

«Approved»
by decision of the Supervisory Board
of the Joint Stock Company
«Mortgage Refinancing Company of
Uzbekistan»
dated August «3», 2020.

**REGULATION ON THE RISK MANAGEMENT COMMITTEE OF THE
SUPERVISORY BOARD**

of the Joint Stock Company
«Mortgage Refinancing Company of Uzbekistan»

Tashkent 2020.

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I. GENERAL PROVISIONS

1.1. This Regulation on the Risk Management Committee of the Supervisory Board (hereinafter referred to as "Committee") of the Joint Stock Company "Mortgage Refinancing Company of Uzbekistan" (hereinafter referred to as the "Regulation") has been developed in accordance with the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights", other acts of legislation, Regulation of the Central Bank of the Republic of Uzbekistan No. 3219 dated February 10, 2020 "On coordination and regulation of activities of mortgage refinancing organizations", the charter of the Joint Stock Company "Mortgage Refinancing Company of Uzbekistan" (hereinafter - the Company), the Corporate Governance Code approved by minutes of the meeting of the Commission for efficiency improvement of activities of joint stock companies and corporate governance system improvement No. 9 dated December 31, 2015, as well as the requirements of international standards for corporate governance and formation of an internal control system as recommended by the Basel Committee.

1.2. This Regulation establishes the legal status, regulates the working procedure of the Committee, and determines its purpose, objectives, rights and obligations, the procedure for interaction with the Supervisory Board, the Executive Body, the Risk Management Department and the procedure for submitting reports on the work done to the Supervisory Board.

1.3. The Committee shall be created by the decision of the Supervisory Board and is an advisory body ensuring effective performance of the Supervisory Board of its functions of overseeing the Company's risk management system. Committee decisions are of a recommendatory nature for the Supervisory Board. The RMS shall be accountable to the Supervisory Board.

II. COMMITTEE MAIN PURPOSE

2.1. The main purpose of the Committee is to assist the Supervisory Board in organizing a modern risk management system at the Company and its effective functioning.

III. COMMITTEE OBJECTIVES AND FUNCTIONS

3.1. The Committee shall control the Risk Management Structure of the Company and ensure that the risk management and internal control systems are used to manage risks in accordance with the Risk Appetite, the Risk Management Policy and Strategy established by the Supervisory Board. The Committee shall ensure that

the Executive Body implements processes and plans for identifying, managing, and reporting on risks that may prevent the Company from achieving its strategic goals. The Committee shall make sure that the Company maintains an appropriate level of capital and liquidity in accordance with the risks inherent in its activities and the regulatory requirements of the regulator.

3.2. Committee objectives of are:

- 3.2.1. preparation and presentation of recommendations to the Supervisory Board on the risk management strategy, risk appetite and capital adequacy of the Company falling within the competence of the Supervisory Board;
- 3.2.2. control over the development and preliminary consideration of the Risk and Risk Appetite Management Strategy, supervision over its implementation;
- 3.2.3. preliminary consideration of the main risk management directions, policies and rules;
- 3.2.4. monitoring the effective functioning of the risk management system;
- 3.2.5. analysis of risk management performance indicators.

3.3. Committee functions are:

- 3.3.1. assessment of the efficiency of risk management of the Company, discussion of the issues of the Company and measures taken to reduce them with the Executive Body;
- 3.3.2. providing recommendations to the Supervisory Board regarding the determination of the Risk Management Strategy, risk appetite and the acceptable level of deviations/internal limits of the Company in accordance with the requirements of the regulator;
- 3.3.3. monitoring the development in the economic and financial sectors and updating the requirements of the Central Bank that affect the Risk Management Structure. Providing recommendations for consideration to the Supervisory Board regarding the future Risk Management Strategy, taking into account the current macroeconomic situation;
- 3.3.4. reviewing the risk management effectiveness and control over the implementation of corrective actions, control over significant issues in relation to risk management considered by the Executive Body,

- the Credit Committee, the Asset and Liability Management Committee, the Risk Management Unit (hereinafter referred to as the “RMU”), the Internal Audit Service and the external auditor;
- 3.3.5. monitoring the compliance of the Company's Risk Profile with the Risk Appetite approved by the Supervisory Board, established limits, risk trends, at least on a monthly basis, using the risk management reports provided by the RMU;
 - 3.3.6. reviewing the risk management policy at least once a year and making recommendations for changes, if necessary. Monitoring the implementation of the risk management policy throughout the Company;
 - 3.3.7. continuous supervision and monitoring of the current level of risks of the Company, the Loan Portfolio, concentration of risks and significant risk management issues;
 - 3.3.8. ensuring a high level of supervision and providing feedback regarding the development and implementation of methodologies for scenario analysis, stress testing and building of scoring cards/scoring models at the Company;
 - 3.3.9. control over the compliance of the Company's risk management policies with the requirements of the Central Bank and any other external risk management requirements, the best Basel practices;
 - 3.3.10. approval of the Regulation for the Risk Management Committee of the Executive Body (hereinafter referred to as the “RMC”);
 - 3.3.11. monitoring the development and implementation of the Risk Management Structure, Company’s tools and policies;
 - 3.3.12. study of the annual report on the Company’s Risk Profile and RMC activities, submission of these reports at the highest level to the Supervisory Board;
 - 3.3.13. quarterly consideration of RMU reports by analyzing the Company's indicators;
 - 3.3.14. interaction with other Supervisory Board Committees on risk management issues;
 - 3.3.15. coordination of RMU activities and activities of other divisions of the Company in terms of risk management;

3.3.16. other functions related to the performance of the objectives assigned to Committee.

