

Reg. No. 698

APPROVED BY
Minutes of the General Meeting of
Shareholders of “Asaka” Bank
No. 01 dated “21” June 2017.

**REGULATION on
THE PROCEDURES TO BE FOLLOWED IN CASE OF CONFLICT OF
INTEREST
“ASAKA” BANK**

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I. GENERAL PROVISIONS

1. This regulation is developed in accordance with the current legislation of the Republic of Uzbekistan, Charter of “Asaka” Bank (hereinafter referred to as the Bank), Corporate governance code and defines the procedures to identify and resolve conflicts of interest arising in the Bank.

2. Upon conducting the bank operations the possible conflicts of interest may emerge from the contradictions between the Bank's (its management and supervision bodies, officials and staff) property and other interests, and creditors', contracting parties' and other Bank customers' (hereinafter "customers") property and other interests, that may result in the violation of shareholders' rights and legitimate interests due to actions (inactions) by the Bank's Management and supervisory bodies and (or) its employees.

In addition, conflicts of interest (corporate conflicts) may arise between the Bank's shareholders', between the management and supervision bodies and shareholder (shareholders).

3. This Regulation takes into consideration the following incidents of conflict of interest:

conflict of interest between the major shareholders (who possess majority of the shares) and minor shareholders (who possess minority of the shares);

between the management bodies of the Bank and its shareholders;

between the management and supervisory bodies of the Bank, Bank officials, employees and the customers;

between the Bank and its officials, employees upon conducting the Bank operations;

II. THE PARTIES TO BE AFFECTED UNDER THE REGULATION

4. This Regulation applies to the members of the management and supervisory bodies and all employees of the Bank regardless of their position.

5. The requirement to comply with this Regulation applies to the individuals cooperating with the Bank on the basis of Civil Agreements only to the extent the relevant obligations are secured within their Civil Agreements, internal documents, or arise explicitly due to laws.

III. GUIDELINES ON MANAGEMENT OF CONFLICT OF INTEREST IN THE BANK

6. Management of conflict of interest in the Bank is based on the following principles:

an obligation to disclose information about the real and potential conflict of interest;

individual review and assessment of reputational risk for the Bank when a conflict of interest is detected/identified and its resolution;

strict disclosure process confidentiality concerning the identification and resolution of conflict of interest;

maintaining the balance of interests between the Bank's management and supervisory bodies and its employees while resolving a conflict of interest;

protecting an individual from persecution in connection with reporting of a conflict of interest that was timely disclosed by the Bank employee and resolved (prevented) by the Bank;

IV ORIGINS (CONDITIONS) OF CONFLICT OF INTEREST

7. The conflict of interest that may arise between the Bank's major and minor shareholders, between the Bank's management bodies and shareholders as a result of:

failure to comply with requirements of the legislative documents, regulatory enactments and the Bank's internal regulations;

failure of the minor shareholders to significantly influence on the Bank's activities and the decisions taken by the General Shareholders Meeting and the Bank's Board;

making large deals with affiliated parties without a prior consent of the authorized governance bodies of the Bank;

decisions made by the management bodies that can worsen the the Bank's financial standing;

non-disclosure or a failure by Bank officials in governance bodies to submit full information on the positions held in management bodies of other organizations, about possession of shares (stock) in other companies;

8. Conflict of interest may arise between the Bank's management bodies and its supervisory bodies, officials, employees and customers as a result of the following:

non-compliance with the laws, the Bank's constituent and internal regulations;

non-compliance with the principles interest priority of the Bank's shareholders;

non-compliance with the professional communication rules and ethics;

nonfulfillment of contractual obligations both by the Bank and its Customers;

non-fulfillment or own obligations, established in accordance with legislation and internal documents of the Bank.

9. The conflict of interest that may arise between the Bank and its officials, employees as a result of the following:

non-compliance with the requirements of the legislative documents and the Bank's internal regulations;

non-compliance with the professional communication rules and ethics;

conducting a personal and family-oriented commercial activity;

existence of personal financial interests in another company with which the Bank has business relations;

having a part-time job as a manager, official in another company or participating in its management bodies;

providing other companies with business opportunities to the detriment of the Bank's interest due to personal interest;

V. PREVENTING A CONFLICT OF INTEREST

10. The Bank's Charter and its internal documents provide for general mechanisms of preventing a conflict of interest.

This Regulation establishes requirements for preventing conflicts of interests that are mandatory for fulfillment by the Bank's management and supervisory bodies, its officials and employees.

