

"APPROVED"
by Supervisory Board
of JSCMB "Ipoteka-Bank"
(Minutes No. 51 dated Dec 30, 2022)



POLICY ON PREVENTION AND ELIMINATION OF CONFLICTS OF INTEREST

Tashkent – 2022

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DOCUMENT REVISION CHRONOLOGY

Название документа:		Политика предотвращения и устранения конфликта интересов в АКИБ "Ипотека-банк"	
	Management body	Date	
Approved by:	Supervisory Board of the Bank	01.12.2021 г.	
Recommended by:	Audit, anti-corruption and ethics Committee	01.12.2021 г.	
Developed by:		Date:	Подпись:
Compliance control department		December 2021	
Agreed with:			
Legal department		December 2021	
Version№	Approval date	Effective date	Краткое описание внесённых изменений
1.0	01.12.2021 г.	01.12.2021 г.	In accordance with Article 37 of the Law of the Republic of Uzbekistan "On Banks and Banking Activities", Policy for prevention and elimination of conflicts of interest has been developed.
1.1	30.12.2022г	01.01.2023г	The Policy is aligned with the requirements of the Guideline for the development, adoption and revision of the bank's internal regulatory documents, "Abbreviations and definitions" part has been supplemented with the definitions such as Audit, anti-corruption and ethics Committee of SB.

DOCUMENT ACCESS CONTROL

Control and storage of the document is carried out according to the list indicated in the table below:

№	Document holder (Position)	Document format
1	Corporate consultant service	Original in PDF
2	Compliance control department	Original in Word
3	Electronic library of the Bank's internal regulatory documents	Copy in PDF

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1. Abbreviations and definitions

#	abbreviation	definition
1	affiliate relationship	the relations of the members of Supervisory board, Management board or an employee of the Bank are considered to be affiliated relationship: - with another individual, if this individual is a family member or close relative of the member of Supervisory board, Management board or the employee of the Bank or; - with a legal entity, if the member of Supervisory board, Management board or the employee of the Bank can influence the activities of this legal entity. There can be 2 or more persons in affiliated relationship.
2	Bank	Joint-stock commercial mortgage bank "Ipoteka-bank"
3	close relatives	relatives in a direct ascending and descending line (parents, adoptive parents, adopted children and children, grandfathers, grandmothers and grandchildren), full and incomplete (having a common father or mother) brothers and sisters
4	IRD	internal regulatory document of repeatedly applicable, developed and approved by the relevant management body of the Bank and designed to regulate the internal activities of the Bank
5	CCD	Compliance control department of JSCMB "Ipoteka-Bank"
6	IAD	Internal audit department of JSCMB "Ipoteka-Bank"
7	official	official of the Bank is a member of Supervisory board, Management board of the Bank, as well as employee whose official duties allow them to make decisions regarding the activities of the Bank and/or have a significant impact on the activities of the Bank
8	HR Department	Human resources management department of JSCMB "Ipoteka-Bank"
9	interested persons	interested persons of the Bank are customers, counterparties, business partners of the Bank, government authorities of the Republic of Uzbekistan and other third parties entering into or in any relationship with the Bank
10	significant participation in the capital	significant participation in the capital means ownership of 10% or more of shares, units or interests in a legal entity
11	inside information	any information that is not publicly available and is not subject to disclosure that is at the disposal of an official and/or employees of the Bank due to their official duties, the disclosure of which may affect the market value of the Bank's assets, its business reputation
12	customer	individuals and legal entities to whom the Bank provides banking services in the course of its activities
13	Committee	Audit, anti-corruption and ethics Committee under Supervisory board of JSCMB "Ipoteka-bank"

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#	abbreviation	definition
14	commercial information	information that is unknown to third parties, has commercial value, relates to technological or financial and economic aspects of the Bank's activities, and in respect of which the Bank has taken certain measures to protect confidentiality
15	counterparty	legal entity, private entrepreneur, individual who intends to establish or has established relationship with the Bank on the basis of a mutual agreement
16	confidential information	documented information, access to which is limited in accordance with the legislation of the Republic of Uzbekistan and internal regulatory documents of the Bank
17	conflicts of interest	a conflict of interests arises or may arise when, in making decisions regarding the Bank's business activities and/or operations, the personal interests of the person making such decision are placed above the interests of the Bank by such person, and when, due to personal interests, such person influences the decision-making process
18	corporate governance	the system of relationships between shareholders, Supervisory board and Management board, defined by the Bank's Charter, the Bank's Corporate governance Policy and other internal regulative documents of the Bank, as well as the principle of the rule of law
19	CRTRPandLT	Committee on risks, transactions with related parties and large transactions under Supervisory board of JSCMB "Ipoteka-Bank"
20	cronyism	Using one's position and authority to grant illegal privileges to friends or confidants
21	big deal	a deal (including a borrowing, loan, pledge, guarantee) or several interrelated deals related to the acquisition or alienation or the possibility of alienation by the Bank of property, if the book value of the alienated property or the value of the acquired property is more than 15 percent of the Bank's net assets as of the date of making decisions on the conclusion of such deals, with the exception of deals concluded in the course of carrying out current economic activities, and deals related to the placement of shares and other securities
22	major shareholder of a legal entity	An individual or legal entity who directly or indirectly owns or may exercise voting rights representing 10% or more of the charter capital or voting shares of such legal entity
23	personal interest of an employee	personal interest of an employee of the Bank and/or his/her close relative/related persons is related to the possibility for the employee and/or his/her close relative/related persons to obtain benefits (personal, social, property, financial, political and other interests) in the form of monetary, tangible or intangible assets, other property, values and benefits, as a result of taking/influencing a certain decision without taking into account the interests of the Bank or against the interests of the Bank when performing their job obligations or job responsibilities.

