KICB
KYRGYZ INVESTMENT AND CREDIT BANK

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"KYRGYZ INVESTMENT AND CREDIT THE BANK" CJSC

REGULATION OF THE BOARD OF DIRECTORS

Owner of the document: Corporate Secretary
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Document registration history

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"Kyrgyz Investment and Credit Bank" CJSC Regulation of the Board of Directors	03.11.2017	Extraordinary General Shareholders Meeting	Has lost its validity
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1. General Provisions

1.1. This Regulation of the Board of Directors of Closed Joint-Stock Company "Kyrgyz Investment and Credit The Bank" (hereinafter – the Bank) was developed in accordance with the requirements of the legislation of the Kyrgyz Republic, the International Financial Agreement and the Charter of the Bank, and regulate procedures for formation and functioning of the Board of Directors of the Bank. This Regulation outlines formation, authorities and responsibilities of the Members of the Board of Directors, and procedure for convening and conducting meetings of the Board of Directors.

1.2. The Board of Directors of the Bank is a management body which exercises general management of the Bank in the period between the General Meetings of Shareholders of the Bank. The Board of Directors of the Bank determines the strategies and policies of the Bank, the basic principles and approaches to organizing a risk management and internal control system in the Bank, and also implements other key functions.

1.3. The Board of Directors shall supervise management of the Bank, except for the issues referred to the exclusive competence of the Shareholders' Meeting.

1.4. The Board of Directors shall act in the best interests of the Bank, comply with the principle of equal attitude to all shareholders and is obliged to submit a report on its activity to the Shareholders at each annual Shareholders' Meeting of the Bank.

1.5. The Board of Directors of the Bank is responsible for establishing effective assessment, monitoring and control systems in the Bank in order to maintain an adequate level of capital in accordance with the risks in the Bank's activities.

1.6. The Board of Directors of the Bank must take all necessary measures to identify and prevent conflicts of interest at all levels of the Bank's activities. The Board of Directors of the Bank shall have a key role in preventing, identifying and resolving internal conflicts, including between shareholders, management and bank employees. The Board of Directors of the Bank is responsible for organizing a system for identifying and avoiding conflicts of interest, ensuring transparency of the bank's activities, timeliness and completeness of information disclosure, as well as ensuring easy access of shareholders to bank documents in accordance with the legislation of the Kyrgyz Republic.

1.7. The Board of Directors of the Bank monitors, controls, and evaluates the activities of the management.

1.8. The Board of Directors of the bank performs the following activities:

1.8.1. To ensure monitoring, control, and evaluation of the Executive Board's activities, it approves criteria for assessing the Executive Board's performance, which include, but are not limited to, the following:

- Compliance with the bank's internal documents (policies);
- Stability of the bank's financial condition;
- Efficiency of banking operations;
- Quality of the bank's work in handling customer complaints arising from the provision of banking services;
- Compliance with the legal requirements of the Kyrgyz Republic.

1.8.2. Monitors and controls the alignment of the professional level of the Executive Board with the types, complexity levels of the bank's activities, and its risk appetite;

1.8.3. Receives management information and hears reports from the Executive Board on the results of its activities, which must provide sufficient/comprehensive information in accordance with Kyrgyz Republic legislation.

2. Composition of Board of Directors

2.1. In accordance with the Kyrgyz Legislation and the International Financial Agreement, the Board of Directors consists of at least five members and not more than nine members in an odd number. Each Shareholder shall have a right to nominate one (1) voting member of the Board of Directors. AKFED has the right to appoint another representative Board Director, who will also have voting rights.

2.2. At least one member of the Board of Directors of the Bank shall be a citizen of the Kyrgyz Republic with strong command of state and/or official language of the Kyrgyz Republic.

2.3. At least one third of the Board of Directors of the Bank shall be independent members of the Board.

2.4. The procedure for the election of Board members, the criteria for their candidacies, as well as other issues related to the election of Board members, are regulated by the legislation of the Kyrgyz Republic, the Bank's Charter, and the Bank's internal regulatory documents.

2.5. Other requirements for the composition of the Bank's Board of Directors are regulated by the legislation of the Kyrgyz Republic, the Bank's Charter, and the Bank's internal regulatory documents.

3. Rights of Chairman of the Board of Directors

3.1. Chairman of the Board of Directors of the Bank is elected by the Meeting of Shareholders.

3.2. The Chairman of the Board of Directors of the Bank organizes work of the Board of Directors, calls meetings of the Board of Directors of the Bank, chairs the meetings, and organizes process of keeping the minutes of Board Meetings.

