

Reg. №698

Approved
Minutes of the General Meeting
Shareholders of "Asaka" Bank
No. 01 dated June 21, 2017

**REGULATION
ON PROCEDURE FOR A CONFLICT OF INTEREST
"ASAKA" BANK**

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I. GENERAL PROVISIONS

1. This Regulation has been 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 it defines the procedure for identifying and resolving conflicts of interest arising in the Bank.

2. When carrying out banking activities, conflicts of interest may arise due to contradiction between property or other interests of the Bank (its management and control bodies, officials, employees) and property or other interests of creditors, counterparties and other customers (hereinafter Clients), when as a result of an action (inaction) of the management and control bodies of the Bank and (or) its employees, there may be cases of violation of the rights and legitimate interests of shareholders.

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

3. This Regulation covers the following cases of conflicts of interest:

between majority shareholders (shareholders holding large stock of shares) and minority shareholders (shareholders holding a small number of shares);

between the management bodies of the Bank and its shareholder (shareholders);

between the management and control bodies of the Bank, officials, employees of the Bank and Clients;

between the Bank and officials, employees of the Bank in performance of their official duties.

II. SET OF PEOPLE AFFECTED BY THE PROVISION

4. The regulation applies to the management members and control bodies and all employees of the Bank, regardless of the level of their position.

5. The requirements for compliance with this Regulation apply to individuals who cooperate with the Bank on the basis of a civil law contract in cases where relevant obligations are enshrined in contracts with them, in their internal documents or directly follow from the law.

III. BASIC PRINCIPLES OF MANAGING CONFLICT OF INTEREST IN THE BANK

6. Conflict of interest management in the Bank is based on the following principles:

- obligation to disclose information about a real and potential conflict of interest;

- individual consideration and assessment of reputational risks for the Bank in identifying each conflict of interest and its settlement;

- strict confidentiality of the process of disclosing information about a conflict of interest and its settlement;

- maintaining the balance of interests of the management and control bodies of the Bank and its employees when resolving conflicts of interest;

- protection of a person from prosecution in connection with reporting about a conflict of interest, promptly disclosed by the employee and settled (prevented) by the Bank.

IV. REASONS (CONDITIONS) OF CONFLICTS OF INTEREST

7. Conflicts of interests that may arise between the majority and minority shareholders of the Bank, between the management bodies of the Bank and shareholders as a result of the following:

- non-compliance with the requirements of legislation, regulations and internal documents of the Bank;

- inability of minority shareholders to exert significant influence on the Bank's activities and on decisions taken by the General Meeting of Shareholders and the Council;

- conclusion of major transactions and transactions with affiliated persons, without prior approval by the authorized management bodies;

- making decisions by the management bodies that may lead to deterioration in the Bank's financial condition;

- non-disclosure of information in accordance with the current legislation or provision of incomplete information by persons belonging to the management bodies of the Bank, about positions held in the management bodies in other organizations, about ownership of stocks (shares) in other companies.

8. Conflicts of interest that may arise between the management and control bodies, officials, employees and Clients as a result of:

- non-compliance with legislation, constituent and internal documents of the Bank;

non-observance of the principle of priority of interests of the Bank's shareholders;

non-compliance with the norms of business communication and principles of professional ethics;

non-fulfillment of contractual obligations, both by the Bank and by its Clients;

failure to fulfill their obligations established by legislation and internal documents of the Bank.

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

violation of legal requirements and internal documents of the Bank;

non-compliance with the norms of business communication and principles of professional ethics;

conducting commercial activities, both own and those of family members;

having financial interests in another company with which the Bank maintains business relations;

part-time work in another organization as a head, official or participation in its management bodies;

providing business opportunities to other organizations to the detriment of the interests of the Bank due to personal interests.

V. PREVENTING CONFLICTS OF INTEREST

10. The Bank's Charter and its internal documents stipulated general mechanisms for preventing conflicts of interest.

These Regulations establish measures to prevent conflicts of interest that are binding on the management and control bodies of the Bank, officials and employees of the Bank.