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#	abbreviation	definition
24	personal interests	personal property benefits or an interest in receiving personal benefits from the Bank, not related to receiving salaries, bonuses and remunerations being provided by the Bank
25	personal gain	the interest of an official or employee of the Bank, his/her close relatives, family members in receiving intangible / material benefits and other intangible advantages
26	material benefit	material funds being received by an official or an employee of the Bank, his/her close relatives, family members as a result of their use of information at the disposal of the Bank, more than the funds that are being provided to him/her under labor and civil law contracts concluded with the Bank, as well as any material funds, being received by the Bank as a result of deals or other operations more than the funds that are being provided to him/her for the performance of work and/or the provision of services under agreements concluded by the Bank with customers
27	regionalism	recruitment, rotation and promotion of a person, regardless of whether such person meets the qualification requirements for the position held, only by virtue of his/her origin (belongs to a noble or famous dynasty) or the position held by his/her close relatives
28	minority shareholder	a shareholder (individual or legal entity) whose participation and voting at the general meeting of shareholders does not affect the results of voting on the agenda of the meeting
29	Supervisory board/ SB	Supervisory board of JSCMB "Ipoteka-Bank"
30	nepotism	subjective, privileged and unfair treatment to other persons on the basis of personal interest of an employee of the Bank due to belonging to the same dynasty/ kinship
31	Bank's management bodies	General meeting of shareholders, Supervisory board and Management board of the Bank
32	Management board/ MB	executive body of the Bank, whose activities are regulated with the Charter of the Bank, Regulation on Management board of the Bank and other internal regulative documents of the Bank
33	patronage	protection, intercession and influential support of an employee of the Bank by another employee holding a higher position in the form of creating favorable working conditions and supporting the interests of this employee
34	Policy	Policy on prevention and elimination of conflicts of interest in JSCMB "Ipoteka-bank"
35	Procedure	Procedure on prevention and elimination of conflicts of interest in JSCMB "Ipoteka-bank"
36	disclosure of conflicts of interests	procedure or rules for reporting a potential or existing conflict of interest by the Bank's management bodies and/or employees
37	RU	The Republic of Uzbekistan

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#	abbreviation	definition
38	managerial employee	a managerial employee of the Bank is an employee of the Bank holding a position of either Chairman or Deputy Chairman of the Management board, or Head of Block in AKIB Ipoteka-Bank
39	related persons	legal entity and/or individual that falls under the relevant criteria of Regulation of the Central Bank of the Republic of Uzbekistan “On the maximum amount of risk per a borrower, a group of related borrowers, including persons related to the bank”, whose relationship with the Bank allows him/her to significantly influence the Bank's decision-making
40	Bank employee	person who is in labor relationship with the Bank on the basis of an employment agreement or in civil-law relationship on the basis of a civil-law agreement
41	structural unit of the Bank	department, division, unit, branch of the Bank
42	favouritism	priority by an employee of the Bank, interests of one person or group of persons over interests of another person and/or group of persons in the form of non-observance of procedures during selection and placement of personnel in the Bank, during promotion, awarding and recommendation for state awards, vacation or business trips abroad, non-observance of rules on setting the queue of consideration of appeals as well as work and duty schedules
43	family members	spouse and close relatives of the person and his/her spouse

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2. General provisions

2.1. This Policy defines the main goals, objectives, types of conflicts of interest, as well as a list of key measures used by the Bank to prevent conflicts of interest, identify and resolve conflicts of interest. The process of implementing the provisions of this Policy is detailed in the Procedure on prevention and elimination of conflict of interest in JSCMB "Ipoteka-bank".

2.2. The requirements of this Policy apply to the members of SB, all employees of the Bank, regardless of their position and authority, as well as to individuals who have entered into a relationship with the Bank on the basis of a civil contract for the provision of services to the Bank.

2.3. In the performance of their official duties and (or) when representing the Bank's interests, Bank employees must comply with the principles set forth in this Policy and refrain from situations that could lead to a conflict of interest.

2.4. This Policy applies to all types of activities of the Bank. The document is mandatory for familiarization and application by all employees of the Bank.

2.5. Prevention of conflicts of interest is part of the Bank's corporate culture, which is based on the principles of honesty and decency, and is mandatory for all employees of the Bank and all areas of its activity.

2.6. This Policy is reviewed at least once a year. Changes to this Policy are made by CCD in accordance with the changes in the legislation of RU and/or changes in the internal regulatory documents of the Bank in agreement with Committee and Committee on corporate governance and nomination of candidates, and approved by SB.

3. Main regulatory documents

3.1. The Law of the Republic of Uzbekistan "On banks and banking activities";

3.2. The Law of the Republic of Uzbekistan "On combating corruption";

3.3. Code of corporate governance of JSCMB "Ipoteka-bank";

3.4. Whistleblowing Policy of JSCMB "Ipoteka-bank";

3.5. Anti-corruption policy of JSCMB "Ipoteka-bank";

3.6. Anti-fraud policy of JSCMB "Ipoteka-bank";

3.7. Policy on public procurement of JSCMB "Ipoteka-bank";

3.7. Regulations on Compliance control department.

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4. Aims of Policy

- 4.1. The aim of this Policy is to identify a potential conflict of interest, prevent the occurrence of a conflict of interest and effectively eliminate conflicts of interest.
- 4.2. This Policy is aimed at observing the standards of business ethics and corporate culture in the Bank's activities.
- 4.3. The provisions of this Policy correspond to the corporate culture of the Bank, support the Bank's intentions to comply with ethical standards in all areas of the Bank's activities in order to prevent conflicts of interest.