3.3. Chairman of the Board of Directors of the Bank opens a meeting of Shareholders.

3.4. In the absence of the Chairman of the Board of Directors of the Bank, its functions are exercised by Deputy Chairman of the Board of Directors of the Bank. In the absence of the Deputy Chairman of the Board of Directors of the Bank, one of the members of the Board of Directors of the Bank, authorized by the Bank's Board of Directors.

3.5. The Chairman of the Board of Directors has the right to chair at all meetings of the Board of Directors and to verify the quorum, voting rights and count votes;

3.6. The Chairman of the Board of Directors has the right to sign resolutions or minutes of the Board of Directors meetings adopted by the Board of Directors;

3.7. The Chairman of the Board of Directors has the right to sign resolutions relating to the activities of the Board of Directors;

3.8. The Chairman of the Board of Directors has the right to sign and approve any document of the Bank that requires such approval in order to confirm their validity.

4. Rights and Duties of Board Members

4.1. Board members in their activities must be guided by the legislation of the Kyrgyz Republic, the Charter, the Corporate Governance Code, this Regulation, and other internal regulatory documents of the Bank.

4.2. To exercise their powers, Board members have the right to:

4.2.1. Participate in regular meetings and take part in discussions.

4.2.2. Vote at Board meetings.

4.2.3. Request the convening of a Board meeting.

4.2.4. Receive remuneration and compensation for expenses related to the performance of their duties.

4.2.5. Participate in the discussion of issues and record the results of voting in the minutes.

4.2.6. Review the minutes of meetings if a Board member was absent.

4.2.7. Express disagreement with the decisions of the Board.

4.2.8. Receive all necessary documents of the Bank for review and to obtain information on the Bank's activities.

4.3. Board members are also subject to the following duties:

4.3.1. Act in good faith, reasonably, and in the best interests of the Bank.

4.3.2. Not disclose confidential information or use it for personal gain.

4.3.3. Prevent conflicts of interest and notify the Board of their occurrence.

4.3.4. Inform the Bank of any affiliations and changes in them.

4.3.5. Perform duties within their powers in accordance with the legislation of the Kyrgyz Republic and the Bank's internal regulatory documents.

4.3.6. Use granted powers solely for fulfilling the tasks and functions of the Board.

4.3.7. Make informed decisions after reviewing the necessary information.

4.3.8. Adhere to the principle of equality in relation to the Bank's shareholders and officers.

4.3.9. Maintain an impeccable business reputation.

4.4. The Board of Directors must act in good faith and reasonably in the best interests of the Bank, which implies fulfilling the following fiduciary duties:

- Act within the scope of their powers, adhering to the requirements of the banking legislation of the Kyrgyz Republic and the Bank's Charter.
- Use granted powers to perform the tasks and functions for which they were elected.
- Make informed decisions based on their qualifications and experience after taking all reasonable steps to obtain the necessary and available information in a timely manner.
- Adhere to the principle of equality in relation to shareholders and not prioritize the interests of one shareholder over others.
- Maintain an impeccable business reputation in accordance with the legislation of the Kyrgyz Republic.
- Organize an effective control system in the Bank to prevent the Bank from entering into transactions or conducting client operations (deals) that lack an obvious economic purpose, a legal goal, and/or may subsequently harm the Bank's interests.

5. Independent Members of the Board of Directors

5.1. In order to ensure competence, objectiveness and independence, Independent members of the Board of Directors must be elected to the Bank's Board of Directors, possessing a recognized impeccable business reputation. the independent members of the Board of Directors having good reputation and professional experience In economic, financial, banking, and legal matters, as well as in information technology matters..

5.2. An independent Member of the Board of Directors is a person who at the time of election:

5.2.1. is not and was not an employee of this the Bank or an employee of any of the legal entities related to the Bank during the last five years;

5.2.2. is neither a member of the Management Board of this Bank nor a member of the Management Board of any of the legal entities associated with the Bank during the last five years:

5.2.3. did not receive, directly or indirectly, any substantial additional remuneration, compensation, benefits or donations, except for reimbursement of expenses related to participation in the meetings of the Board of Directors, from this Bank or persons connected with the Bank, or on their behalf within the last five years; Within the framework of this clause, additional remuneration, compensation, benefits or donations are understood as such additional compensations, allowances or donations, the aggregate amount of which over the past five years is more than three hundred thousand soms.

