

APPROVED
by the minutes of meeting No. 1
of the Founders of “National Bank of Foreign Economic Activity
of the Republic of Uzbekistan” Joint Stock Company
dated 25/12/2019.

**REGULATION ON THE SUPERVISORY BOARD OF “NATIONAL BANK OF
FOREIGN ECONOMIC ACTIVITY OF THE REPUBLIC OF UZBEKISTAN”
JOINT STOCK COMPANY**

REGULATION ON THE SUPERVISORY BOARD OF “NATIONAL BANK OF FOREIGN ECONOMIC ACTIVITY OF THE REPUBLIC OF UZBEKISTAN” JOINT STOCK COMPANY

I. General part

1. The present regulation is developed based on the Law of the Republic of Uzbekistan “On protection of rights of joint stock companies and shareholders”, “On Banks and banking activities” and the Charter of the “National Bank of Foreign Economic Activity of the Republic of Uzbekistan” Joint Stock Company (hereinafter - Bank), determines the status of Supervisory Board of the Bank, regulates its work and the procedure for electing members of the Supervisory Board, their main functions, rights and obligations.

2. Supervisory Board of the Bank is the governing body of the Bank, which carries out general management of its activities and is responsible for performance of its duties. Supervisory Board of the Bank carries out general management of banking activities, provides control and verification in the process of making managerial decisions, and is also responsible for operation and financial stability of the bank as a whole. Supervisory Board has the right to resolve all issues related to activities of the Bank, except for those that fall within the exclusive competence of the General Meeting of Shareholders.

3. Supervisory Board of the Bank is accountable to General Meeting of Shareholders of the Bank.

II. Authorities of the Supervisory Board of the Bank

4. The competence of the Supervisory Board includes the following:

- 1) Definition of priority activities of the company's with regular hearing of the report of Bank Management Board on the measures taken to achieve the Bank development strategy;
- 2) holding Annual and Extraordinary General Meetings of Shareholders of the Bank, except as otherwise provided by law;
- 3) preparation of the agenda of General Meeting of Shareholders;
- 4) determination of the date, time and venue of the General Meeting of Shareholders;
- 5) determining the date of formation of the register of shareholders of the company for notification of the General Meeting of Shareholders;
- 6) approval of a regulation defining activity procedure of corporate governance service;
- 7) organizing determination of market value of Bank property;
- 8) formation of the executive body (board) of the Bank, election (appointment) of members of the board of the bank, early termination of their powers;
- 9) approval of the annual business plan of the Bank. At the same time, the business plan of the Bank for coming year must be approved at the meeting of Bank Supervisory Board no later than December 1 of the current year;
- 10) organization of Internal Audit Service and appointment of its employees, as well as quarterly hearing of its reports, approval of the regulation on Bank internal audit service;
- 11) free access to any document related to bank management activities, and receipt of these documents from Bank management in order to fulfill the tasks assigned to the Supervisory Board of the Bank. Supervisory Board of the Bank and its members may use the received documents only for official purposes;
- 12) conducting an audit (with the exception of a mandatory audit), selecting the audit organization, the amount of the maximum remuneration for its services and making a decision to conclude an agreement with it (termination of the agreement);
- 13) make recommendations on the amounts of remuneration and compensation paid to members of the Audit Commission of the Bank;
- 14) make recommendations on the amount of dividends, the form and procedure of payment;
- 15) use of the reserve fund and other funds of the Bank;
- 16) establishment of branch offices of the Bank, representative offices and other subsidiaries

of the Bank, their liquidation, approval of regulations on branches and representative offices;