5. Tasks of Policy

- 5.1. The tasks of this Policy are:
- 5.1.1. determination of potential types of conflicts of interest;
 - 5.1.2. establishment of effective preventive measures to prevent conflicts of interest;
 - 5.1.3. applying effective ways on elimination of conflicts of interest depending on the type of conflict.

6. Main functions, management bodies on conflict of interest and control

6.1. This Policy is not intended to cover every possible case of a conflict of interest in the Bank, rather it was developed in the form of a general system of practical guidelines reflecting the rapidly developing economic climate in Uzbekistan. The proposed measures are intended to reinforce each other and provide a coherent and consistent approach to managing conflict of interest situations. The key functions of this approach are as follows:

- 6.1.1. determination of the general characteristics of situations related to conflicts of interest that may affect the occurrence of additional risks for implementing business processes at the Bank;
- 6.1.2. identification of specific manifestations of an unacceptable situation related to a conflict of interest;
- 6.1.3. awareness that promotes compliance with the requirements of laws and regulations, and anticipation of areas of activity vulnerable to risk, in order to carry out subsequent preventive measures;
- 6.1.4. proper disclosure of necessary information and effective management of resolving conflicts of interest;
- 6.1.5. partnerships with customers, partners and counterparties of the Bank, including shareholders, depositors, creditors, other customers, government agencies and society;
- 6.1.6. updating and adjusting the provisions of Policy on prevention and elimination of conflicts of interest in accordance with changes of the situation.

6.2. SB is responsible for the analysis of possible conflicts of interest in the functional responsibilities of the managerial employees of the Bank through an annual assessment of the organizational structure of the Bank, reports of IAD, CCD and CRTRPandLT, monitoring deals and other transactions that cause a conflict of interest, at the same time special attention paid to deals with related persons, annually monitoring the Bank's operations exposed to risk, as well as the

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activities of MB of the Bank, in order to exclude the possibility of performing operations that contradict the internal regulative documents of the Bank or create preferential conditions for related persons of the Bank.

6.3. MB of the Bank is responsible for ensuring the effective implementation of Policy on prevention and elimination of conflicts of interest at JSCMB "Ipoteka-bank".

6.4. Committee is responsible for reviewing and preparing recommendations on approval of the Policy, its compliance with the principles of corporate governance, the Bank's Code of business conduct and corporate ethics, and best international practices.

6.5. CCD is responsible for the development and implementation of measures on prevention of conflicts of interest, elimination of conflicts of interest, control over the observance of the Policy and Procedure on the prevention and elimination of conflicts of interest.

6.6. The corporate consultant is responsible for maintaining the list of persons related to the Bank, timely amendment of such list and approval of such list by SB, obtaining confirmation from SB members on familiarization with the provisions of this Policy, as provided for in attachment #5 to the Procedure on prevention and elimination of conflicts of interest.

6.7. HR Department is responsible for obtaining confirmation from members of MB and employees of the Bank of familiarization with the provisions of this Policy, as provided for in attachment #5a to the Procedure on prevention and elimination of conflicts of interest.

6.8. IAD conduct control over the implementation of the provisions of this Policy and Procedure, carry out checks on the facts of violations by officials and employees of the Bank of the provisions of this Policy, as well as the terms of transactions with related parties by the Bank, their disclosure in the financial (accounting) statements of the Bank, available to interested parties of the Bank.

7. Types of conflicts of interest and cases of their occurrence

7.1. The Bank has identified the main types of conflicts of interest depending on the parties to the conflict.

7.2. The Bank applies a broad definition of a conflict of interest:

- 7.2.1. real conflict, when a member of SB, MB, or any employee of the Bank faces with a real existing conflict;
- 7.2.2. potential conflict of interest when a member of SB, MB or any employee of the Bank is or may be in a situation that may lead to a conflict of interest;
- 7.2.3. supposed conflict of interest when a member of SB, MB or any employee of the Bank is or may be in a situation that may appear to be a conflict, even if it is not.

7.3. A conflict of interest may arise from interactions between:

- 7.3.1. the Bank and its customers;
- 7.3.2. shareholders of the Bank and members of SB;
- 7.3.3. members of SB and MB;

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7.3.4. MB and employees of the Bank;

7.3.5. the Bank and related persons of the Bank;

7.3.6. the Bank and officials and/or representatives of government agencies.

7.4. A conflict of interest may arise when a member of SB, MB or an employee of the Bank puts his personal interests above the interests of the Bank and when a member of SB, MB or an employee of the Bank influences the decision making by SB, either MB or an employee of the Bank in the performance of his/her official duties due to personal interests.

7.5. The most common examples of a potential conflict of interest for a member of SB, MB or any employee of the Bank are:

7.5.1. personal relationships in the workplace (e.g., hiring or supervising close relatives, family members);

7.5.2. the presence of external powers (e.g., work in MB or SB of the Bank's competitor);

7.5.3. additional work outside the Bank (e.g., having a second job with a customer, supplier or competitor of the Bank);

7.5.4. promoting personal financial interests (e.g., owning a significant share of the Bank's supplier and being able to direct the Bank's business in its direction);

7.5.5. receiving fees, commissions, discounts, gifts, entertainment, or services from a business partner, customer, competitor of the Bank.

7.6. The following cases may result in a conflict of interests between the shareholders of the Bank, SB and shareholders of the Bank, SB and MB of the Bank, MB and shareholders of the Bank:

7.6.1. non-compliance with the requirements of the legislation, regulatory acts of RU and IRD of the Bank;

7.6.2. failure to comply with the principle of priority of the shareholders' interests;

7.6.3. inability of minority shareholders to influence decision-making and control over the Bank's activities, as well as the decision-making process of SB and the General meeting of shareholders of the Bank;

7.6.4. conclusion of transactions with related parties and major transactions in violation of the requirements of the legislation of RU and IRD of the Bank;

7.6.5. making decisions by SB and/or MB that negatively affect the financial condition of the Bank and/or because of personal interests, and/or for personal benefit and/or material gain;

7.6.6. failure of management bodies and officials to provide complete and timely information about their affiliation with other individuals and legal entities and/or the presence of personal interests, personal benefit and/or material gain.