11. In order to prevent any types of conflicts of interest, management bodies, control bodies, officials and employees of the Bank are obliged to:

comply with the requirements of legislation, regulations, charter and internal documents of the Bank;

ensure sustainable achievement of profitability by the Bank in the medium and long term;

refrain from taking actions and making decisions that can lead to conflict situations;

ensure effective management of the Bank;

exclude possibility of the Bank's involvement in illegal activities, including legalization (laundering) of proceeds from crime and financing of terrorism;

report quarterly to the governing bodies in accordance with the legislation;

carry out internal and external control in accordance with the Charter and internal documents of the Bank;

submit for consideration by the Council major transactions, individual transactions or a number of interrelated transactions, the amounts of which exceed the amounts established by the legislation and Charter of the Bank;

carry out studies by the control bodies of the conditions for making major transactions and transactions with affiliated persons;

if necessary, involve an independent appraiser to determine the property market value upon approval by the Council of decisions on conducting transactions in accordance with with legal requirements;

ensure accounting of information about affiliated persons;

ensure development and observance of the procedures for making transactions:

a) with affiliated persons;

b) with the shareholders of the Bank and their affiliates;

not to conclude major transactions and transactions with affiliated persons without their prior approval by the authorized bodies of the Bank;

not to hold positions in the management and control bodies of other legal entities, without permission of higher authorities;

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

ensure accuracy of accounting statements and other published information provided to shareholders and customers, regulatory and supervisory authorities and other interested parties, including for advertising purposes;

develop and improve measures to prevent use of information available in the Bank for personal purposes by persons who have access to such information;

timely consider reliability and objectivity of negative information about the Bank in mass media and other sources. Carry out a timely response to each fact of appearance of negative or inaccurate information;

participate in identifying shortcomings in the Bank's internal control system

ensure adequacy of remuneration paid to members of the management and control bodies to the Bank's financial condition, as well as the extent to which the results of the Bank's activities correspond to the planned indicators;

comply with the principles of professional and corporate ethics.

12. In order to prevent conflicts of interest between shareholders of the Bank, as well as between management and control bodies, officials, employees of the Bank and its shareholder (shareholders), management and control bodies, officials, employees of the Bank are also obliged to:

observe the rights of majority and minority shareholders, enshrined in Law "On Joint Stock Companies and Protection of Shareholders' Rights", regulations, charter and internal documents of the Bank;

ensure timely delivery of information to shareholders that is subject to disclosure in accordance with the law;

pay accrued dividends on time;

provide shareholders with comprehensive information on issues that may become the subject of a conflict;

identify transactions in which there is an interest of members of the Bank's governing bodies when purchasing shares (stakes) of a competing bank, as well as when such persons participate in the governing bodies;

strive to ensure that independent members are nominated to the Council to ensure objectivity, balance and independence of management decisions.

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

ensure provision of information about the Bank in the prescribed manner;

ensure strict adherence to the procedure for using confidential and other important information;

provide services and charge a fee from the Client in the amount established on a mutually agreed basis in the contract, or at rates, information about which is fully disclosed;

not to allow transactions with the Clients that could negatively affect the Bank's reputation;

provide services for their Clients professionally and in good faith;

exclude deliberate use of the situation by employees for personal purposes in the event of an obvious mistake by the Client (including in the

event of an error in application, agreement and other document signed by a Client). In the event of such an error, the Bank employee must make reasonable efforts to prevent execution of such a document and inform the Client about it;

ensure that the recommendations given to the Client are based on a good faith analysis of the available information on the matter;

improve the system for storing information created, acquired and accumulated in the course of the Bank's activities so that, without the consent of the Bank's management bodies or authorized officials, information classified as an official, banking or commercial secret held in the Bank on paper, magnetic and other types of its carriers, would not become the subject of sale, transfer, copying, duplication, exchange and other distribution and replication.

14. In order to prevent conflicts of interest between the Bank and officials, employees in performance of their official duties, officials and employees are also obliged to:

comply with the rules of business communication and principles of professional ethics;

conclude contracts in the prescribed manner;

notify a superior official or management and control bodies about their intention to acquire a stake (shares) in an organization competing with the Bank;

promptly inform a superior official about occurrence of circumstances conducive to emergence of a conflict situation;

notify a higher official in writing about organizations in which the official or his family members have a significant financial interest, and with which the Bank conducts or intends to conduct business;

refrain from any activity that directly affects relationship between the Bank and organizations in which the official or his family members have a significant financial interest or are affiliated persons;

obtain prior permission from the Bank's superior bodies to participate in the management bodies of another organization, whose interests may conflict with the interests of the Bank;

inform a superior official of their intention to work part-time in another organization and that the proposed work does not contradict the interests of the Bank.

VI. CLEARING OF CONFLICT OF INTEREST

15. To resolve conflicts of interest arising in the Bank, the management and control bodies, officials and employees of the Bank carry out pre-trial

procedures in order to find a solution that, being legal and reasonable, would meet the interests of the Bank.

16. Officials are obliged to ensure accounting and timely consideration of letters, statements and requirements (including oral ones) of shareholders and Clients addressed to the management and control bodies, Corporate Secretary and also to the structural subdivisions of the bank.