- 17) establishment of subsidiaries and dependent business companies of the Bank;
- 18) making decision on major transactions, transactions with affiliates of the Bank in cases stipulated by the legislation;
- 19) conclusion of transactions related to the participation of the Bank in commercial and non-commercial organizations, in the manner prescribed by law;
- 20) making decision to issue corporate bonds by the Bank, as well as purchase, decision to issue derivative securities, certificates of deposit and other debt obligations;
- 21) to increase the authorized capital of the Bank, as well as to introduce amendments and additions to the Charter of the Bank related to increase in the authorized capital of the company and the reduction in the number of outstanding shares of the Bank;
- 22) definition of offering price of the shares (issue of securities on the stock market and organized over-the-counter market);
- 23) determination of the amount and payment procedure of remuneration and compensation to Management Board of the Bank;
- 24) making decision on the choice of an independent organization to conduct an assessment of the corporate governance system in the Bank;
- 25) approval of the decision on issue of shares and prospectus of the Bank, as well as introduction of amendments and additions to the decision on issue of previously registered shares;
- 26) approval of strategic goals, corporate governance policy, other internal policies of the bank, including identification, management, monitoring and communication of risks, policy of maintaining capital adequacy at the proper level and control over implementation;
- 27) control over formation of reserves for possible losses on assets based on the classification of assets, as well as ensuring sufficient capital and general reserves of the Bank;
- 28) approval of the procedure for preventing and remedying a conflict of interest;
- 29) approval of Bank plans on restoration the financial condition;
- 30) осуществление контроля за деятельностью управления Банком;
- 31) overseeing implementation of adopted business plan of the Bank, as well as quarterly hearing of the report of Bank management on the results of Bank activities;
- 32) organization of Bank internal audit, as well as assessment of compliance of Bank management with Bank strategy and policy based on quarterly reports of Bank internal audit;
- 33) studies, considers and discusses information, proposals and explanations received from the members of Bank management;
- 34) efficiency of Banking Management System, including monitoring of Bank management principles and their periodic evaluation, as well as taking appropriate measures to address the identified deficiencies;
- 35) submission of a report on conducted control and auditing activities at least once a year to the General Meeting of Shareholders;
- 36) approving annual financing statements and ensuring integrity of accounting and financial reporting system;
- 37) ensuring compliance with prudential requirements, taking into account long-term financial interests of the Bank and the capital requirements established by the Central Bank;
- 38) resolution of other issues referred to the competence of the Supervisory Board of the Bank in accordance with legislation, present Charter and internal regulations of the Bank.

5. Issues related to the competence of the Supervisory Board of the Bank cannot be transferred for decision to the Management Board of the Bank.

6. Supervisory Board of the Bank submits proposals for consideration by the General Meeting of Shareholders on the following issues:

Amendments and additions to the Charter of the Bank or approval of the Charter in a new version;

reorganization or liquidation of the Bank;

Approval of Bank annual report, balance sheet, profit and loss statement, procedure for distribution of profits and compensation for losses. Annual report of the Bank must be approved by

Supervisory Board of the Bank at least 10 days before the date of the General Meeting of Shareholders;
Approval of Bank expenses and their comparison with Bank business development plan;
determination of the amount and payment procedure of annual dividend on shares;
establishing the maximum number of declared shares;
purchasing own shares;
fragmentation – integration of shares;
making decision not to apply shareholder's pre-emptive right to purchase securities to the purchase of securities if the shares are placed in an open written form, and a decision on the validity period of this decision;
determination of the main directions of the policy of the Bank in the field of lending, asset and liability management, investment and provision of new types of services to Bank customers;
Make recommendations on the amount of bonuses and compensations to the members of Audit Commission of the Bank.

III. Responsibilities of the Supervisory Board of the Bank

7. Supervisory Board of the Bank is responsible for:

Ensuring impartial management of the Bank, realization of its authorities in interests of Bank shareholders;

Current control over correct implementation of Banking activities, including lending and investment of funds, in order to protect the interests of depositors and shareholders. Hearing quarterly reports of Management Board of the Bank, as well as issues related to implementation of annual Business Plan of the Bank;

Ensuring proportional capitalization of the Bank;

Organization of the strategy of Bank activity;

Monitoring of profitability of the Bank;

Monitoring of implementation of the Business Development Plan of the Bank;

Organization of the Board of the Bank;

Organization of Bank internal audit. Regular quarterly hearing reports of the head of the Internal Audit Service;

Compliance with the laws of the Republic of Uzbekistan and regulations of the Central Bank;

Resolution of other issues related to competence of Bank Supervisory Board in accordance with the law, Bank Charter and internal regulations.

