

*Appendix No. 8
to the decision of the sole shareholder
of JSCB “ASIA ALLIANCE BANK”*

APPROVED
by the decision of the sole shareholder
of JSCB “ASIA ALLIANCE BANK”
No. AC-1/2020 as of February 27, 2020

**REGULATION
ON PROCEDURE OF ACTIONS IN THE EVENT
OF ARISING OF CONFLICT OF INTEREST IN
JOINT-STOCK COMMERCIAL BANK
“ASIA ALLIANCE BANK”**

new wording

I. GENERAL PROVISIONS

1. This Regulation is developed in accordance with law, Code of Corporate Governance approved by the minutes of the meetings of the Commission on increase of effectiveness of activity of joint-stock companies and improvement the corporate governance system as December 31, 2015 No. 9 (registration dated 11.02.2016 No.02-02/1-187), the Charter and internal documents of JSCB “ASIA ALLIANCE BANK” (hereinafter – the Bank) and determines procedures for identification and settlement of conflict of interest arising in the Bank.

2. The following definitions are used in this Regulation:

conflict of interest – 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 – customers) when, as a result of the actions (inaction) of the management and control bodies of the Bank and (or) its employees, there can be cases of violation of the rights and legitimate interests of shareholders

corporate conflict – conflict of interest arising among interests of shareholders of the Bank, among interests of the management and control bodies of the Bank and its shareholder (shareholders).

3. This Regulation considers the following cases of arising of conflict of interest:

- between majority shareholders (shareholders holding big share package) and minority shareholders (shareholders holding small number of shares);
- between management bodies of the Bank and its shareholder (shareholders);
- between management bodies and control bodies, officials, employees of the Bank and customers;
- between the Bank and officials, employees of the Bank in implementation of official duties thereby.

4. Application of the Regulation on members of the management and control bodies and all employees of the Bank, regardless of level of their position.

5. Requirements for compliance with this Regulation apply to individuals cooperating with the Bank on the basis of a civil law contract in cases where the corresponding obligations are stipulated in contracts with them, in their internal regulatory documents, or directly follow from law.

II. PRINCIPLES FOR MANAGING CONFLICT OF INTEREST

6. The following principles are laid on work for managing conflict of interest in the Bank:

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

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

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

maintaining the balance of interests of the management and control bodies of the Bank and its employees when settle conflict of interest;

protection of a person from prosecution due to reporting a conflict of interest that was promptly disclosed by this person and settled (prevented) by the Bank.

III. REASONS (CONDITIONS) OF ARISING OF CONFLICT OF INTEREST

7. Reasons of arising of corporate conflicts:

- non-compliance with requirements of law, normative acts 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 from 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 law 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 (shares) in other companies.

8. Reasons of arising of conflict of interest between management bodies and control bodies, officials, employees and customers:

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

- non-compliance with the principle of priority of interests of shareholders of the Bank;

- 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 customers;

- failure to fulfill obligations prescribed by law and internal regulatory documents of the Bank.

9. Reasons of arising of conflict of interest between the Bank and officials, employees:

- violation of requirements of law and internal regulatory 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;
- existence of 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.

IV. PREVENTION OF CONFLICT OF INTERESTS

10. Measures to prevent conflicts of interest are mandatory for 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 requirements of law, the Charter and internal regulatory documents of the Bank;

fulfill their duties in good faith in accordance with procedure prescribed by law and internal regulatory documents of the Bank;