17. The corporate secretary of the Bank is responsible for accounting for corporate conflicts. The corporate secretary of the Bank provides a preliminary assessment of a corporate conflict, prepares necessary documents on the merits of a case, and, in agreement with the Council of the Bank, transfers them to the body of the Bank, which is responsible for consideration of this corporate conflict.

18. The corporate secretary of the Bank analyzes frequently occurring conflicts, makes decisions on the need to provide additional information to all parties to the conflict and/or makes a proposal to the head of the authorized body of the Bank to change internal procedures and instructions, to take other measures to eliminate the causes that give rise to this kind of conflicts.

19. An employee who has received information about a conflict situation from the Client or from other sources is obliged to immediately inform a superior official about it. If it is impossible to resolve the conflict at the level of a structural unit, the head of the unit is obliged, within one working day, to provide the Chairman of the Management Board of the Bank or his deputy with information about the conflict, reasons for its occurrence, measures that have been taken. The Chairman of the Management Board or his deputy determines the procedure for resolving the conflict, appoints an authorized person. If necessary, a commission is created to resolve conflicts of interest.

20. The authorized person (commission) takes all measures to resolve the conflict of interest. If it is impossible to resolve the conflict of interests, the Chairman of the Management Board submits the issue for consideration to the Management Board and sends information about the conflict to the Chairman of the Council.

21. This information is considered by the committee (working group) under the Council, created to identify and resolve conflict situations.

22. Information about a conflict that, at any stage of its development, affects or may affect the interests of the Chairman of the Management Board of the Bank or his deputies, within three working days is transmitted for making a decision on the procedure for resolving the conflict to the Bank Council for subsequent consideration by the committee (working group) and submission to the Council Bank's opinions on this issue.

23. If, as a result of consideration of the conflict, it becomes necessary to develop or amend the existing internal documents of the Bank, the Council or the Management Board of the Bank makes a decision on developing of a document, or making appropriate changes.

24. To resolve any type of conflict of interest arising in the Bank, the management bodies of the Bank shall:

as quickly as possible identify emerging conflicts of interest and determine their causes;

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

determine the authorized person of the Bank or, if necessary, create a commission to resolve the conflict;

as soon as possible determine the position of the Bank on the merits of a conflict, make an appropriate decision and bring it to the attention of the other party to the conflict;

send the other party to the conflict a full and detailed response clearly justifying the position of the Bank in the conflict, and motivate the message on refusal to satisfy the request or demand of the party to the conflict on the basis of legislation, regulations, Charter and internal regulatory documents approved by a relevant body of the Bank;

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

ensure that persons whose interests are or may be affected by the conflict do not participate in resolution and decision-making on this conflict.

25. To resolve conflicts between shareholders, between the management bodies of the Bank and shareholders:

an independent member of the supervisory board can act as a mediator in resolving a conflict between the shareholders of the Bank;

an authorized person or an authorized body of the Bank can participate in negotiations between shareholders, provide shareholders with information and documents at their disposal and related to the conflict, explain the norms of legislation, Charter and internal documents of the Bank;

authorized bodies or authorized persons of the Bank give advice and recommendations to shareholders, prepare draft documents on settlement of the conflict for their signing by the shareholders on behalf of the Bank within their competence, assume obligations before the shareholders to the extent that this may contribute to settlement of the conflict;

management bodies of the Bank, in accordance with their competence, must organize implementation of decision on settlement of a corporate conflict and facilitate implementation of agreements signed on behalf of the Bank with the party to the conflict. In cases where there is no dispute between the party to the conflict and the Bank on the merits of their obligations, but disagreements have arisen about the procedure, method, timing and other conditions for their implementation, the Bank must invite the party to the conflict to resolve the disagreements that have arisen and set out the conditions on which the Bank is ready to satisfy the shareholder's demand;

if the Bank's consent to satisfy the shareholder's demand is associated with the need for this party to perform any actions stipulated by legislation, Charter or other internal documents of the Bank, then the Bank's response shall exhaustively indicate such conditions, and also provide information necessary for their implementation (for example, amount of payment for making copies of documents requested by a shareholder or bank details of the Bank, etc.).

26. This list of measures is not exhaustive. In each specific case, there may be other forms of conflict resolution depending on the sector where the conflict of interest arises.

VII. FINAL PROVISIONS

27. This Regulation, as well as changes and additions to it, are approved by the general meeting of shareholders by a simple majority of votes.

28. If certain provisions of this Regulation enter in contradiction with the current legislation of the Republic of Uzbekistan and/or Charter of the Bank, these articles become invalid and in terms of the issues regulated by these articles, one should be guided by the norms of the current legislation of the Republic of Uzbekistan and/or Charter of the Bank until the appropriate changes are made to this Regulation.