IV. Election of the members of Bank Supervisory Board

8. Quantitative composition of the Supervisory Board of the Bank will consist of 5 people.

9. Shareholders holding voting shares of the Bank and their representatives are elected as members of the Supervisory Board of the Bank for a period of one year by decision of the General Meeting of Shareholders.

10. Persons elected to the Supervisory Board of the Bank may be re-elected without restrictions.

11. Members of the Management Board of the Bank cannot be elected to the Supervisory Board of the Bank. Persons working in the Bank under an employment agreement (contract) cannot be the members of the Supervisory Board of the Bank.

12. Supervisory Board of the Bank must include at least one independent member who may be re-elected annually. At the same time, in companies with a predominant share of the state and (or) economic association, the nomination and voting for an independent member of the Supervisory Board of the Bank are carried out by representatives of the state and (or) economic association.

The following person is recognized as an independent member of Supervisory Board of the Bank:

person who has not worked in the Bank and (or) with its affiliates for the last three years;

person who is not a shareholder of the bank and (or) a founder (shareholder, participant) of its affiliate;

person who is not in civil law relations with a major client and (or) major supplier of the Bank and (or) its affiliate. At the same time, with whichever client and supplier a valid contract is concluded for an amount exceeding two thousandth of the minimum wage, they are recognized as major customers and major suppliers;

person who does not have an agreement with the Bank and (or) its affiliates, except for cases related to ensuring the performance of duties and functions of a member of the Supervisory Board;

person who is a member of the management and internal control bodies of the Bank and (or) its affiliates, or a person who has joined them within the last three years, is a husband (wife), parent (adoptive parent), child (adopted child), relative and not having a half-brother (brother) and sister (sister);

person who is not an employee of a government body or a state enterprise.

13. General Meeting of Shareholders has the right to remove Supervisory Board of the Bank and elect a new Supervisory Board.

14. Powers of any member (all members) of the Supervisory Board of the Bank may be terminated early by decision of the General Meeting of Shareholders.

15. Members of the Supervisory Board of the Bank are elected by cumulative voting in accordance with the procedure established by current legislation.

16. Shareholders (shareholder) owning at least one percent of the ordinary shares of the Bank are entitled to nominate candidates to the Supervisory Board and the Audit Commission of the Bank in an amount not exceeding the number of members of this body.

17. Requirements for candidates elected to the Supervisory Board of the Bank. The candidate must:

be a shareholder of the Bank or represent the interests of a legal entity - a shareholder of the Bank;

have a University degree;

have sufficient knowledge of banking and economic legislation.

18. When submitting proposals for the nomination of a candidate to the Supervisory Board of the Bank, including when self-nominating, the name of the candidate, the number and type of bank shares owned by him, as well as the names of the shareholders who nominated the candidate, the number and type of shares owned by them are indicated.

19. Shareholder has the right to vote for one candidate or to divide the vote among several candidates.

20. Candidates with the largest number of votes are elected to the Supervisory Board of the Bank.

21. Powers of a member of the Supervisory Board of the Bank are terminated in the following cases:

voluntarily removes all powers from himself;

if information is received that he has been prosecuted for malicious crimes;

if information is received that the legal entity he manages is bankrupt.

Decision to suspend powers is made by the Supervisory Board of the Bank, the issue of exclusion of this member from the Supervisory Board of the Bank will be considered at the next General Meeting of Shareholders.

22. If a member of the Supervisory Board withdraws from the Supervisory Board before his term ends, a new member of the Supervisory Board is elected for the remaining term at the next general meeting of shareholders.

V. Election of the Chairman and Deputy Chairman of the Supervisory Board of the Bank

23. Chairman of the Supervisory Board of the Bank and his deputies are elected from the Supervisory Board by a majority vote of the total number of members of the Supervisory Board.

24. Supervisory Board of the Bank has the right to re-elect its Chairman and his deputies by a majority vote of the total number of members of the Supervisory Board.