11. In order to prevent any types of conflict of interest, management bodies, supervisory bodies, officials and employees of the bank must:

comply with the requirements of the legislative documents, regulatory enactments and the Bank's internal regulations;

ensure stable attainment of income by the Bank in a short-term and long term period;

refrain from commitment of actions and taking decisions which may lead to situation rising conflict of interests;

ensure efficient management of the Bank;

exclude the possibility for engaging the Bank in carrying out illegal activities, including legalization (laundering) of income, obtained by criminal means, and financing terrorism;

Report before the management bodies on a quarterly basis, in accordance with the legislation;

Carry out internal and external control in accordance with the Bank's Charter and internal regulations;

present major transactions, individual transactions or a series of related transactions for consideration of the Board, total amounts of which exceed the amounts established in accordance with legislation and the Bank's Charter;

study the conditions of significant transactions and transactions with affiliated entities by the supervisory bodies;

if necessary, engage an independent appraiser to determine the market price of property, when the Board approves the decisions on carrying out transactions in accordance with legal requirements;

provide information record on affiliated entities;

ensure development and maintenance of transactions procedure:

a) with affiliated entities;

b) with the Bank's shareholders and its affiliated entities;

not make major transactions and transactions with affiliated entities without prior approval by the competent authorities of the Bank;

do not hold positions in management and supervisory bodies of other legal entities without the permission of the higher bodies;

disclose information about the Bank's activity in accordance with requirements of current legislation and additional information according to the Regulation on information policy of the Bank;

ensure reliability of accounting statements and other published information provided to shareholders and Customers, regulatory and supervisory authorities and other concerned parties including in advertising purposes;

develop and improve measures preventing private use of information available in the Bank by individuals having access to such information;

consider the reliability and objectivity of negative information about the Bank in mass media and other informational sources in a timely manner. Provide timely response per each case of negative or unreliable information;

participate in identification of deficiencies in the internal control system of the Bank;

ensure adequacy of remunerations paid to the members of management and supervisory bodies in line with the financial standing of the Bank, also to what extent achieved Bank's activity results correspond to planned performance indicators;

observe principals of professional and corporate ethics.

12. In order to prevent conflicts of interests between the Bank's shareholders, also between the management and supervisory bodies, officials, employees and its shareholder (shareholders), the management and supervisory bodies, officials, employees of the Bank also must:

- respect the rights of majority and minority shareholders secured by the Law "on joint stock companies and protection of shareholder rights", regulatory documents, Bank's Charter and internal documents;

- ensure timely notification of shareholders about an information subject to disclosure in accordance with the legislation;

 - pay accrued dividends in a timely manner;

- provide detailed information to shareholders about issues which may become the subject of conflict;

- identify transactions, where Bank's management bodies have an interest in their execution, when acquiring shares (stakes) of a competing bank, as well as participation in the management bodies of such persons;

- strive to nominate independent members to the structure of the Board in order to ensure neutrality, balance and independence of managerial decisions.

13. In order to prevent conflicts of interests between management and supervisory bodies, officials, employees of the Bank and Customers, the management and supervisory bodies, officials, employees of the Bank are obliged to:

- ensure presentation of information about the Bank in accordance with the established procedure;

- ensure strict observance of the procedure for using confidential and other important information;

- provide services and collect payments from Customers in an amount, established in contracts under agreed terms, at fully disclosed rates;

- prevent execution of transactions with Customers, capable to negatively impact the Bank's reputation;

- provide services to regular Customers professionally and in good faith;

- eliminate personal conscious use of situation with obvious customer's mistake by the employees (including mistake in application, agreement and other document signed by the Customer). In case of such mistake, the Bank's employee must take reasonable measures to prevent execution of such document and inform the Customer hereof;

- ensure that the recommendations issued to the Customer are based on fair analysis of available information under this issue;

improve the system of saving the created, acquired and accumulated in the course of the Bank's activities information to the intent that information referred to as official, banking or constituting commercial secret maintained in the Bank on paper, magnetic or other types of media is not subject of sale, transfer, coping, reproduction, exchange or other distribution and replication without the permission of the Bank's management or authorized officials.

14. In order to prevent conflicts of interests between the Bank and officials, employees when performing their duties, officials and employees are obliged to:

- comply with the rules business communication and principals of professional ethics;

- conclude agreements in accordance with the established procedure;

- notify the superior officer or management and supervision bodies about intention to acquire a share (shares) in competing Banks;

- inform the superior official about occurrence of circumstances giving a rise to conflict situations in a timely manner;

- notify superior official in writing about organizations in which the official or members of his family have a significant financial interest and with which the Bank has or intended to do business activities;

- avoid any activity which directly influence the relations between the Bank and organizations in which the official or members of his family have a significant financial interest or affiliated entities;

- received prior permission from the Bank's superior bodies for participation in management bodies of other organization whose interests may conflict with the interests of the Bank;

- inform the superior official about intention to hold a part – time job in other organization and that the assumed job is not in conflict with the interest of the Bank.

VI. SETTLEMENT OF CONFLICT OF INTERESTS

15. Settlement of conflict of interest arising in the Bank, management and supervisory bodies, officials and employees shall carry out pre-trial proceedings in order to find a decision which is lawful and justified, while meeting the interests of the Bank.