7.7. The following cases may result in a conflict of interest between the Bank and customers/counterparties/partners:

7.7.1. non-compliance with the requirements of the legislation, regulatory acts of RU and IRD of the Bank;

7.7.2. failure to comply with the norms of business ethics and principles of professional ethics;

7.7.3. failure to perform contractual obligations by the Bank or customers;

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7.7.4. failure of the Bank's employees to perform their official duties in accordance with the legislation of RU and IRD of the Bank.

7.8. The following cases may result in a conflict of interest between the Bank and its officers, employees:

- 7.8.1. non-compliance with the requirements of the legislation of RU and IRD of the Bank;
- 7.8.2. failure to comply with the norms of business ethics and principles of professional ethics;
- 7.8.3. entering into commercial relations with the Bank personally and/or with related persons of the Bank;
- 7.8.4. financial interest in other companies doing business with the Bank;
- 7.8.5. working part-time and/or occupying a managerial position in the bodies of another organization, which has entered into a business relationship with the Bank;
- 7.8.6. creating business opportunities for other entities against the interests of the Bank.

7.9. Authorized bodies of the Bank to clarify, confirm the existence or possible appearance of a conflict of interest.

Areas of possible presence or occurrence of a conflict of interest	Authorized body
Personal relationships in the workplace	HR
Existence of external powers	
Personal interest	CCD
Relations with business partners, competitors, customers	
Gifts, travels, entertainment and other similar material benefits	
Fees, commissions, services, other services	
Other issues	
Relations with shareholders	Corporate Consultant Service

8. Basic principles and methods of managing conflicts of interest

8.1. The Bank pays special attention to activities to prevent the occurrence of a conflict of interest and to minimize its consequences and damage to the Bank. Thus, the Bank's policy on prevention and elimination of conflict of interest is based on the prevention and avoidance of conflicts of interest. At the same time, the Bank grounds on the following principles:

- 8.1.1. make decisions based on transparency, honesty, objectivity;
- 8.1.2. priority of rights, freedoms and legitimate interests of citizens, as well as the Bank's interests over personal interests;
- 8.1.3. prioritizing an impartial approach to consideration, evaluation and elimination of situations characterized with the signs of conflict of interest and preventive measures on prevention of conflict of interest;
- 8.1.4. awareness of all employees of the Bank about the types and possible cases of conflicts of interest or situations that may lead to a potential conflict of interest;

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8.1.5. awareness of all employees of the Bank about possible ways on prevention of conflicts of interest, as well as elimination of them in case of a conflict of interest;

8.1.6. mandatory disclosure of the information about potential or real conflicts of interest;

8.1.7. an individual approach when assessing risks for the Bank, when identifying and eliminating each conflict of interest;

8.1.8. ensuring a balance of interests of the Bank, its management bodies and employees when eliminating conflicts of interest, as well as collective action when eliminating conflicts of interests;

8.1.9. ensuring strict confidentiality of the information disclosure process when detecting and managing conflicts of interest;

8.1.10. preventing the dismissal of a Bank employee due to a real or potential conflict of interest, if the employee has duly notified about the conflict of interest before taking any decision or performing the functions assigned to him/her and is willing to compromise his/her personal interests in favor of the Bank;

8.1.11. protection of the person who has revealed a conflict of interest and his/her protection by the Bank from prosecution due to the reporting of the conflict of interest.

8.2. To manage conflicts of interest, the Bank applies the following methods of managing conflicts of interest:

8.2.1. preventing conflicts of interest by disclosing information about the real or potential occurrence of interests and refraining from participating in decision-making that entails the emergence of a conflict of interest, establishing prohibitions on certain actions by the Bank employees, as indicated in Attachment #1 to this Policy, delineating authority in decision making and conducting of operations, the establishing controls and limits in conducting operations;

8.2.2. timely revealing conflicts of interest and their elimination by authorized bodies of the Bank is stipulated in Chapter #10 of this Policy and detailed in the Procedure.

8.3. The Bank, its officials and employees in the course of their activities shall not allow bias, dependence on third parties, which can harm the legitimate rights and interests of the Bank

8.4. The Bank duly ensures the interests of shareholders, its customers, as well as compliance with the requirements of government bodies controlling its activities in accordance with the requirements of the legislation of RU.

8.5. The Bank shall ensure continuous effective internal control over the activities of its officials and employees in order to prevent and avoid conflicts of interest.

9. Prevention of conflicts of interest

9.1. In order to prevent conflicts of interest, the Bank:

9.1.1. ensures that each managerial employee and employee of the Bank is acquainted with this Policy and IRD adopted based on this Policy upon hiring;

9.1.2. conducts regular explanatory work aimed at communicating the content of this Policy to the management bodies and employees of the Bank;

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9.1.3. provides protection of commercial, confidential, insider information and banking secrecy;
9.1.4. follows the principles of material incentives for Bank's managerial employees and employees, contributing to achieving sustainable profitability of the Bank in the long term, attracting and keeping qualified personnel, ensuring the adequacy of remuneration paid to the employees of the Bank in accordance with the financial condition of the Bank, as well as how the achieved results of the Bank correspond to the planned indicators;

9.1.5. conducts internal control;

9.1.6. establishes the types of disciplinary actions in accordance with the procedure established by the labor legislation of RU for non-compliance with the requirements and restrictions established in this Policy;

9.1.7. ensures strict observance of the rules and procedures established by this Policy and IRD of the Bank by employees and managerial employees of the Bank;

9.1.8. ensures timely disclosure of information about conflicts of interest as situations (circumstances) arise that will cause or have caused a new real or potential conflict of interest.