5.2.4. has no significant business ties (including issuing and receiving of loans) with this the Bank or any of the related parties, either directly or as a partner, during the last five years; Under this clause, a person's business relationship with the Bank or any of the persons related to the Bank is considered significant if the commercial, business and financial relationship of that person with the Bank and / or other legal entity having common interests with the Bank in any way effects the persons capacity to make objective decisions in the interests of the Bank. At the same time, a member of the Board of Directors should not:

- be a borrower of a bank whose total debt exceeds 10% of the net total capital of the Bank;
- be a member of the executive (supervisory) body of the legal entity, which is the borrower of the Bank, and the aggregate debt of which exceeds 10% of the net total capital of the Bank;

- control one or more legal entities that have common interests with the Bank and / or whose total debts to a bank or legal entities having common interests with the Bank can be considered as the aggregate debt of one person, in accordance with the criteria of the National Bank for lending;
- provide goods and services to the Bank, the total annual amount of which exceeds 10% of the total annual gross income of this person;
- have a loan debt to the Bank classified as a "loss";
- be a member of the supervisory, executive body of a legal entity that has received a loan from the Bank or from any legal entity having common interests with the Bank that has been classified as a "loss".
- be a partner or an employee of the current or former external auditor of the Bank or any of the persons related to the Bank during the past five years;
- exercise significant participation or control over this Bank and in no way represents a shareholder who exercises significant participation or control over the Bank;
- be a member of the Board of Directors of this Bank for the past five years;
- consists in close related relations with the persons mentioned in subparagraphs of this paragraph.

6. Meetings of the Board of Directors

6.1. Meetings of the Bank's Board of directors shall be held at least once a quarter. To effectively perform its functions, it is recommended to hold meetings in accordance with the approved schedule of Board of Directors meetings and the work plan. Board Members shall receive a written notice at least 10 business days prior to the meeting.

6.2. When holding an extraordinary meeting of the Board of Directors, all Board Members shall receive a written notice at least 10 business days prior to the meeting. The notice shall contain the agenda of a forthcoming meeting and all required documents relating to the agenda shall be attached to it.

6.3. The chairman of the Board of Directors can declare an emergency that requires an urgent meeting of the Board of Directors without a 10-day prior notice. This meeting can be held immediately, if all Board Members can be notified in advance and agree to hold this meeting.

6.4. The quorum for the Board's meeting shall be defined by the Charter of the Bank but shall not be less than 2/3 of the members of the Board of Directors.

6.5. If Board Members representing 2/3 of the members of the Board of Directors attend the meeting, this meeting can be held by a conference call of the Board members located at the different places or this meeting can be held by exchange of electronic, facsimile or telex messages or in any other way, including by sending documents and Circular resolutions, provided that all members are properly notified about the meeting so that they can attend it. Decisions taken by exchange of electronic, facsimile or telex messages and by Circular resolutions take effect from the moment they are adopted and are subject to ratification at the next meeting of the Board of Directors.

6.6. Each member of the Board of Directors shall have voting rights. One member of the Board of Directors can have a power of attorney provided by another Board Member and can vote instead of this Board Member under a power of attorney. If the Board Member has a conflict of interests, he is not entitled to participate in discussion and voting.

6.7. A decision of the Board of Directors shall be deemed taken, if the 2/3 of the members of the Board of Directors who participate at the meeting has voted for it.

6.8. The Board Members cannot take decisions binding for the Bank creating the liabilities of the Bank to the third parties outside the Board Meetings. The Board Members of the Bank cannot be restricted in the opportunity to familiarize themselves with any documents of the Bank and to obtain any required information about the Bank's activity from the Bank's employees.

6.9. The high level of responsibility and the wide range of authorities of the Board Members assume that the Board Members have adequate knowledge of the main types of the Bank's activity and ability to express a viewpoint, free from the viewpoint of the management and the officials of the Bank. When taking decisions, each Board Member shall be objective and be guided by the Bank's interests but not personal interests or interests of some shareholders and officials of the Bank. The viewpoint of the Board Member having comments and proposals as to the issue under consideration and disagreeing with the taken decision shall be expressed in voting and reflected in the minutes.

The minutes and a verbatim report (a detailed written text of the members' speeches) of the Board Meeting shall be signed by the Chairman of the Board of Directors and the Corporate Secretary, after confirmation of the Board Members that have attended the meeting. The agreed minutes and verbatim report are kept by the Corporate Secretary.

6.10. The minutes shall be kept at the Board meetings of the Bank. The Board minutes of the Bank shall be prepared by the Corporate Secretary no later than 10 days after its conduct in English and Russian / Kyrgyz. The minutes shall include:

- venue and time of its conduct;
- agenda of the meeting;
- list of persons attending the meeting;
- issues put to the vote and results of voting;
- decisions taken by the Board.