16. Officials must ensure record keeping and timely consideration of letters, applications and claims (including verbal) made by shareholders and Customers submitted to the management and supervisory bodies, corporate secretary and structural subdivisions.

17. Record keeping of corporate conflicts shall be attached to corporate secretary of the Bank. Corporate secretary shall give preliminary

assessment for corporate conflict, prepares necessary documentation concerning merits of the case, and upon consultation with the Bank's Board transfer it to the Bank's body, whose competence include the consideration of this corporate conflict.

18. Bank's corporate secretary shall analyze frequently raised conflicts, takes decisions on the need to provide additional information by all participants of the conflict and / or submits a proposal to the head of the Bank's competent body for changing internal procedures and instructions, arranging other events in order to eliminate causes raising these kinds of conflicts.

19. The employee, who received from the Customer or from other source information about conflict situation must immediately inform the superior official about such a case. In case of failure to settle the conflict at the structural subdivision level, the head of that subdivision must inform the Bank's Chairman of the Board or his Deputy, within one working day, about the conflict, causes of occurrence and measures that were already. Chairman of the board or his deputy determine the procedure of conflict settlement and appoint authorized person. If necessary, commission on settlement of conflict of interest shall be formed.

20. Authorized person (commission) shall take all measures to settle the conflict of interests. In the event of failure to settle the conflict of interest, the Chairman of the Board shall bring the matter before the Board, submits information about the conflict to the Chairman of the supervisory board.

21. This information shall be considered by the committee (working group) before the board, created for identification and resolving of conflicts situations.

22. Information about the conflict, which at any stage of its development affects or may affect the interests of the Bank's Chairman of the board or his deputies, within three working days shall be transferred, for taking a decision on the procedure for regulation of the conflict, to the Bank's Board for further consideration by the committee (working group) and providing an opinion on the matter to the Bank's Board.

23. If conflict consideration results in the need to develop or make amendments in current internal documents of the Bank, the Board or the Management of the Bank takes a decision on development of a document or entering appropriate amendments.

24. To settle any type of conflict arising in the Bank, its management bodies must:

identify conflicts of interests and determine their causes as quick as possible;

clearly distinguish between the competence and responsibility of the Bank's management bodies;

appoint an authorized person of the Bank, or if there is necessity create committee for settlement of conflict;

within shortest possible period of time determine the position of the Bank on the merits of the conflict, take appropriate decision and notify the other party to the conflict;

send a complete and detailed response to other party to the conflict, by clearly substantiating the Bank's position, while the notification on refusal to satisfy the request or requirement of the party to conflict must be motivated on the basis of the legislation, regulatory enactments, Charter and internal regulatory documents approved by the corresponding body of the Bank;

ensure that authorized person, who participated in resolution of conflict, immediately informs if the conflict affects or may affect his interests or interests of his family members;

ensure that persons whose interests may be affected or may be affected by the conflict, do not participate in resolving and taking decision on this conflict.

25. In order to resolve conflicts between shareholders, the Bank's management bodies and shareholders:

an independent member of supervisory board may act as an intermediary agent during resolution of conflict between the Bank's shareholders;

authorized person or authorized body of the Bank may participate in negotiations between shareholders, provide shareholders with information available at their disposal and documents related to the conflict, explain the statutes of the law, Charter and internal documents of the Bank;

authorized bodies and authorized persons of the Bank shall give advice and make recommendations to shareholders, prepare drafts of documents on resolving the conflict to be signed by shareholders, within the scope of their competence, on behalf of the Bank, assume obligations before shareholders to the extent that can contribute to resolving the conflict;

in accordance with its competence, the Bank's management bodies must implement decision on resolving corporate conflict and contribute to execution of agreements signed on behalf of the Bank with the party to conflict. In case when there is no conflict between the party to conflict and the Bank related to their obligations but disagreement are raised on procedure, method, terms and other conditions, the Bank must propose arrangements to the party at conflict on existing disagreements and lay

down conditions under which the Bank is ready to meet shareholder's requirements;

if the Bank's agreement to meet shareholder's requirements is associated with the necessity to take any actions by that party, as required by the law, Charter or other internal documents of the Bank, then the Bank's response should comprehensively specify such conditions, as well as information necessary for their execution (for example: payment size for making copies of requested by the shareholder documents or banking details of the Bank, etc.).

26. This list of measures is not exhaustive. Any specific case may include other forms of conflict resolution depending on the sector of conflict of interests.

VII. FINAL PROVISIONS

27. This regulation, as well as amendments and supplements thereof are approved by the general meeting of shareholders by a simple majority of votes.

28. If individual articles of this Regulation come into conflict with the current legislation of the Republic of Uzbekistan and/or the Bank's Charter, these articles become invalid and issues regulated by these articles should be guided by regulations of the current legislation of the Republic of Uzbekistan and/or the Bank's Charter until the appropriate amendments are entered into this Regulation.

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