25. Chairman of the Supervisory Board of the Bank:
organizes the work of the Supervisory Board of the Bank;
convoques a meeting of the Supervisory Board of the Bank and presides over it;
organizes taking of minutes on these meetings;
opens the General Meeting of Shareholders and presides over it;
concludes on behalf of the Bank an employment contract on hiring the Chairman of the Management Board of the Bank in the manner prescribed by legislation;
performs other actions stipulated by the legislation and the Charter of the Bank.

26. Deputy Chairman of the Supervisory Board of the Bank temporarily performs his duties in the absence of the Chairman of the Supervisory Board of the Bank.

In the absence of Chairman and Deputy Chairman of the Supervisory Board of the Bank, the functions of the Chairman are performed by one of the members of the Supervisory Board of the Bank, which is determined by a majority vote of the members of the Supervisory Board.

VI. Procedure for holding meetings of the Supervisory Board

27. The meeting of the Supervisory Board of the Bank is convoqued by the Chairman at least once a quarter.

28. Extraordinary meetings of the Supervisory Board of the Bank are convoqued by the Chairman of the Supervisory Board on his personal initiative or at the request (proposal) of the following:

Member of the Supervisory Board of the Bank;

Audit committee;

Management Board of the Bank;

Head of the Internal Audit;

Central Bank of the Republic of Uzbekistan;

shareholders (shareholder) collectively owning at least one percent of the shares.

29. Notice of a meeting of the Supervisory Board of the Bank shall be sent to the members of the Supervisory Board at least three days prior to the date of the meeting by fax, telegram or post, indicating time, place and items included in the agenda of the meeting.

30. Draft decisions on the agenda items of Bank Supervisory Board, certificates and necessary information are prepared in accordance with the work plan of Bank Supervisory Board, and on additional issues - by the initiators of their submission. All items of the agenda of the Supervisory Board, as a rule, are discussed in advance in the Management Board of the Bank.

If necessary, the members of the Supervisory Board will request additional information through the members of the Management Board of the Bank.

31. If at least 75 percent of the members elected to the Supervisory Board of the Bank participate in the meeting of the Supervisory Board, in such cases it is considered competent.

32. If the number of members of the Supervisory Board of the Bank is less than 75% of the number of elected members, the General Meeting of Shareholders convoques an extraordinary General Meeting of Shareholders to elect a new composition of the Supervisory Board of the Bank. Remaining members of the Supervisory Board are only entitled to decide to convoque such an extraordinary meeting of Shareholders.

33. Meeting of the Supervisory Board of the Bank shall be chaired by the Chairman of the Supervisory Board of the Bank or by his temporary acting director. After the discussion, the agenda proposed by the chairman and the procedure for discussing the items included in it are adopted. Members of the Supervisory Board have the right to make changes to the agenda of the meeting by a majority of votes.

34. Decisions at a meeting of Bank Supervisory Board are made by a majority vote of participants. Each member of Bank Supervisory Board has one vote. In case of equality of votes, the vote of the Chairman of the Supervisory Board of the Bank is decisive.

Decision-making at the meeting is carried out, as a rule, by open voting. Secret voting is held only at the request of one of the members of the Supervisory Board of the Bank.

35. It is not allowed for one member of the Bank Supervisory Board to transfer his vote to another member of the Supervisory Board.

36. At the meeting of the Supervisory Board of the Bank with the right of an advisory vote, the Chairman of the Management Board of the Bank and members of the Audit Commission of the Bank, if necessary, members of the Counting Commission, are present.

Deputy Chairmen of the Management Board, members of the Management Board of the Bank, heads of divisions, as well as experts on the issues under discussion may be invited to the meeting of the Supervisory Board.

37. The minutes of the meeting of the Supervisory Board of the Bank are kept. The minutes of the meeting of the Supervisory Board of the Bank shall be drawn up no later than 10 days after the meeting.

After the closure of the meeting, all members of the Supervisory Board of the Bank return the materials received by them on the agenda in order to take into account their opinion when drawing up the minutes of the meeting.

38. Minutes of the meeting of the Supervisory Board of the Bank indicate the following:
date, time and place of the meeting;
persons present at the meeting;
meeting agenda;
issues put to vote, results of voting on them;
decisions.

