



DemirBank
банк для вашей жизни

APPROVED

By Board of Directors

«Demir Kyrgyz International Bank» CJSC

Protocol № 9/2019

Dated 27.09.2019

Last update Protocol № 1/2024

Dated 30.01.2024

REGULATION ON RELATED PARTY COMMITTEE OF THE “DEMIR KYRGYZ INTERNATIONAL BANK” CJSC



1. GENERAL PROVISIONS

1.1. This Regulation on Related Party Committee of the Board of Directors of the Bank (hereinafter referred to as the Regulation) has been developed in accordance with the legislation of the Kyrgyz Republic, the Charter of CJSC Demir Kyrgyz International Bank (hereinafter referred to as the Bank), a Regulation on the Board of Directors of the Bank and defines the legal status, tasks and competence, requirements for the structure and composition, procedure for formation and functioning, rights and obligations of members of the Related parties committee of the Board of Directors of the Bank (hereinafter referred to as the Committee)

1.2. The Committee is established by a decision of the Bank's Board of Directors and is an advisory body that ensures the effective performance of the Bank's Board of Directors' functions in reviewing transactions and deals with related and affiliated parties of the Bank in part of sale/purchase of assets, works and services.

1.3 The scope of the Committee's activities does not include consideration of the Bank's operations with related parties on issuing loans, sale/ purchase of acquired assets, deposit taking, maintenance of bank payment cards, opening and servicing of accounts and other banking operations.

The above transactions are reviewed and approved in accordance with the Bank's internal regulatory documents (Credit policy, Policy on operation with related and affiliated parties, etc.) by directly authorized bodies (Credit Committee, Board of Directors, Bank management)

1.4. The Committee is not a management body of the Bank and does not have the right to act on behalf of the Bank or the Board of Directors of the Bank. The Committee is accountable to the Bank's Board of Directors in its activities. The Committee's decisions have recommendatory nature.

1.5. The Regulation is a main document regulating activities of the Committee. In its activities, the Committee is guided by the legislation of the Kyrgyz Republic, regulations and documents of the National Bank of the Kyrgyz Republic, the Bank's Charter, the Regulation on the Bank's Board of Directors, the Policy on operations with Related and Affiliated Parties, this Regulation, other internal documents of the Bank, as well as decisions of the Board of Directors of the Bank.

2. GOALS AND OBJECTIVES OF THE COMMITTEE

2.1. The goals of the Committee is to improve the effectiveness of internal control systems, to ensure performing of managerial and control functions of the Bank's Board of Directors in relation to transactions with related and affiliated parties specified in item 1.2 of the present Regulation.

2.2. The Committee acts in the interests of shareholders and ensures actual participation of the members of the Bank's Board of Directors in monitoring the Bank's activities in part of compliance with legislation and regulatory requirements, ensuring reliability of financial statements, transparency and completeness of financial information on transactions considered by the Committee.

2.3. In the course of activities on issues regarding its competency the Committee interacts with other committees of the Bank's Board of Directors, audit organizations, the Bank's Management, other bodies and structural units of the Bank, special committees and working groups of the Bank, as well as with organizations and companies that provide services to the Bank in accordance with the agreements concluded with them.

2.4. The main objectives of the Committee are:

- a. preliminary consideration of the Bank's deals with related parties for purchase / sale of goods, works and services and assurance that the transactions with related parties are conducted on an arm-length basis at market prices;
- b. development and provision of recommendations to the Bank's Board of Directors and the executive bodies of the Bank on issues within the competence of the Committee.

3. COMPETENCE OF THE COMMITTEE

3.1. The Committee's competence includes the following issues:

- a. review of documents prepared by the Bank's Management and structural departments on transactions and deals on the sale/purchase of goods, works or services with related and affiliated parties of the Bank;

- b. consideration of proposals regarding specific transactions for the sale/purchase of goods, works or services in the amount of more than US \$ 10,000 (equivalent in another currency) with the related or affiliated parties and making recommendations to the Bank's Board of Directors for approval by them, in accordance with the requirements of the Policy on operations with Related and Affiliated Parties;
- 3.2 When considering issues, the Committee should ensure that:
- a. transactions are conducted on an arm-length basis at market prices;
 - b. requirements of a Procurement Policy are met;
 - c. requirements of subparagraph (e) of paragraph 3.2.4. of the Policy on operations with Related and Affiliated Parties, as well as other related provisions of this policies are met;
 - d. requirements of legislation of the Kyrgyz Republic are met.