9.2. In order to prevent conflicts of interest, the Bank pays special attention to transactions with related parties of the Bank, namely:

9.2.1. transactions with related parties of the Bank can be carried out only in strict accordance with the Policy on the management of transactions of the Bank with related parties;

9.2.2. it is prohibited to enter into a transaction with related persons of the Bank or in their interests, where the Bank would not enter into due to its nature, purpose, specifics and risk;

9.2.3. it is prohibited to charge related persons of the Bank commission and fees for performing a banking operation or accepting collateral which are lower than that required from other customers;

9.2.4. it is prohibited to issue unsecured loans to related persons of the Bank;

9.2.5. it is prohibited to interfere by the Bank's officials in the activities of structural units of the Bank that are not directly subordinate to these officials, except for cases stipulated by the internal rules of work organization, in order to influence the decision making of the Bank on entering into the deal and/or the providing preferential terms in conducting deal with related parties of the Bank;

9.2.6. The Bank's official cannot take part in the consideration and making decisions on any transaction between the Bank and himself/herself, any of his/her close relatives, family members, any legal entity in which he/she or any of his/her close relatives, family members is an official or major participant;

9.2.7. CRTRP and LT provides to SB with a report on transactions with related parties of the Bank on a quarterly basis.

9.3. As part of their work in the Bank, the management bodies of the Bank and its employees have contractual obligations of loyalty in relation to the Bank. SB, MB and employees of the Bank should avoid conflicts of interest with the Bank. The Bank pays special attention to preventing conflicts of interest, the occurrence of which contains a high risk to the reputation or business interests of the Bank.

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9.4. All officials and employees of the Bank must be guided in their activities by the principle of the supremacy of the interests of the Bank and protection of the rights and interests of customers and counterparties of the Bank; perform their professional functions in good faith and reasonably, avoiding conflicts of interest, and ensure full compliance of their activities not only with the requirements of legislation of RU and the principles of this Policy, but also with ethical standards and generally accepted norms of business ethics.

9.5. To familiarize the Bank's employees with the Bank's corporate policy regarding possible conflicts, CCD together with HR Department conducts training for the Bank's employees on the prevention and elimination of conflicts of interest, Code of business conduct and corporate ethics of the Bank.

9.6. In order to ensure that SB, MB and employees of the Bank are aware of the ethical principles of the Bank, the obligation to comply with the Code of business conduct and corporate ethics at the Bank must be signed by members of SB, MB and each employee of the Bank on the first day starting work at the Bank as provided in Labor regulations of the Bank.

9.7. In order to prevent conflicts of interest, the Bank's management bodies, officials and employees of the Bank are also obliged:

- 9.7.1. to comply with the requirements of the legislation of RU and IRD of the Bank;
- 9.7.2. to pursue only the interests of the Bank;
- 9.7.3. to ensure the implementation of decisions of the Bank's management bodies;
- 9.7.4. to ensure the implementation of strategic and business plans approved by the shareholders of the Bank;
- 9.7.5. to prevent the Bank from engaging in illegal activities such as money laundering and terrorist financing;
- 9.7.6. to prevent fraudulent and corrupt practices in the Bank;
- 9.7.7. to ensure independence and efficiency of the structural units performing control functions in the Bank;
- 9.7.8. to ensure efficient corporate governance, as well as risk and compliance management in the Bank;
- 9.7.9. to comply with the requirements of the legislation of RU and IRD of the Bank when carrying out major transactions and transactions with related parties of the Bank;
- 9.7.10. to attract independent experts to determine the value of the Bank's assets when carrying out transactions with them in cases stipulated by the legislation of RU and IRD of the Bank, and if necessary;
- 9.7.11. to ensure that the list of persons related to the Bank is up-to-date;
- 9.7.12. to disclose all existing and potential conflicts of interest related to the management bodies of the Bank and its employees;
- 9.7.13. not to use his/her official position for personal purpose;
- 9.7.14. not to participate in the decision-making process in the event of a conflict of interest preventing the full performance of their duties in the interests of the Bank;

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- 9.7.15. not to have personal interests in any business partner with whom a Bank employee works as a representative of the Bank. This applies to any significant equity participation and other types of expected profits or benefits from suppliers, customers, agents and consultants;
- 9.7.16. not to deposit and/or invest in organizations which are customers or competitors of the Bank, if as a result of such an action an employee of the Bank will have an opportunity to influence the relevant management decisions taken by the Bank with the respect to such persons;
- 9.7.17. not to provide consulting services, etc. without the permission of the Chairman of MB (for the Bank employees). When being hired to the Bank, he/she should inform an employee of HR Department about additional employment activities, business partnerships, provision of consulting services, etc.;
- 9.7.18. not to receive commission from both the Bank and third parties for transactions concluded by the Bank with third parties;
- 9.7.19. not to act on behalf of and in the interests of third parties in relations with the Bank;
- 9.7.20. not to carry out employment of combine jobs and/or not to be in business partnership in other banks and organizations engaged in certain types of banking activities, in other organizations not engaged in banking activities, without the prior consent of SB in respect of members of MB and officials, or the consent of the Chairman of MB in respect of other employees of the Bank;
- 9.7.21. to ensure the rules for the disclosure of information and the safety of insider, confidential and commercial information about the Bank and its activities;
- 9.7.22. to ensure compliance with professional and corporate ethics as stipulated in the Bank's Code of conduct and business ethics and the Bank's labor rules;
- 9.7.23. to refrain from taking actions and making decisions that may lead to a conflict of interest;
- 9.7.24. to disclose information about a conflict of interest upon appointment or assumption of a new position;
- 9.7.25. to use his/her functional and official position only in the interests of the Bank;
- 9.7.26. to exclude manifestations of nepotism, patronage, favoritism, cronyism and regionality in the Bank;
- 9.7.27. to honestly and conscientiously disclose full information about himself/herself and his/her close relatives and related persons;
- 9.7.28. to comply with the rules and procedures stipulated by this Policy and other IRD of the Bank;
- 9.7.29. to immediately inform his/her direct head in the manner prescribed by the Bank about occurrence of conditions that may lead to a conflict of interest, as stipulated in attachment #7 to Procedure on prevention and elimination of conflicts of interest;
- 9.7.30. to inform his/her direct head about the occurrence of circumstances that prevent the independent and conscientious performance of job duties;
- 9.7.31. to inform his/her direct head about personal interests that conflict or may conflict with the interests of the Bank;
- 9.7.32. to inform as well when there is any conflict of interest with employees of the Bank in the manner prescribed by IRD of the Bank;