IV. ELECTION PROCEDURE AND COMMITTEE MEMBERSHIP

4.1. The Committee shall consist of at least three people and shall be elected from among members of the Supervisory Board. Independent members of the Supervisory Board shall be predominantly elected to the Committee, who, if possible, shall constitute the majority of the Committee members. The Chairman of the Supervisory Board shall recommend candidates for positions of the Chairman and Committee members to be approved by the Supervisory Board.

4.2. The Committee Chairman shall be elected by the Supervisory Board from among independent members of the Supervisory Board upon the recommendation of the Chairman of the Supervisory Board.

4.3. The functions and objectives between the Committee members shall be distributed by the Committee Chairman.

4.4. The functions of the Committee secretary shall be performed by the corporate secretary.

V. COMMITTEE RIGHTS AND OBLIGATIONS

5.1. To exercise the powers, the Committee shall be endowed with the following rights:

- 5.1.1. to request and receive information and documents necessary for carrying out their activities from Company officers through the corporate secretary;
- 5.1.2. to involve, if necessary, third parties as experts (consultants) with special knowledge on issues within the Committee competence;
- 5.1.3. to invite the RMU Head to attend the Committee meetings for a detailed presentation of the state of risk management at the Company, as well as members of the Executive Body, employees of the Company, members of other Committees of the Supervisory Board;
- 5.1.4. to develop and submit drafts of amendments and additions to this Regulation to the Supervisory Board for approval;
- 5.1.5. to submit issues to the agenda of the meeting of the Supervisory

Board within the Committee powers, to demand the convocation of an extraordinary meeting of the Supervisory Board;

5.1.6. to get acquainted with the results of audits of Company activities carried out by the regulatory authorities;

5.1.7. other rights, in accordance with the current legislation of the Republic of Uzbekistan, the Charter of the Company and the Regulation on Supervisory Board of the Company.

5.2. The Committee shall:

5.2.1. carry out the functions assigned to the Committee in accordance with the current legislation of the Republic of Uzbekistan, the Charter of the Company, the Regulation on Supervisory Board of the Company and this Regulation;

5.2.2. provide the Supervisory Board with substantiated recommendations falling within its competence;

5.2.3. carry out its activities in the interests of the Company and its shareholders;

5.2.4. at least once a year, report on the results of their work to the Supervisory Board and, on a quarterly basis, on the assessment of the effectiveness of the Company's risk management and measures taken to reduce them.

VI. POWERS OF THE COMMITTEE CHAIRMAN

6.1. The Committee Chairman shall:

6.1.1. organize the work and convene meetings of the Committee, preside over them;

6.1.2. determine the form of holding, date, time, place, and agenda of the Committee meetings.

6.1.3. determine the list of persons invited to participate in the Committee meetings;

6.1.4. distributes responsibilities among the Committee members;

6.1.5. gives instruction to the Committee members related to the need for a more detailed study of issues and preparation of materials for consideration at the Committee meeting;

- 6.1.6. ensure the development and approval of the Committee work plan, and also monitor its implementation;
- 6.1.7. interact with the Supervisory Board, other Committees under the Supervisory Board and the Executive Body on issues falling within the competence of the Committee;
- 6.1.8. performs other functions related to the performance of objectives assigned to the Committee.

6.2. The Committee Chairman shall report to the Supervisory Board on the results of the work of the Committee. The Committee Chairman shall sign and submit to the Supervisory Board a quarterly report on the assessment of the effectiveness of the Company's risk management and the measures taken to reduce them.

VII. RIGHTS AND OBLIGATIONS OF COMMITTEE MEMBERS

7.1. Committee members shall have the right to:

- 7.1.1. receive complete and reliable information on activities of the Company;
- 7.1.2. make proposals for the consideration at the Committee meeting on issues falling within the competence of the Committee;

7.2. Committee members shall:

- 7.2.1. attend the Committee meetings, participate in decision-making on issues falling within the competence of the Committee;
- 7.2.2. consider the documents provided on each issue on the agenda of the Committee meeting;
- 7.2.3. observe commercial secrets, in accordance with the requirements of the current legislation of the Republic of Uzbekistan;

7.3. An Committee member shall notify other Committee members and the Supervisory Board of a conflict of interest arising when making decisions by the Committee.