The Corporate Secretary is responsible for the preparation of all required documents relating to the Board meeting agenda. Documents related to the agenda of the Board of Directors meeting. The minutes and all required documents shall be kept by the Corporate Secretary in electronic copies.

The Corporate Secretary ensures and organizes work (meetings and paperwork) and effective ongoing interaction between the General Meeting of Shareholders and the Board of Directors of the Bank, as well as coordination of bank actions to protect the rights and interests of shareholders.

6.11. If the Board Member of the Bank is absent at the meeting of the Board, he is obliged to familiarize himself with the minutes and the decisions of the Board by signing the minutes as absent. Each Board Member of the Bank takes personal responsibility for decisions taken at the Board Meetings of the Bank. If, in the viewpoint of the Board Member of the Bank, the decisions taken by the Board carry the threat to financial sustainability and stability of the Bank, rights and lawful interests of the depositors and other lenders, he is obliged to inform the National Bank.

7. Authorities of the Board of directors

7.1. The exclusive authorities of the Bank's Board of Directors, besides the authorities envisaged by the legislation of the Kyrgyz Republic, By the Charter and internal regulatory documents of the Bank, shall include the following issues:

- approving the organization structure of the Bank;
- organizing the adequate internal control system of the Bank;
- reviewing the activity of the executive bodies and the officials of the Bank, taking measures according to the results of the specified reviews;
- considering the results and taking measures according to the results of the inspections carried out by the National Bank and the audits of the internal and external audits;
- appointing Management members and determining size of their remuneration;
- approval of the heads of internal audit, risk management, and compliance control functions, and determination of the terms of their remuneration;
- appointing Chairman of Management;
- determining the list of key employees of the Bank - bank employees whose activities are directly related to accepting and controlling risks. The key employees of the Bank include members of the Bank's Management, heads of departments (lines of business) and other employees determined by the Board of Directors who take a significant part in the operations and transactions conducted by the Bank;

- determining the strategic objectives of the Bank and forming its policy and controlling their implementation by an executive body;
- approval of any transactions to sell, lease or otherwise dispose of or to purchase, rent or otherwise acquire assets, where the value of the assets to be acquired or disposed ranged from 20 to 50 of the balance sheet value of the Bank's existing assets by the legislation
- taking a decision on early termination of the Management members;
- preparing recommendations regarding the amount of the dividend payout and the procedure of dividend distribution;
- selecting and recommending of external auditors of the Bank and their remuneration for approval at the Annual Shareholders Meeting. When selecting an external auditor the Board of Directors shall consider taking balanced approach between expenses on the audit and the necessity to ensure proper quality of the external audit.
- controlling fulfillment of the decisions taken by the General Shareholders' Meetings;
- electing a corporate secretary of the Bank;
- convening Annual General and Extraordinary Shareholders' Meetings of the Bank – forming and approving the agenda of the Shareholders' Meeting, and other issues related to preparation and conduct of the Shareholders' Meeting;

7.2. In order to ensure effective corporate management the Board of Directors shall:

- set clear levels of authorities, responsibilities and reporting within the frameworks of the Bank's organizational structure;
- introduce effective corporate management to the Bank, including approval of the Bank's strategies, objectives, tasks, the Bank's organizational structure and periodical review of the Bank's strategies;
- determine the principles and approaches to the organization of an effective risk management system that meets the requirements of the National Bank;
- approve a relevant strategy, policy and internal documents on risk management pertinent to the Bank's activity and carry out work to diversify the Bank's risks; ensure the proper risk management system that meets the requirements set by the National Bank;
- create the effective internal control system and ensure its proper functioning, adequacy to the size, the complexity of the activity, the structure and the risk profile of the Bank. At that, the risk profile is combination of the Bank's risk indicators that are based on collected, analyzed and systematized information that characterizes the Bank's exposure to the risks according to the areas of the activity taking into account the existing priorities.
- conduct an annual evaluation (self-assessment) of the Board of Directors' overall performance, the execution of the Chairman's duties, and an individual evaluation of each Board member. The evaluation of the Board of Directors should include an assessment of its effectiveness, composition, the diversity of knowledge and participants, and how effectively members and committees collaborate to achieve the Bank's common goals and strategies. The individual evaluation of each Board member should demonstrate whether each director continues to make an effective contribution to the Bank's development. The independent members of the Board of Directors should be assessed on their willingness to express their opinions regardless of the views of other Board members.
- take measures to communicate the information about the Bank's strategic objectives to all levels of the Bank's organizational structure;
- periodically (at least once a year) assess the development strategy of the Bank, the business plans of the Bank and the policies on all main types of the Bank's activity in order to determine their adequacy to the current activity, the financial position of the Bank and the external economic conditions;
- periodically (at least once a quarter) assess the current banking sector activity and the financial performance with regard to achievement of the Bank's strategic objectives and the estimated figures of the Bank's business plans;