If a decision on question is not unanimous, it is indicated by name who voted “for”, who “against”, and who “abstained”.

39. Minutes of the meeting of the Supervisory Board of the Bank are signed by the members of the Supervisory Board of the Bank participating in the meeting, who are responsible for the correctness of the minutes of the meeting. Original copy of the minutes of the meeting of the Supervisory Board of the Bank is considered a document that must be kept permanently, and after signing it is stored in an iron cabinet (safe) in the secretariat under the Chairman of the Management Board of the Bank until it is transferred to the archive.

40. Minutes of the Supervisory Board of the Bank are submitted to the Management Board of the Bank for execution on the day they are signed. If Supervisory Board of the Bank makes a decision to convoke the General Meeting of Shareholders, information about this decision is submitted to the Management Board of the Bank on the day of meeting of the Supervisory Board of the Bank.

41. Relevant entries are made to the minutes of the meeting of the Supervisory Board of the Bank on items that are considered state, banking or commercial secrets. Bank shareholders may be familiarized with the decisions of the Supervisory Board of the Bank (except for those considered banking or commercial secrets).

VII. Rights and obligations of members of the Supervisory Board

42. Member of the Supervisory Board of the Bank is entitled to:

Personally participate in the meeting of the Supervisory Board of the Bank, speak on the issue under discussion within the time limit, defend his point of view;

Obtain reliable and complete information about results of Bank activities for a certain period and plans for its development, with the exception of operations, accounts and deposits of customers and representatives of the Bank;

submit proposals for consideration by the Supervisory Board on issues within the competence of the Supervisory Board of the Bank;

Receive remuneration for the performance of the tasks assigned to him in the Supervisory Board of the Bank.

43. Obligations of members of the Supervisory Board of the Bank:

act in the interests of the Bank and its shareholders;

developing and implementing measures aimed at improving Bank reputation, development and financial stability;

conscientious use of their official powers, as well as the most optimal method in the performance by the Bank of the obligations stipulated by the Charter;

Bring the following information to the attention of the Supervisory Board of the Bank, the Audit Commission and the auditor:

a) on legal entities owning 10 or more percent of voting shares (interests, units) independently or through an affiliated person (persons);

б) on legal entities holding senior positions in management bodies;

в) on ongoing or proposed transactions with the Bank, known to them, which can be recognized as interested parties.

Non-participation in the discussion and voting at the meeting of the Supervisory Board of the Bank and the General Meeting of Shareholders when resolving the issue of a transaction made with the Bank, in which he can be recognized as an interested party.

44. The Chairman of the Supervisory Board distributes the duties of the members of the Supervisory Board of the Bank.

45. Members of the Supervisory Board of the Bank are not entitled to receive direct or indirect remuneration for the influence exerted by the Supervisory Board or the Management Board of the Bank in making any decision.

46. Members of the Supervisory Board of the Bank are not entitled to use Bank opportunities (property and non-property rights, opportunities within the framework of economic activities, information about Bank activities and plans) for their own personal enrichment.

47. Members of the Supervisory Board of the Bank for the performance of their duties by decision of the General Meeting of Shareholders receive remuneration in the amount proportional to the financial results of Bank activities and their participation in the work of the Supervisory Board.

Reimbursement to members of the Supervisory Board of the Bank of expenses related to remuneration and (or) performance of their functions is made in the amount of not more than 50 times the amount of the base calculation for one quarter. The amounts of remuneration and payments are determined by the decision of the general meeting of shareholders.

Member of the Supervisory Board of the Bank has the right to use Bank property to perform the duties assigned to him and receive full reimbursement of all expenses associated with the performance of his official duties.

VIII. Protection of the rights and interests of bank shareholders

48. Protection of the rights and interests of the shareholders of the Bank is carried out by the Supervisory Board of the Bank in the following ways:

organization of Bank activities taking into account the interests of shareholders;

preparing and holding the General Meeting of Shareholders, control of voting and counting of votes, decision-making processes;

increase or decrease in authorized capital, issue of additional securities and non-discrimination of the rights of shareholders in cases of changing the share in authorized capital of the Bank in other ways;

Approval of Dividend Policy of the Bank;

Consideration of issues related to the shareholders of the bank;

Acceptance of proposals and complaints from shareholders on illegal and ignorant actions of the Management Board, their consideration.