4. RIGHTS, DUTIES AND RESPONSIBILITIES OF THE COMMITTEE AND ITS MEMBERS

4.1. The Committee has the right to:

- a. pre-examine and consider any issues referred to its competence by this Regulation, as well as on its own initiative and / or by instruction of the Bank's Board of Directors;
- b. require inclusion of an issue within the competence of the Committee in the agenda of a next meeting of the Bank's Board of Directors, as well as to require an extraordinary meeting of the Bank's Board of Directors;
- c. participate in monitoring of execution of decisions and instructions of the Bank's Board of Directors on issues related to its activities;
- d. use services of the Bank's managers and specialists in matters of its competence and invite them to their meetings;
- e. involve external experts and consultants to their activity.

4.2. The Committee is obliged to:

- a. perform the tasks assigned to the Committee in good faith;
- b. to carry out its activities in the interests of the Bank, its shareholders and investors;
- c. provide reasonable, rational and timely recommendations (conclusions) on the issues of the Committee's competence to the Bank's Board of Directors;
- d. inform the Bank's Board of Directors about risks associated with the Bank's activities on timely manner;
- e. inform the Bank's shareholders about its activities at their request;
- f. report about results of its work to the Bank's Board of Directors;

4.3. The Committee members have the right:

- a. request from the Bank's officials and management bodies documents, reports, explanations and other information (materials) related to the issues of the Committee's competence, in oral and / or written form;
- b. initiate consideration of issues of the Committee's competence at the meetings of the Committee and the Bank's Board of Directors;
- c. invite managers, other officials and employees of the Bank to the meetings of the Committee;
- d. use services of external experts and consultants (by agreement with the Chairman of the Bank's Management and / or the Chairman of the Bank's Board of Directors).

4.4. The Committee's members are obliged to:

- a. participate in the activity of the Committee and its meetings, actively participate in consideration of issues within the Committee's competence;
- b. study documents submitted for the meeting and at the meeting of the Committee, and develop own position on each item on the agenda;
- c. immediately inform the Committee if there is a personal interest in making a decision;
- d. avoid actions that may compromise the Committee or call into question professionalism of its members;
- e. inform the Board of Directors about any conflict of interests arising in connection with decisions taken or to be taken by the Committee;
- f. take measures to improve professionalism in the spheres of Committee's competence;

- g. comply with requirements of confidentiality, to keep banking, commercial and other secrets protected by law, as well as not to disclose information that has become known in connection with activity of the Committee, including banking, commercial secrets, insider or other confidential information;
- h. inform the Bank about occurrence of circumstances affecting to their classification as independent directors;

5. STRUCTURE OF THE COMMITTEE AND ITS FORMATION

- 5.1. Quantitative composition of the Committee is determined by a decision of the Bank's Board of Directors in the number of at least 3 (three) people, 2 (two) of whom must be independent.
- 5.2. Composition of the Committee is elected by the Bank's Board of Directors.
- 5.3. Members of the Related party Committee are appointed by the Board for a 3-year term until their next election as members of BOD.

6. CHAIRMAN OF THE COMMITTEE

- 6.1. The management of the Committee and organization of its activities is carried out by the Chairman of the Committee, who is elected among the independent members of the Bank's Committee.
- 6.2. Chairman of the Committee:
 - a. convenes and chairs the meetings of the Committee;
 - b. determines a date, time, place, form of holding and approves the agenda of the meetings of the Committee;
 - c. determines a list of persons invited to the Committee's meeting;
 - d. organizes keeping of minutes of the Committee meetings and signs the minutes of the Committee meetings;
 - e. represents the Committee in interaction with the Bank's Board of Directors, other Committees of the Bank's Board of Directors, the Bank's Management, the Bank's Audit Commission, audit organizations, heads of the Bank's departments and other bodies / persons;
 - f. ensures compliance with requirements of the legislation of the Kyrgyz Republic, the Bank's Charter, this Regulation and other internal documents of the Bank in the course of the Committee's activities.

7. SECRETARY OF THE COMMITTEE

- 7.1. The Secretary of the Committee is elected by a majority vote from among the Committee's members or its functions executed by Corporate secretary.
- 7.2. The Secretary of the Committee provides technical (organizational, informational, documentary, protocol, secretarial) support for current activities of the Committee, including:
 - a. ensures preparation and conducting of the Committee meetings;
 - b. collects and systematizes materials for the Committee meetings;
 - c. ensures that the Committee members and persons invited to participate in the Committee meeting are notified in a timely manner about the date, agenda items and materials of the Committee meetings;
 - d. keeps minutes of meetings, organizes preparation of draft decisions of the Committee;
 - e. ensures that the Committee members receive the necessary information;
 - f. ensures storage of the minutes of the Committee meetings and other documents and materials related to the Committee's activities;
 - g. performs other functions in accordance with this Regulation.