7.4. An Committee member shall immediately inform the RMCSB of his personal interest in the issue under discussion.

VIII. COMMITTEE WORKING AND DECISION-MAKING PROCEDURE

8.1. Committee meetings shall be held at least once a quarter (in person or through the use of electronic means of communication (video conference)), in other cases, if necessary, they can be held on the initiative of the Chairman or members of the Committee, the RMU Head, the Supervisory Board and the Executive Body (in person or in absentia).

8.2. The Committee secretary shall perform the following duties:

8.2.1. making registration and keeping records in a special book of documents received by the Committee;

8.2.2. in a timely manner (no later than the next day), introducing the documents received for review, summarizing the preliminary recommendations of the Committee members, clarifying and reporting to the Committee Chairman on the degree of readiness of the documents for consideration by the Committee (including by e-mail);

8.2.3. ensuring the completion of documents and the development of the draft minutes of the Committee meeting to be submitted for consideration by the Committee.

8.3. In the absence of the Committee secretary, his duties shall be temporarily assigned to another employee of the Company.

8.4. The RMCSB secretary shall participate in Committee meetings without the right to vote.

8.5. The adoption of a decision on the issue on the agenda of the meeting by the Committee members, as a rule, shall be carried out at a face-to-face Committee meeting. If necessary, the adoption of a decision on the agenda of the Committee meeting can be carried out by poll (in absentia).

8.6. Monthly RMU reports shall be sent to the Committee members by e-mail on a quarterly basis. If necessary, it is possible to hold an extraordinary Committee meeting in absentia, with remote participation in the meeting of all or some of the Committee members through the use of electronic means of communication.

8.7. Officials and specialists from the structural divisions of the Company may be invited to the Committee meetings for reports and explanations, who can speak

on the agenda of the Committee meeting in accordance with the issues predetermined for them and, at the request of the Committee members, provide clarifications on the issues discussed. In addition, if specialized expertise is required on the issues related to the risk management system, the Committee can engage independent experts on a contractual basis. The invited persons and experts shall not have the right to take part in voting on the agenda items of the Committee meeting.

8.8. The Committee decisions shall be considered adopted with the consent of 2/3 of the Committee members. An Committee member who voted against the adopted decision shall have the right to attach his dissenting opinion to the minutes of the meeting.

8.9. The Committee decision shall be formalized by the minutes of the Committee meeting. The minutes shall be recorded in the minutes log. The minutes of the Committee meetings shall be official documents and be kept by the corporate secretary. The minutes of the Committee meeting shall be drawn up not later than 5 working days after the meeting and signed by the Committee members. After signing the minutes, a copy of the minutes shall be provided to the Supervisory Board through the corporate secretary.

IX. REMUNERATION FOR MEMBERS OF THE COMMITTEE

9.1. By decision of the General Meeting of Shareholders, members of the Supervisory Board of the Company may be paid a fixed and additional remuneration during the period of their duties, as well as compensation for expenses related to their performance of the functions of members of the Supervisory Board of the Company.

9.2. Additional remuneration shall be paid for the work of members of the Supervisory Board of the Company in committees, for chairmanship in committees and for deputizing as the chairman of the Supervisory Board of the Company.

9.3. On the recommendation of the Chairman of the Committee, the Supervisory Board of the Company may make a decision on remuneration for the members of the Committee based on the results of work for a year in accordance with the Regulations “On Evaluation of Work of the Supervisory Board of the Company” within the budget approved by the General Meeting of Shareholders.

X. COMMITTEE REPORTING

10.1. The Committee shall ensure an appropriate level of awareness of the Supervisory Board of the matters that may significantly affect the financial situation or the state of affairs in the Company. The Committee shall submit to the Supervisory Board a quarterly report on the assessment of the effectiveness of the Company's risk management and the measures taken to reduce them.

10.2. The Committee quarterly report shall include the following information:

10.2.1. issues submitted for discussion to the Committee and implementation of the approved work plan;

10.2.2. financial ratio indicators and the level of risk acceptance.

10.3. The Committee shall submit to the Supervisory Board an annual report on the results of Committee activities not later than 45 days before the date of the annual General Meeting of Shareholders of the Company.

10.4. The annual Committee report shall contain information for the period of operation of Committee and shall include the following information:

10.4.1. the number of meetings and the list of issues considered;

10.4.2. on the fulfillment of instructions of the Supervisory Board;

10.4.3. on the execution of the Committee work plan.

10.5. Quarterly and Annual Committee reports to the Supervisory Board shall be discussed at the Committee meeting and be drawn up as the minutes of the Committee meeting.

10.6. Committee reports to the Supervisory Board shall be signed by the Committee Chairman and the Committee Secretary.

XI. FINAL PROVISIONS

11.1. This Regulation shall be approved at the meeting of the Supervisory Board and come into force from the moment of its approval and remain valid until its cancellation (adoption of a new Regulation).