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

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

ensure effective management of the Bank and act in the interests of the Bank;

observe the rights of shareholders, including minority shareholders, and ensure equal treatment of all shareholders, regardless of their shares, income level, gender, race, religion, nationality, language, social origin, personal and social status;

exclude the possibility of the Bank's involvement in illegal activities;

carry out internal and external control in accordance with the Charter and internal regulatory documents of the Bank, as well as participate in identifying deficiencies in the Bank's internal control system;

comply with requirements of law for the procedure for approval and conclusion of major transactions and transactions with affiliated persons of the Bank;

engage on a competitive basis an independent appraiser to determine the market value of the Bank's property when making decisions on transactions in the manner prescribed by law;

ensure the record-keeping of information about affiliated persons;

ensure that the Supervisory Board of the Bank approves the participation of officials of the Bank in the management and control bodies of other legal entities;

ensure timely, reliable and complete disclosure of information subject to mandatory disclosure and other information in accordance with law and the Regulation on Information Policy of the Bank;

ensure strict compliance with the procedure for using confidential information and insider information of the Bank;

ensure the accuracy of information, including financial statements, provided to shareholders and counterparties, regulatory and supervisory authorities and other interested parties, including for advertising purposes;

ensure timely identification of conflict of interest at the earliest stages of their development;

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

notify a superior official about organizations in which the official or his family members have a financial interest, and with which the Bank conducts or intends to conduct commercial activities;

ensure timely communication of a clear and reasonable position of the Bank to shareholders and provide comprehensive information on issues that may become the subject of a conflict;

strive to ensure that independent members are nominated to the Supervisory Board to ensure the objectivity and independence of management decisions.

V. SETTLEMENT OF CONFLICT OF INTEREST

12. In order to settle conflict of interest arising in the Bank, the management and control bodies, officials and employees of the Bank are looking for a solution that, being legal and reasonable, would meet the interests of the Bank.

13. Officials are obliged to ensure record-keeping and timely consideration of letters, statements and requirements of shareholders and customers coming to the name of management and control bodies, corporate consultant and structural divisions.

14. Responsibilities for settlement of conflict of interest are assigned to the Committee for settlement of conflict of interest (hereinafter “the Committee”).

15. Officials of the Bank are obliged within five days to inform the authorized person or body about the receipt of an appeal about arising of a conflict, providing also a preliminary assessment of the corporate conflict and the necessary documents on the merits of the issue, for further consideration of this issue and submission to the Supervisory Board of conclusion on the results of consideration of this issue.

16. If it is possible to settle the conflict at the level of a structural division of the Bank, the Management Board identifies the reasons of the conflict and determines the procedure for settle the conflict. The conclusion on the results of consideration of the conflict of interest is submitted to the Supervisory Board of the Bank.

17. The Supervisory Board of the Bank, having analyzed the frequently encountered questions and requirements of shareholders, may decide on necessity to provide additional information to all shareholders on these issues, or make a proposal to the Chairman of the Management Board of the Bank to amend internal regulatory documents, take other measures to eliminate the reasons giving rise to this kind of treatment.

18. If, as a result of consideration of the conflict, it becomes necessary to develop or amend the existing internal regulatory documents of the Bank, the authorized management body decides on the development of the document, or making appropriate changes.

19. The management bodies of the Bank, in order to timely settle any type of conflict of interest arising in the Bank, are obliged to:

respond as quickly as possible to arising conflict of interest, determine their reasons;

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

as soon as possible to 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 of the conflict

send the other party of 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 of the conflict on the basis of law, the Charter and internal regulatory documents approved by the authorized management body of the Bank;

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

20. To settle corporate conflicts between shareholders, between the management bodies of the Bank and shareholders:

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

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

the management bodies of the Bank, in accordance with their competence, must organize the implementation of the decision on the settlement of the corporate conflict and facilitate the implementation of agreements signed on behalf of the Bank with a party of the conflict. In cases where there is no dispute between the party of 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 fulfillment, the Bank must invite the party of the conflict to settle the disagreements that have arisen and state the conditions on which the Bank is ready to satisfy the party's demand conflict.

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

VI. FINAL PROVISIONS

22. The present Regulation comes into force from the date of registration of the Charter of the Bank in new wording in the Central Bank of the Republic of Uzbekistan.

23. If the current law of the Republic of Uzbekistan or the Charter of the Bank prescribes other norms than provided for by this Regulation of the Bank, then the norms of the current law of the Republic of Uzbekistan and the Charter of the Bank are applied.