IX. Control of banking activities

49. Supervisory Board of the Bank periodically receives written reports and comments from the Management Board on the activities and financial condition of the Bank, including recommendations for their improvement, and may also hear reports from the Chairman of the Management Board and the head of the internal audit service.

Members of Supervisory Board carefully review such reports and recommendations to determine their accuracy and feasibility.

50. Following financial ratios are subject to constant control by the Supervisory Board of the Bank:

- income relative to assets;
- common stock income;
- amount of total interest margin;
- bank expenses not related to the payment of interest on assets;
- share of suspicious and bad credits in relation to all credits;
- amount of large credits;
- credits to individuals associated (affiliated) with the Bank.

51. Supervisory Board of the Bank exercises strict control over the spending of the bank funds to increase the payroll fund, the payment of incentive bonuses and social benefits to bank employees; analyzes the structure of the apparatus and the number of personnel in order to increase the efficiency of their activities, rational use of bank income for the maintenance of the apparatus.

X. Implementation of Personnel Policy

52. Supervisory Board of the Bank monitors and conducts Personnel Policy with the participation of the Management Board of the Bank, attracting and retaining qualified managers and employees, their responsibility in the performance of their duties specified in Bank Charter.

53. Personnel Policy includes:

- system for selecting specialists for work in the Bank;
- system of payment, motivation and punishment of employees;
- training and retraining program;
- recruitment of vacancies in cases of vacancy of managerial positions;
- determining the circumstances in which dismissal of management, specialists and other employees of the Bank is mandatory;
- formal procedure for assessing personnel performance.

54. Supervisory Board of the Bank controls the structure of labor relations between Bank and its employees under the contract system of employment.

55. Supervisory Board of the Bank develops and approves:

- Criteria for evaluating the work of members of Management Board and heads of the main service of the Bank;
- code of ethics and measures to deal with conflicts of interest;
- List of conditions for the removal of bank officials from their duties due to incapacity, bad faith, conflict of interest or other reasons.

XI. Support of proportional investment of the Bank

56. To maintain Bank capital and ensure its compliance with the volume and level of risk of banking operations, Supervisory Board of the Bank:

- controls the establishment by the Bank of a special reserve for possible losses in the amount established by the Central Bank of the Republic of Uzbekistan;
- requires the Management Board of the Bank to ensure banking risk not exceeding that established by the Central Bank;

takes measures to place bank shares;
ensures an adequate level of capital and general reserves of the Bank.

XII. Development and implementation of business plan of the Bank

57. Supervisory Board of the Bank together with Management Board of the Bank (independently and with the involvement of external consultants and experts) develops and approves the business plan for the development of the Bank.

58. Supervisory Board of the Bank exercises control over the implementation of the strategic development plan and the business plan of the Bank by Management Board of the Bank.

59. As a rule, the business plan of the Bank is reviewed at least once a year in order to make the necessary changes and additions.

XIII. Responsibility of the members of Bank Supervisory Board

60. Members of the Supervisory Board of the Bank shall promote rational corporate governance of the bank and take into account the legitimate interests of the bank, its depositors and shareholders in the performance of their powers and duties, as well as ensure effective cooperation with the Central Bank.

Application
to the extraordinary General Meeting of Shareholders of National Bank JSC
dated October 22, 2020
No. 4

Addendum to paragraph 34 (new paragraph 3) of the Regulations on Supervisory Board of "National Bank for Foreign Economic Affairs of the Republic of Uzbekistan" Joint-Stock Company:

“Members of the Supervisory Board of the Bank work with documents/information constituting a state secret and classified as “secret” in accordance with the Law of the Republic of Uzbekistan “On the Protection of State Secrets”. At the same time, documents constituting state secrets and classified as “secret”, considered by the Supervisory Board, cannot be familiarized and agreed upon with members of the Supervisory Board who do not have a special permit to work with them in accordance with the above law”.