- ensure compliance of the Bank and its management bodies to the legislation of the Kyrgyz Republic, the regulatory legal acts and the requirements of the National Bank;
- in order to take objective and competent decisions, to possess sufficient and reliable information and make sure that recommendations and proposals of the Management, other management bodies and officials of the Bank are justified and meet the Bank's interests;
- periodically (at least once a year) to determine the degree of work efficiency, its compliance with the development needs of the Bank (identifying weaknesses in management efficiency and taking appropriate corrective actions), based on an assessment of the activities of the committees of the Board of Directors and its members;
- ensure compliance of rules and the procedure for remuneration payment to the Bank's corporate culture, the control environment as well as the long-term tasks and the strategy of the Bank;
- establish the main activities of the bank for the long term and their performance.

7.3. The Board of Directors shall be entitled to engage advisors (specialists, consultants, experts, etc.) into preparation of analytical, reference, information materials and recommendations on the issues assigned to them in line with the imposed duties. The activity of the advisors shall be carried out within job descriptions/service agreements. The advisors are not officials of the Bank and cannot be involved into the operational activity of the Bank. The conclusions of the advisors have a recommendation nature, the responsibility for all decisions, taken by the Board of Directors and the Management of the Bank shall be taken by the specified bodies.

7.4. If the signs of the Bank's bankruptcy occur, the Board of Directors of the Bank shall be obliged to:

- take required emergency measures to prevent the bankruptcy of the Bank;
- immediately convene the Extraordinary Shareholders' Meeting;

7.5. immediately notify the National Bank about occurrence of the bankruptcy signs in the Bank and the results of the consideration by the Board of Directors regarding convening the Extraordinary Shareholders' Meeting of the Bank and regarding taken and planned urgent required measures to prevent the bankruptcy of the Bank.To ensure transparency in its activities, Board of Directors annually informs the General Meeting of Shareholders about its work by providing a report.

8. Committees of the Board of Directors

8.1. To fulfill its functions, the Board of Directors of the Bank can create committees and other subsidiary expert advisory bodies. The committees of the Board of Directors shall be created for preliminary consideration of issues within the competence of the Board and elaboration of recommendations for them. The committees are not management bodies of the Bank, cannot substitute the Board of Directors and fulfill its functions. The requirements to creation of the committees, their competence and responsibility shall be determined by the National Bank.

8.2. The Board of Directors must establish the following committees:

8.2.1. Risk management committee;

8.2.2. Audit committee;

8.2.3. Appointment and Remuneration committee.

8.2.4.

8.3. The activity and composition of the Board Committees shall meet the requirements of the National Bank and the internal documents of the Bank.

All committees in the Bank shall be headed by the Chairperson of these committees. The composition of the committees is determined in such a way that it allows for a comprehensive discussion of considered issues, taking into account different opinions.

9. Responsibility of the Board Members

9.1. If the Board Member of the Bank violates the legislation of the Kyrgyz Republic, by a decision of the National Bank, the Board Member of the Bank can be suspended of his/her duties without payment of remuneration for the period of suspension.

9.2. The Board Member of the Bank shall be dismissed by a decision of the National Bank in the event of:

- losing the impeccable business reputation;
- detecting concealment of the conflict of interests or interest in making the Bank's transactions;
- concealing the information that evidences his/her non-compliance to qualification requirements, requirements to independence and impeccable business reputation;
- when according to the assessment of the National Bank actions or non-actions of the Board Member carry the threat to the Bank's financial stability.

9.3. The decision of the National Bank regarding suspension or dismissal of the Board Member of the Bank shall come into effect immediately from the day of its taking.Additionally, in the event of a violation by members of the Bank's Board of Directors of the legislation of the Kyrgyz Republic, the Bank's Charter, or internal regulatory documents, the powers of such members of the Board of Directors may be terminated early by a decision of the General Meeting of Shareholders of the Bank.

9.4. The Board Member is responsible for:

- Establishment of effective systems for assessment, monitoring, and control within the Bank to maintain an adequate level of capital in accordance with the risks in the Bank's activities;
- For decisions made by the Bank's Board of Directors based on the recommendations of the Board committees, the Executive Board of the Bank, and external advisors and consultants;
- Each member of the Board of Directors bears personal responsibility for the decisions made at the Bank's Board of Directors meetings.

Corporate secretary Alymkulov Zhanybek