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9.7.33. to assist IAD and external auditors in inspecting the terms of the Bank's transactions with the Bank's related parties.

9.8. For the purpose of preventing and detecting conflicts of interest, CCD maintains a register of cases of conflict of interest (attachment #6 to the Procedure) containing information on revealed conflicts of interest, specifying the date and reason of occurring conflict, its description, measures taken on preventing/eliminating the conflict and minimizing its consequences, and the date of elimination if a conflict is eliminated.

9.9. The information specified in the register of cases of conflicts of interest should be taken into account when the Bank is going to make decisions on the conclusion of transactions, including those with related persons of the Bank.

9.10. Information should be entered in the register of cases of conflict of interest no later than 5 working days from the date of revealing the conflict of interest.

9.11. In order to prevent conflicts of interest between management bodies, officials, employees of the Bank and its customers / counterparties, it is necessary:

9.11.1. to avoid such transactions which concluded for personal purposes of an employee of the Bank with the expectation of profit from subsequent transactions;

9.11.2. to purchase goods and services from the Bank's business partners exclusively on market conditions and at market prices;

9.11.3. to ensure transparency and clarity of the applied tariffs for the Bank's services, as well as fulfillment of all contractual obligations of the Bank;

9.11.4. to ensure high professionalism and a conscientious approach to customer service and/or interaction with counterparties;

9.11.5. not to use information about obvious mistakes made by customers (including when signing a contract, submitting an application) for personal purposes, but to provide practical assistance in correcting this mistake;

9.11.6. to ensure the safety of personal data of customers, as well as other confidential information that has become available to the Bank in the course of interaction with customers/counterparties;

9.11.7. Bank employees cannot receive gifts or benefits in connection with their functional duties in the Bank. This also applies to invitations outside the scope of business cooperation with customers;

9.11.8. to make corporate decisions independently and solely taking into account financial and ethical factors, and not to make corporate decisions under the influence of family or friendship relations of officials and/or employees of the Bank with business partners;

9.11.9. to build relationships with customers on the principles of equality of the parties, honesty, truthfulness, full informing the customer about the operations that he will conduct with the Bank, as well as the risks associated with them;

9.11.10. provide timely and quality service to customers;

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9.11.11. not to use the incompetence and state of health of the customer in his/her own interests, as well as not to refuse customers to provide equal and professional services based on gender, nationality, political or religious beliefs;

9.11.12. to assist in choosing the services that best meet the interests of customers;

9.11.13. to inform customers, upon their requests and on his/her own initiative, about the services provided by the Bank and the terms of their use, changes in the Bank's work affecting the interests of customers, and other issues arising from customers, except for the information constituting banking, commercial and other secrets protected by law;

9.11.14. to develop a clear procedure for the exchange of information with the customer in the process of the execution of the agreement, in particular, to establish the possibility of using various means of communication;

9.11.15. to keep the secrecy of lending operations of customers, payment and settlement operations on behalf of and by order of customers;

9.11.16. to carry out various banking operations at a high level.

9.12. In order to prevent conflicts of interest between the Bank and its shareholders, the Bank must:

9.12.1. observe the rights of all shareholders of the Bank in accordance with the requirements of the Law of RU "On joint-stock companies and protection of rights of shareholders", the Charter and IRD of the Bank;

9.12.2. timely provide shareholders with all information that must be disclosed in accordance with the requirements of the legislation of RU;

9.12.3. pay dividends to the shareholders of the Bank in due time and in full volume, except for cases when the payment of dividends is limited by the decision of the Central bank of RU;

9.12.4. ensure compliance with the legislation of RU in terms of corporate governance, the majority of SB should be independent in order to ensure objectivity and impartiality of decisions made by SB and to ensure their compliance with the Bank's development strategy approved by the Bank's shareholders.

9.13. In order to prevent conflicts of interest between the Bank and officials of the Bank in the performance of their duties, officials and employees of the Bank must:

9.13.1. comply with the Bank's Code of conduct and business ethics;

9.13.2. enter into agreement in accordance with the procedure established by the Bank and strictly comply with the provisions of the concluded agreements;

9.13.3. conduct operations on the acquisition of shares or participation in the authorized capital of any organization, including competitors of the Bank, only with the approval of the authorized management body of the Bank, defined in IRD of the Bank;

9.13.4. timely notify the authorized management body of the Bank, as prescribed by the provisions of this Policy, about the possible occurrence of a conflict of interest;

9.13.5. limit any actions which directly affect the relationship of the Bank and the official or his/her close relatives or his family members, in which there is a personal interest in the form of personal and/or material benefit.

