

Approved by The
Supervisory Board of
JSCMB "Ipoteka-Bank"
(Minutes №. 73
of November 21, 2016)

Approved
by the decision of The General
Meeting of Shareholders of
JSCMB "Ipoteka-Bank"
(Minutes №. 23
dated December 5, 2016)

**REGULATION
ON THE PROCEDURE OF ACTION IN CONFLICT OF INTERESTS
OF JSCIB "IPOTEKA-BANK"**

I. GENERAL PROVISIONS

1. This Regulation was developed in accordance with the laws of the Republic of Uzbekistan "On banks and banking activities", "On joint stock companies and protection of shareholders' rights", by the resolution of the President of the Republic of Uzbekistan dated May 6, 2015 PP-2344 "On measures to further increase the financial stability of commercial banks and the development of their resource base "and the Decree of the President of the Republic of Uzbekistan dated April 24, 2015 N UP-4720" On measures to introduce modern methods of corporate governance in joint-stock companies" and the charter of JSCMB "Ipoteka-Bank" (hereinafter referred to as the Bank) determines the procedure for identifying and resolving conflicts of interest arising in the Bank.

2. When carrying out the Bank's activities, conflicts of interest may arise due to a contradiction between the property or other interests of the Bank (its management and control bodies, officials, employees) and the property or other interests of creditors, counterparties and other clients (hereinafter Clients), when as a result actions (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 the interests of the Bank's management, control bodies and the shareholder (shareholders).

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

between majority shareholders (shareholders holding large blocks 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
persons, employees of the Bank and Clients;

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

II. CIRCLE OF PERSONS AFFECTED BY ACTION PROVISIONS

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

5. Requirements for compliance with this Regulation apply to individuals cooperating with the Bank on the basis of a civil contract in cases where the relevant obligations

are enshrined in contracts with them, in their internal documents, or directly follow from the law.

III. BASIC PRINCIPLES OF CONFLICT MANAGEMENT INTERESTS IN THE BANK

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

the 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 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:

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 supervisory board;

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 a deterioration in the financial condition of the Bank;

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

8. Conflicts of interest that may arise between 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 the principles of professional ethics;

non-fulfillment of contractual obligations, both on the part of the Bank and on the part of the 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:

violation of legal requirements and internal documents of the Bank;

non-compliance with the norms of business communication and the principles of professional ethics;
conducting commercial activities, both own and family members;
having financial interests in another company with which the Bank maintains a business relationship;
part-time work in another organization as a head, official or participation in its governing 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 Charter of the Bank and its internal documents provide for 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, governing 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 may lead to conflict situations;

ensure effective management of the Bank;

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

ensure the highest possible efficiency in the provision of banking services;

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 major transactions, individual transactions or a number of interrelated transactions for consideration by the Supervisory Board, the amounts of which exceed the amounts established by the legislation and the 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, engage an independent appraiser to determine the market value of the property, subject to approval by the supervisory board of decisions on transactions in accordance with the requirements of the law;

ensure the accounting of information about affiliated persons; ensure the development and compliance with the procedures for transactions: a) with affiliated persons;

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

not to make 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 the permission of higher authorities;

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

ensure the 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 the use of information available in the Bank for personal purposes by persons who have access to such information;

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

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

ensure the adequacy of the remuneration paid to members of the management and control bodies of the financial condition of the Bank, 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 stipulated by the 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 the 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 acquiring shares (stakes) of a competing Bank, as well as participating in the governing bodies of such persons;

strive to ensure that independent members are nominated to the supervisory board in order to ensure objectivity, balance and independence of management decisions.

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

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

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

sell services and charge the Client a fee 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 Clients that could negatively affect the reputation of the Bank;

sell goods (services) for their Clients professionally and in good faith;

exclude the 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 the application, agreement and other document signed by the Client). In the event of such an error, the Bank employee must make reasonable efforts to prevent the 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 the information created, acquired and accumulated in the course of the Bank's activities so that without

With the consent of the Bank's governing bodies or authorized officials, information classified as an official or constituting a commercial secret, which is in the Bank on paper, magnetic and other types of its media, has 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 the performance of their official duties, officials and employees are also obliged to:

comply with the rules of business communication and the principles of professional Banking 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 the occurrence of circumstances conducive to the 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 the 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. SETTLEMENT OF CONFLICTS OF INTEREST

15. To resolve conflicts of interest arising in the Bank, 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 demands (including oral) of shareholders and Clients addressed to the management and control bodies, corporate secretary and structural divisions.

17. Accounting for corporate conflicts is the responsibility of the corporate secretary of the Bank. The corporate secretary of the Bank gives a preliminary assessment of the corporate conflict, prepares the necessary documents for

the essence of the issue, and in agreement with the Supervisory Board of the Bank transfers them to the body of the Bank, which is responsible for the 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 in order to eliminate the causes of this kind of conflicts.

In the absence of a corporate secretary, under this provision, the duty of the secretary is assigned to the relevant structural division of the Bank, in terms of its activities.

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 Board of the Bank or his deputies with information about the conflict, the reasons for its occurrence, the measures that have been taken. The chairman of the 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 board submits the issue for consideration by the board, sends information about the conflict to the chairman of the supervisory board.

21. This information is considered by a committee (working group) under the supervisory board, 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 transferred to the Supervisory Board for making a decision on the procedure for resolving the conflict for subsequent consideration by the committee (working group) and providing the Supervisory Board with an opinion 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 Supervisory Board or the Board of the Bank makes a decision on the development of the document, or making appropriate changes.

24. The governing bodies of the Bank in order to resolve any type of conflict of interest arising in the Bank are obliged to:

as quickly as possible to identify emerging conflicts of interest, to determine

their causes;

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

determine the authorized person of the Bank or, if necessary, create a commission for the settlement of the conflict;

as soon as possible, determine the position of the Bank on the merits of the 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 answer 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 the general meeting of shareholders of the Bank;

ensure that the authorized person who participated in the 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 the 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 the settlement of the conflict for their signing by the shareholders, on behalf of the Bank, within their competence, assume obligations to shareholders to the extent that this may contribute to the settlement of the conflict;

The management bodies of the Bank, in accordance with their competence, must organize the implementation of the decision to resolve the corporate conflict and facilitate the implementation of agreements signed on behalf of the Bank with a 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, the Charter or other internal documents of the Bank, then the Bank's response shall exhaustively indicate such conditions, as well as the information necessary for their implementation (for example, the amount of payment for making copies of documents requested by the 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 amendments and additions to it, are approved by the general meeting of shareholders by a simple majority of votes.

28. If individual norms of this Regulation conflict with the current legislation of the Republic of Uzbekistan and / or the 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 the Charter of the Bank until the appropriate amendments are made to this Regulation.