



**APPROVED**  
**by the General Meeting of**  
**Shareholders**  
**MDM Bank**  
**(Minutes No. 01 dated**  
**26.05.2008)**

## **REGULATIONS ON THE MANAGEMENT BOARD**

**MDM Bank**

**MOSCOW**

## **1. GENERAL PROVISIONS**

1.1. These Regulations on the Management Board of MDM Bank (hereinafter- "Regulations") have been drawn up based on Russian federal legislation and the Charter of MDM Bank (hereinafter "Bank") and embrace the recommendations of the Code of Corporate Conduct approved at the meeting of the Russian Federation Government on 28.11.2001 and recommended by the FCSM of Russia from 04.04.2002 № 421/p.

1.2. The Management Board shall be governed in its actions by Russian federal legislation, the Charter of the Bank, the resolutions of the General Meetings of Shareholders and the Board of Directors and these Regulations.

1.3. The Management Board is a collegiate executive body of the Bank.

1.4. Actions of the Management Board and of the Chairman of the Management Board are based on principles of dividing authorities of the executive bodies of the Bank. The Chairman of the Management Board is not entitled to take decisions for the issues referred to the competence of the Management Board.

1.5. The implementation of the decisions taken by the Management Board shall be organized by the Chairman of the Management Board. The decisions taken by the Management Board shall be implemented on terms specified in the decision. If the term of the decision implementation is not specified, the decision shall be executed within three days from the date of the ruling. The Chairman of the Management Board shall be responsible for the non-execution of the decisions taken by the Management Board in compliance with his competence.

1.6. The Chairman shall represent the Management Board at the General Shareholders meetings.

## **2. PROCEDURES FOR FORMING THE MANAGEMENT BOARD**

2.1. The Management Board is to be formed by the Bank's Board of Directors.

2.2. The period, for which authorities will be granted, the number of members and the individual members of the Management Board shall be determined by the Board of Directors.

2.3. The members of the Bank's Management Board may not simultaneously serve as members of the Bank's Revision Commission. Members of the Bank's Management Board may not represent more than one fourth of the members of the Bank's Board of Directors.

2.4. Candidates to Management Board membership positions are to be presented to the Board of Directors by the Chairman of the Management Board for preliminary approval. After pre-approval from the Board, information on the candidate members shall be sent for approval from the Bank of Russia in line with the procedures set by the Bank of Russia. A candidate will become a member of the Management Board if more than half of all elected members of the Board of Directors have voted in favour of the candidate. The Board of Directors retains the right to reject a nominated candidate.

## **3. THE TERMINATION OF THE MANAGEMENT BOARD MEMBERS POWERS**

3.1. The powers of the Management Board are to be terminated due to the following reasons:

- upon decision of the General Shareholders Meeting on the liquidation of the Bank and liquidation commission appointment;
- upon decision of the Board of Directors on early termination of the powers of the Management Board (member of the Management Board);
- the termination of the powers of a Management Board member on his/her own initiative (written statement);
- other reasons provided by the legislation.

3.2. The Board of Directors retains the right to, at any time, make a decision of an early dismissal of any of the Management Board members from his or her post or the whole Management Board.

3.3. Decision of an early termination of powers of a Management Board member shall be considered as a ground for termination of an employment contract from the date of the decision was taken.

3.4. A written statement shall be sent to the Chairman of the Management Board one month prior to the date of the supposed termination of powers on the own initiative of a Management Board member.

3.5. On the expiry of the one month term, the powers of the Management Board member and an employment agreement are terminated.

#### **4. THE STRUCTURE OF THE MANAGEMENT BOARD**

4.1. The Management Board is made up of the Chairman of the Management Board and the members of the Management Board. Heads of structural divisions within the Bank who possess the necessary professional skills and qualifications may be elected as members of the Management Board.

4.2. One or several members of the Management Board may be appointed Deputy Chairman of the Management Board. The decision to appoint a Management Board member Deputy Chairman shall be made by the Board of Directors after the nomination is filed with the Board by the CEO after receipt of consent from the Bank of Russia. Said decision may be passed by the Board of Directors at the same time that the Board of Directors resolves to elect said person as a Management Board member.