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9.14. In order to prevent possible conflicts of interest, the relationship between the branch and the Head Office of the Bank should be built on the basis of full accountability of the branch to the Head Office. In order to prevent conflicts of interest between the Head Office and branches, the branches must:

- 9.14.1. submit accounting, statistical, financial, managerial and other reports in full and within the deadline established by the Head Office;
- 9.14.2. provide any information to the Head Office upon request;
- 9.14.3. perform assigned duties in accordance with IRD of the Bank and regulations on regional and district branches;
- 9.14.4. use the property of the branch only for the statutory purposes of the Bank;
- 9.14.5. execute the plan of financial and economic activities of the branches;
- 9.14.6. use the funds allocated to the branch for the intended purpose;
- 9.14.7. inform the management of the Head Office in all cases of conflict of interest with shareholders, depositors, borrowers of the branch of the Bank, when there is pressure in making decisions that can harm the material or other nature of the Bank or its reputation;
- 9.14.8. not disclose information of a confidential nature.

9.15. In order to prevent conflicts of interest between the Bank and officials and/or representatives of government bodies, the Bank should be guided by the following:

- 9.15.1. In relations with officials and/or representatives of government bodies, officials and employees of the Bank are obliged not to take any actions that could unlawfully influence their decisions;
- 9.15.2. The officials and employees of the Bank should refrain from offering officials the monetary gifts or other benefits or advantages the amount of which exceed the limits of accepted practice, even in cases where such actions would promote the financial interests of the Bank.

9.16. In order to prevent conflicts of interest between the Bank and competitors:

- 9.16.1. The Bank behaves honestly towards all its competitors;
- 9.16.2. Bank employees should refrain from discussing with any third party's the information relating to commercial and banking secrecy and legally protected information;
- 9.16.3. The Bank does not collect or use confidential information about competitors and does not transfer such information to third parties;
- 9.16.4. The Bank avoids unacceptable agreements with competitors.

9.17. In order to prevent conflicts of interest between the Bank and interested parties:

- 9.17.1. On information support:
 - 9.17.1.1. to provide to interested parties upon their requests the balance sheets, prospectuses and other information on the activities of the Bank, not constituting banking, commercial or other secrets protected by law.
- 9.17.2. On ensuring confidentiality and security:
 - 9.17.2.1. to ensure security and protection of information in the Bank, to ensure confidentiality in negotiations and transactions.
- 9.17.3. On consideration of complaints and satisfaction of claims:

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9.17.3.1. if necessary, to advise to interested parties on the issues of registration, consideration and satisfaction of complaints and claims.

9.17.4. to timely and carefully consider arising difficulties and conflicts, to quickly resolve claims and complaints, and to take the necessary measures on elimination of the consequences of violations.

10. Elimination of conflicts of interest

10.1. In order to eliminate any conflict of interest in the Bank, the management bodies of the Bank must:

10.1.1. pay maximum attention to conflicts of interest, find out their causes;

10.1.2. as soon as possible determine the position of the Bank on the merits of the dispute, make an appropriate decision and provide it in a timely manner to the other party of the conflict with justification of the decision in accordance with the legislation of RU, the Charter and IRD of the Bank;

10.1.3. ensure that persons who interfere or may interfere in conflicts of interests do not participate in resolving the conflict and in making relevant decisions.

10.2. The bank takes the following forms of resolving a potential or existing conflict of interest:

10.2.1. after conducting an inspection and other necessary actions, the Bank does not consider as a conflict of interest those situations (circumstances or relationships) which, in the opinion of the employee who declared them, create or may create a conflict with the interests of the Bank;

10.2.2. restriction of an employee's access to specific information in the Bank, which may be related to personal interests of the Bank employee;

10.2.3. voluntary refusal of the Bank's employee or his/her removal - permanently or temporarily - from participation in the discussion and decision-making process on issues which are or may be affected by the conflict of interest;

10.2.4. revision and change of the scope of duties and work functions of the Bank's employee;

10.2.5. temporary dismissal of a Bank's employee, if his or her personal interests are in conflict with the job duties;

10.2.6. transfer of an employee of the Bank to a position, which provides for the performance of job functions, which are not related to the conflict of interests;

10.2.7. dismissal of an employee at the employee's initiative;

10.2.8. dismissal of an employee at the Bank's initiative for disciplinary misconduct, if there are grounds under the applicable law of RU;

10.2.9. refusal of an employee of the Bank to have a personal interest that causes a conflict of interest with the interests of the Bank;

10.3 Each employee of the Bank is obliged to notify his/her direct head about existing or potential situations of a conflict of interest in written form. The head of a structural unit of the Bank should analyze how realistic this conflict is and what measures can be taken to resolve this conflict.

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10.4 If the presented conflict of interest does not fall within the competence of this structural unit, the head of this structural unit should promptly inform the Chairman of MB, the Corporate governance and nominating Committee and Committee through CCD on the situation of a conflict of interest.

10.5 In case of a conflict of interest at the level of SB, the managerial employees of the Bank and/or the subsidiaries of the Bank, Committee should within ten (10) working days consider and propose to SB a reasonable solution regarding this conflict of interest and its elimination. In case of a conflict of interest at the level of structural units/employees, except for members of MB of the Bank, the Chairman of MB should within 10 (ten) business days consider and make a reasonable decision on this conflict of interest and eliminate it.

10.6. The Chairman of MB and/or members of Committee, whose interests are affected by the arisen conflict, should not participate in making a decision on this conflict. If the interests of the Chairman of MB or the majority of the members of Committee are affected in the arisen conflict, the consideration of the conflict and the decision on its elimination should be made by SB.

10.7. The Chairman of MB or Committee or SB make a decision by a simple majority vote based on the results of the conducted expertise (inspection) and provided documents and materials.

