity of the bank, including recommendations on their improvement, and shall also listen to reports of the Head of the Board and the manager of the internal audit service of the bank.

Members of the Supervisory Board of the bank shall perform thorough inspection of such reports and recommendations with the purpose of defining their accuracy and feasibility.

33. In order to exercise control over the activity of the bank, the Supervisory Board of the bank shall establish respective committees and approve their provisions.

Such committees include: Audit Committee, Investment Committee, Credit Committee, Asset and Liability Management Committee, Supervision Committee for Banking Risks, Personnel Development and Quality Assessment Committee.

34. Each committee holds separate meetings and has to report on its activity to the Supervisory Board of the Bank during its meetings.

9. IMPLEMENTATION OF THE POLICY ON PERSONNEL MANAGEMENT

35. The Supervisory Board of the Bank shall develop and implement the policy of the Bank on personnel management, strategy of attraction of highly qualified managers and employees of the bank.

36. The policy on personnel management includes:

- a system of rewards, incentives and punishments for the personnel of the bank;
- a training and retraining program;
- a procedure for replacing managers in case of vacancies;
- determination of circumstances under which dismissal of the management of the bank is obligatory.

37. The Supervisory Board of the bank shall submit for approval to the General Meeting of Shareholders of the bank the appointment or preschedule termination of powers of the chairman of the Board of the bank.

Following the procedure prescribed by the legislation and local acts of the bank, the decision on appointment of the chairman of the Board of the bank shall be made based on the competitive selection, wherein the highly qualified foreign specialists can be involved.

38. The Supervisory Board of the bank shall develop and approve the followings:

- criteria for evaluation of the work of the members of the Management Board and managers of the major departments of the bank;
- a code of conduct and measures to prevent conflicts of interest;
- a list of terms and conditions under which the officials of the bank shall be dismissed from their positions as a consequence of incompetence, bad faith, conflict of interests or for other reasons.

10. MAINTAINING THE ADEQUATE CAPITALIZATION OF THE BANK

39. For the purpose of preservation of the bank capital and its conformity to the scale and degree of risk of bank operations, the Supervisory Board of the Bank shall:

- supervise the establishment of special reserves by the bank against possible losses in the amounts determined by the Central Bank;
- demand from the Board of the Bank ensures that the level of banking risks is not higher than the one set by the Central Bank;
- take measures on placement of bank shares;
- ensure that the capital and general reserves of the bank are maintained at a sufficient level.

11. DEVELOPMENT AND EXECUTION OF A BUSINESS PLAN FOR FURTHER DEVELOPMENT OF THE BANK

40. The Supervisory Board of the Bank shall develop (both by itself and with the involvement of third-party consultants and experts) and approve a business plan for the further development of the Bank, including:

- the policy for making decisions on credit granting;
- the procedure of control over the loans;
- the system of assets and liabilities management;
- the procedure for investing.

41. The Supervisory Board of the Bank shall ensure the implementation of the business plan for further development of the bank by its Management Board.

42. As a rule, the business plan for further development of the bank shall be reviewed at least once a year for the purpose of making necessary amendments and additions.

12. RESPONSIBILITY OF MEMBERS OF

THE SUPERVISORY BOARD OF THE BANK

43. Members of the Supervisory Board of the bank shall be liable for improper execution of their duties before the bank and its shareholders in compliance with the legislation of the Republic of Uzbekistan and the Charter of the bank.

44. Members of the Supervisory Board of the bank who did not take part in voting at the meeting of the Supervisory Board of the bank or who voted against the decision which caused losses to the bank shall be released from the liability.

13. FINAL PROVISIONS

45. The present Regulation along with all amendments and supplements thereto shall be approved by the resolution of the General Meeting of Shareholders.