4.3. The CEO shall chair, organize and conduct all meetings of the Bank's Management Board.

#### **5. TERMS of REFERENCE of the MANAGEMENT BOARD**

5.1. The Management Board shall carry out the management of the Bank's current activities, coordinate the work of the Bank's services and divisions, make decisions on important issues pertaining to the Bank's current activities, provide the CEO with recommendations on issues concerning transactions, and deal with other issues that fall within its terms of reference as defined by the Charter of the Bank.

#### **6. THE CHAIRMAN OF THE MANAGEMENT BOARD**

6.1. The Chairman of the Bank's Management Board (CEO) is a one-person executive body of the Bank.

6.2. The CEO is appointed by the Bank's Board of Directors. The person serving as Chairman of the Bank's Board of Directors may not also serve simultaneously as CEO of the Bank.

6.3. Combining the post of the CEO with other management posts in other organizations is permitted only with permission from the Bank's Board of Directors.

6.4. The rights and duties of the Bank's CEO shall be defined in keeping with the current legislation of the Russian Federation, the Charter of the Bank and the contract with the Chairman of the Management Board.

6.5. In the temporary absence of the CEO, his duties shall be carried out by one of the Deputy Chairman appointed by an order issued by the CEO. In this case, all of the rights of the CEO shall be transferred to the appointed Vice CEO, including actions made on behalf of the Bank without power of attorney, conducting transactions and resolving other issues that fall within the terms of reference of the CEO.

#### **7. ORGANIZATION of the MANAGEMENT BOARD**

7.1. Meetings of the Management Board shall be convened by the CEO or an appointed Vice CEO. Meetings of the Management Board will be convened as necessary.

7.2. Management Board meetings are to be held as joint-presence meetings with members of the

Management Board in attendance. The Management Board may also resolve to hold a meeting via an absentee vote.

7.3. The Chairman of the Management Board shall chair Management Board meetings. In the absence of the Chairman of the Management Board, the Vice CEO shall preside at the meetings, in case if he or she wasn't appointed- one of the members of the Management Board shall preside by resolve of the Management Board.

7.4. The agendas for Management Board meetings are to be approved by the Chairman of the Management Board.

7.5. Issues to be discussed at meetings of the Management Board may be proposed by the Chairman of the Management Board, members of the Management Board, members of the Board of Directors, the Board of Directors, the Chairman of the Board of Directors, the Revision Commission and the Head of the Internal Audit Department.

7.6. The CEO must convene a meeting of the Management Board if at least one third of the members of the Management Board, Board of Directors or Revision have requested as such.

7.7. A quorum for conducting Management Board meetings shall comprise no less than half of the full number of Management Board members. When passing resolutions, each member of the Management Board shall have an equal vote. The transfer of the vote from one member of the Management Board to another member is not permitted.

7.8. All resolutions shall be passed by the Management Board via a simple majority vote among those Management Board members present at the meeting. If there is an equal division of votes among the Management Board members present at the meeting, then the CEO shall have the deciding vote.

7.9. The minutes of Management Board meetings shall be kept by the Corporate Secretary (or a staff member of the Board of Directors Administration appointed by the Corporate Secretary).

7.10. Meeting Minutes shall indicate:

- the time and location at which the Management Board meeting took place;
- the issues that were discussed at the meeting (the agenda);
- the Management Board members who were present at the meeting;
- the list of invitees that took part in the meeting;
- the main points of discussion made by those present at the meeting;
- issues that are put to vote and the voting results; □
- the resolutions passed by the Management Board.

7.11. The Minutes may also include other necessary information.

7.12. The original copies of the minutes shall be stored at the location of the Bank's executive bodies in line with and for the duration of the terms established by current Russian federal legislation.

7.13. Meeting minutes shall be compiled by the meeting secretary within three working days from the date of the meeting and signed by the meeting secretary and the Chairman of the Management Board.