10.8. The decision made by the Chairman of MB or Committee or SB should be provided to the information of the participants of the conflict in accordance with Procedure on prevention and elimination of conflicts of interest in JSCMB "Ipoteka-bank".

10.9 Approaches to resolving conflicts of corporate governance:

10.9.1 In case of conflicts, corporate participants of the conflict should resolve them through negotiations to order to ensure effective protection of both shareholder's rights and business reputation of the Bank.

10.9.2. If it is impossible to resolve corporate conflicts through negotiations, they should be resolved strictly in accordance with the legislation of RU.

10.9.3. In case of corporate conflicts between the shareholders, the Bank, represented by its management bodies, should take active participation in their settlement. Wherein, SB of the Bank should actively assist in resolution of such conflict situations, provide the shareholders with consultations and recommendations, prepare draft documents on resolving disputes for signing by the shareholders, take obligations on behalf of the Bank in front of the shareholders to the extent that they can help in resolution of a dispute.

10.9.4 Conflicts arising between the shareholders and SB will be regulated by the meeting of shareholders of the Bank. SB of the Bank should resolve corporate conflicts on the issues within its competence. SB is authorized to resolve conflicts arising with the related persons of the Bank, unless a party to the conflict is any member of SB.

10.9.5 Separate corporate conflicts related to the competence of MB of the Bank should be provided to SB for consideration (for example, if the subject of a conflict is the actions (inaction) of MB or the documents adopted by MB).

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10.9.6. MB on behalf of the Bank should settle corporate conflicts on all issues, decision making on which is not related to the competence of other bodies of the Bank, as well as independently determine the procedure on settlement of corporate conflicts.

10.9.7. The management bodies of the Bank, in accordance with their authorities, organize the implementation of decisions on settlement of corporate disputes and assist in execution of agreements signed by the parties of the dispute on behalf of the Bank. In cases where there is no disagreement between parties of the dispute and the Bank on the basic obligations, but there is a disagreement on the procedure, method, due date and other terms of their execution, the Bank should offer to the party of the dispute to resolve the dispute and describe the conditions that the Bank is ready to execute.

11. Liability measures (sanctions) for failure to comply with the rules and procedures provided for in this Policy

11.1. In the event of failure to comply with the rules and procedures of this Policy, the Bank, officials and employees of the Bank will be liable in accordance with the legislation of RU and internal documents on disciplinary and orders of the Bank.

12. Control over compliance with the rules and procedures provided for in this Policy by the Bank, as well as by the officials and employees of the Bank

12.1. The function of internal control over compliance by the Bank, its management bodies, officials and employees of the Bank with the rules and procedures prescribed by this Policy is performed by IAD and CCD.

13. Final provisions

13.1. This Policy, as well as all amendments and supplements to it, is approved by SB of the Bank.

13.2. The content of this Policy should be provided to each employee of the Bank in accordance with the procedure established by IRD of the Bank. The heads of structural units and branches of the Bank are responsible for familiarization with the provisions of this Policy.

13.3. The procedures and provisions not regulated by this Policy are implemented in accordance with the legislative and regulatory acts of RU and IRD of the Bank.

13.4. Compliance control department is responsible for monitoring and updating this Policy.

13.5. If the current legislation of RU or the Charter of the Bank establishes other norms than those stipulated by this Policy of the Bank, the current legislation of RU and the norms of the Charter of the Bank shall apply.

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Attachment # 1

Types of conflicts of interest and measures to prevent them

Type of conflict of interest	Preventive measures
Personal relationships in the workplace	<p>Bank employees are prohibited:</p> <ul style="list-style-type: none"> • to be in a relationship of management, subordination or control with close relatives and/or family members; • to participate in any decision on hiring or in making contractual relations with close relatives and/or family members.
External obligations, including employment	<ul style="list-style-type: none"> • Bank employee cannot have any paid or unpaid interaction (any types of services that may be with or without compensation) with a competitor of the Bank, if this is not approved by Supervisory board or the Chairman of Management board, depending on the employee's subordination and/or affects the employee's employment with the Bank; • In the event that member of Supervisory board, Management board, officials have any paid or unpaid relationship with a business partner of the Bank, any other person or company, a member of Supervisory board, Management board, an official is obliged to disclose an existing or potential conflict of interest, and such member does not have the right to vote and participate in the decision-making process with respect to such business partner of the Bank, another person or company
Personal interest in the form of personal or material benefit	<p>The member of Supervisory board, Management board, employees of the Bank:</p> <ul style="list-style-type: none"> • must disclose any existing or potential occurrence personal interest related to a deal to be concluded between the Bank and any company in which this member / employee has a personal interest, or with which he/she is related through close relatives or family members; • must not participate in the decision-making process and/or influence the conclusion of the deal if they have a personal interest in such transaction and/or customer/ counterparty of the Bank
Relationship with business partners and competitors	<p>The member of Supervisory board, Management board, employees of the Bank are prohibited:</p> <ul style="list-style-type: none"> • to own a share equal to or greater than 1% in any company that competes with the Bank or does business with the Bank; • to do business with the Bank with any legal entity in which they have a substantial interest or with which they have a substantial affiliation; • act as an officer, advisor or consultant to any government body which have regulatory or supervisory authority over the Bank

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Gifts, travel, entertainment and other similar material benefits	The member of Supervisory board, Management board, employees of the Bank should not directly or indirectly request or accept any gifts in cash or in any other form from any business partner or competitor or customer of the Bank
Fees, commissions, services other charges	The member of Supervisory board, Management board, employees of the Bank should not directly or indirectly request or receive any fees, commission, service or other benefit from any actual or potential business partner, competitor or customer of the Bank