8. PROCEDURE FOR HOLDING MEETINGS

- 8.1. The Committee meetings are held as necessary. For the Committee meeting, the Secretary of the Committee shall send via email materials to the members of the Committee for their review and decision. Documents submitted for consideration by the Committee must contain information in accordance with the requirements of the Policy on operations with related and affiliated parties.
- 8.2. In case of need to discuss issues within the Committee's competence, members of the Bank's Board of Directors who are not Committee's members, the Chairman and Members of the Bank Management,

officials and heads of structural departments of the Bank may be invited to the Committee meetings. Invited persons do not have the right to vote when making decisions by the Committee.

8.3. Meetings of the Committee are held in following forms: face to face meeting (joint presence or by video-conference) and in absentia (telephone, e-mail). Persons invited to participate in the meeting, including members of the Committee, may submit their opinion on the agenda issues (all or certain) in writing or present them orally during the meeting.

8.4. If the agenda of the Bank's Board of Director's meeting includes issues referred to Committee's competence, the Committee meeting is held within a period sufficient to submit the Committee's opinion on these issues to the relevant meeting of the Bank's Board of Directors.

8.5. The Committee meeting is legitimate (has a quorum) if at least half of the elected Committee members took part in it.

8.6. The Committee Chairman chairs the meetings. In the event of his absence at the meeting, the Committee members shall elect a chairman of the meeting from among the participating Committee members.

8.7. When deciding the issues, each member of the Committee has one vote.

8.8. The decisions of the Committee are taken by a simple majority of votes from the total number of Committee members participating at the Committee meeting. The persons invited to the meeting do not participate in the voting.

8.9. The transfer of voting rights by the Committee member to other persons, including other Committee members, is not allowed.

8.10. If the votes of the Committee members are equal, the vote of the Committee Chairman is decisive.

8.11. The recommendations of the Committee meeting should be presented to the Board of Directors for consideration and approval.

8.12. The minutes of the Committee meeting shall indicate:

- a. form of the meeting;
- b. agenda of the meeting;
- c. information about the quorum of the meeting;
- d. issues put to the vote and results of voting on them;
- e. decisions taken;
- f. date of the minutes.
- g. persons attending at the meeting: members of the Committee attending at the meeting, as well as invited persons.

8.13. The minutes must be signed by all members of the Committee attending at the meeting and by the Secretary of the Committee. The Committee members who did not take part in the meeting should be acquainted with the minutes and the decisions taken under the signature.

9. COMMITTEE INTERACTION

9.1. In the performance of its duties, the Committee maintains effective working relations with the Bank's management and control bodies, structural departments of the Bank, and other organizations and persons.

9.2. The Chairman and the Secretary of the Committee are obliged to ensure informational, technical and coordinated interaction of the Committee with the Bank's Board of Directors, with executive bodies, control bodies and structural departments, as well as with other committees of the Bank's Board of Directors.

9.3. The Bank Management, heads of the Bank's structural departments, as well as other employees of the Bank, at the request of the Committee, are obliged to provide complete and reliable information and documents on the subject of the Committee's activities within the time limits established by it. The specified information and documents must be submitted no later than 3 (three) business days from the date of receipt of the request, unless a later date is specified in the request. In case of submission of incomplete or unreliable information (materials), the Committee members have the right to request additional information (materials)

9.4. If necessary, experts and specialists with necessary professional knowledge may be involved in the activity of the Committee to consider separate issues of the Committee's activities. The procedure and

conditions for attracting experts and specialists to the activity of the Committee are determined by the agreement concluded by the Bank with such persons.

9.5. The Bank's Board of Directors has the right to request the Committee to submit a report on the current activities of the Committee at any time during the year. The terms of preparation and submission of the report are determined by a decision of the Bank's Board of Directors.

9.6. The Committee has the right at its discretion send its recommendations to the Bank's Management /Board of Directors on any matter within its competence. An issue on considering of such recommendations of the Committee is decided at a meeting of the Management /Board of Directors of the Bank

9.7. The Management and officials of the Bank must inform the Committee about any significant changes concerning the issues of the Committee's competence through the Secretary or the Chairman of the Committee

10. FINAL PROVISIONS

10.1. The present Regulation, as well as all amendments and additions thereto, are approved by the Bank's Board of Directors.

10.2. Issues not regulated by the present Regulation are regulated by legislation of the Kyrgyz Republic, the Bank's Charter, the Regulation on the Bank's Board of Directors, other internal documents of the Bank and decisions of the Bank's Board of Directors.

10.3. If, as a result of changes in the legislation and regulatory legal acts of the Kyrgyz Republic, certain articles of this Regulation come into conflict with them, these articles become invalid, and until changes are made to this Regulation, the Bank and the members of the Committee are guided by the legislation and regulatory legal acts of the Kyrgyz Republic

10.4. Invalidation of certain clauses of this Regulation does not entail the invalidity of other clauses of this Regulation.