7.14. Minutes of Management Board meetings shall be presented to the members of the Board of Directors, the Revision Commission and the Bank's auditor at their request.

7.15. The extracts from the Management Board minutes are to be given out by the Board of Directors Administration to the employees of the Bank at their request. The Corporate Secretary or other employee of the Board of Directors Administration on the grounds of an order is entitled to verify the extracts from the Management Board minutes.

7.16. The functions for organizational, technical and information support for the Bank's Management Board shall be headed by the Board of Directors Administration, or another division of the Bank responsible for the documentation and administrative support of the Bank's operations.

7.17. The resolutions of the Management Board shall be obligatory for all the employees of the Bank.

## **8. ACCOUNTABILITY OF THE MANAGEMENT BOARD**

8.1. The Management Board shall report to the Bank's Board of Directors and the General Meeting of Shareholders.

## **9. RIGHTS and RESPONSIBILITIES of the MANAGEMENT BOARD**

9.1. The members of the Management Board retain the right to:

- demand to convene an extraordinary Management Board meeting;
- propose items to be included in the agenda of a Management Board meeting;
- participate in discussions of minutes of the Management Board meetings before they are signed by the Chairman of the Management Board and the meeting secretary.
- vote for the items of the meeting agenda;
- receive any information concerning the financial status of the Bank and the activities of any divisions, departments and/or services within the Bank.

Members of the Management Board also retain other rights as stipulated by the Charter of the Bank and current legislation.

9.2. The responsibilities of the members of the Management Board are:

- participate in meetings of the Bank's Management Board;
- refrain from taking any action or actions that will or could potentially result in a conflict of interests between members of the Management Board and the Bank, and if a conflict of interests does arise, then immediately inform the Board of Directors and the CEO of such via the Corporate Secretary.

- on an annual basis, submit personal information in the Declaration of Interests to the Corporate Secretary, and inform the Corporate Secretary immediately (within three working days) of any changes in the information contained in the Declaration;

- keep official and commercial secret information;
- carry out the resolutions of the General Meeting of Shareholders, the Board of Directors, the Management Board and orders from the CEO.

9.3. Members of the Management Board shall work in the interest of the Bank, exercise his or her rights and fulfill his or her role; act in good faith and reason when exercising his rights and fulfilling his duties with the Bank.

9.4. A member of the Management Board does not have the right to found or participate in organizations that are the Bank's competitors unless permission to do so is received by the Board of Directors.

9.5. Combining the post of the CEO with other management posts in other organizations is permitted only with permission from the Bank's Board of Directors.

9.6. Members of the Management Board do not have the right to either directly or indirectly receive remuneration for exerting influence on the decision-making processes in the Management Board.

## **10. RESPONSIBILITY OF THE MANAGEMENT BOARD MEMBERS**

10.1. Management Board members are liable to the Bank for losses caused to the Bank through their actions (failure to act) unless other grounds and degrees of liability are established by law.

10.2. Members of the Management Board who voted against the resolution that caused losses for the Bank or did not take part in the voting will not be liable.

10.3. In event that several Management Board members are liable, their liability to the Bank will be joint.

10.4. When determining the grounds and degree of liability of the members of the Management Board, normal terms of business and other circumstances of significance to the case to must be taken

into account.

## **11. ENFORCING MANAGEMENT BOARD RULINGS**

11.1. Control over the enforcement of Management Board rulings shall be carried out by the Board of Directors Administration of the Bank. The results of control efforts in enforcing Management Board rulings shall be sent to the Chairman of the Management Board.

## **12. CONCLUSION**

12.1. Any amendments to these Regulations shall be made by resolve of the General Meeting of Shareholders of MDM Bank.

12.2. If any of the standards or rules in these Regulations come to contradict the requirements set forth in the Charter of the Bank, the Charter shall hold precedence.

12.3. If any of the standards and rules of these Regulations come to contradict the requirements of current Russian federal legislation, precedence will be given to current Russian federal legislation.

12.4. If any of the separate points of these Regulations are found to be invalid, the other points of these Regulations shall remain valid regardless.