

APPROVED
by Regular Annual
General Meeting of Shareholders
of JSCB "ASIA ALLIANCE BANK"
on May 11, 2016, Protocol No.AC-1/2016

**REGULATION
ON PROCEDURES FOR ACTIONS IN CASE OF OCCURRENCE
OF CONFLICT OF INTERESTS IN THE
JOINT-STOCK COMMERCIAL BANK
"ASIA ALLIANCE BANK"**

I. GENERAL PROVISIONS

1.1. This Regulation was developed in accordance with the legislation, Code of Corporate Management approved with the protocol of the meeting of Commission to increase Effectiveness of Activity of Joint-Stock Banks and Improvement of Corporate Management System dated 31.12.2015 No. 9 (registration dated 11.02.2016 No.02-02/1-187), the Charter and internal documents of JSCB "ASIA ALLIANCE BANK" (hereinafter referred to as the Bank) and shall determine procedures for identification and settlement of conflicts of interests occurring in the bank.

1.2. The following definitions shall be used in this Regulation:

Conflict of Interests is contradiction between own or other interests of the bank (management and control organs, officials, and employees thereof) and own or other interests of creditors, contracting parties and other clients (hereinafter referred to as the clients) when cases of violation of rights and lawful interests of shareholders may be made as a result of actions (omissions) of management and control organs of the bank and (or) employees thereof.

Corporate Conflict is a conflict of interests occurring between interests of shareholders of the bank, between interests of management and control organs of the bank and shareholder thereof (shareholders).

1.3. The following cases of occurrence of conflicts of interests shall be examined in this Regulation:

- between majoritarian shareholders (shareholders holding big packages of shares) and minority shareholders (shareholders holding small quantity of shares);

- between management organs of the bank and its by a shareholder (to shareholders);

- between management and control organs, officials, employees of the bank and clients;

- between the bank and officials, employees of the bank in implementation of official duties thereby.

1.4. This Regulation shall apply to members of management and control organs and all employees of the bank irrespective of the level of the occupied position.

1.5. Requirements for observance of this Regulation shall apply to natural persons who cooperate with the bank based on civil legal agreements in those cases when respective duties are established in the agreements therewith, in their internal documents or directly arise from the law.

II. PRINCIPLES FOR MANAGING CONFLICT OF INTERESTS

2.1. The following principles were laid down as a basis for management of a conflict of interests in the bank:

2.1.1. Mandatory requirement for disclosure of information on real or potential conflict of interests;

2.1.2. Individual examination and assessment of reputation risks for the bank in identification of each conflict of interests and settlement thereof;

2.1.3. Confidentiality of process for disclosure of information on a conflict of interests and process of settlement thereof;

2.1.4. Observance of the balance of interests of management and control organs of the bank and its employees in settlement of a conflict of interests;

2.1.5. Protection of a person from persecution in connection with notification about a conflict of interests which was timely disclosed by such person and was settled (prevented) by the bank.

III. CAUSES (CONDITIONS) OF OCCURRENCE OF CONFLICTS OF INTERESTS

3.1. Causes of occurrence of corporate conflicts:

- failure to observe requirements of the legislation, normative acts and internal documents of the bank;

- inability of minority shareholders to render substantial influence on activity of the bank and decisions adopted by the General Meeting of Shareholders and the Council;

- conclusion of big deals and deals with affiliated persons without prior agreement with authorized management organs;

- adoption of decisions by management organs which may lead to deterioration of financial condition of the bank;

- non-disclosure of information in accordance with the current legislation or provision of partial information by persons included to management organs of the bank, about positions occupied in management organs of other organizations, about ownership of interests (shares) of other companies.

3.2. Causes for occurrence of conflicts of interests between management and control organs, officials, by employees and clients:

- failure to observe the legislation, of constituent and internal documents of the bank;

- failure to observe the priority principle of interests of shareholders of the bank;

- failure to observe norms of business communication and principles of professional ethics;

- non-fulfillment of contractual obligations by the bank and clients;

- non-fulfillment of duties established by the legislation and internal documents of the bank.

3.3. Causes for occurrence of conflicts of interests between the bank and officials, employees:

- violation of requirements of the legislation and internal documents of the bank;

- failure to observe norms of business communication and principles of professional ethics;
- performance of own commercial activity and commercial activity by members of a family;
- existence of financial interests in other company with which the bank maintains business relations;
- moonlighting work in other organizations as a manager, official or participation in management organs thereof;
- provision of business opportunities to other organizations to the prejudice of interests of the bank in favor of personal interests.

IV. PREVENTION OF CONFLICTS OF INTERESTS

4.1. Measures to prevent conflicts of interests shall be mandatory for implementation by management and control organs of the bank, by officials and employees of the bank.

4.2. In order to prevent any kinds of conflicts of interests, management organs, control organs, officials and employees of the bank shall undertake:

to comply to requirements of the legislation, normative acts, the charter and internal documents of the bank;

to perform, in good faith, its duties according to procedures established by the legislation and internal documents of the bank;

to comply to norms of business communication and principles of professional ethics;

to abstain from committing actions and adoption decisions which may lead to emergence of conflict situations;

to ensure effective management of the bank and to act in the interests of the bank;

to comply to rights of shareholders including minority shareholders, and to ensure equal treatment of all shareholders irrespective from their shares, income level, sex, race, religion, nationality, language, religion, social origin, personal and public regulation;

to exclude possibility of engagement of the bank in implementation of illegal activity;

to implement internal and external control in accordance with the charter and internal documents of the bank as well as to participate in identification of deficiencies of internal control system of the bank;

to comply to requirements of the legislation for procedures of endorsement and conclusion of big deals and deals with affiliated persons of the bank;

to attract of an independent appraiser on competitive basis for determination of market value of property of the bank in adoption of decisions in respect to conclusion of deals according to procedures established by the legislation;

to ensure records of information on affiliated persons;

to ensure endorsement by the Council of the bank in respect to participation of officials of the bank in management and control organs of other legal entities;

to ensure timely reliable and complete disclosure of information subject to mandatory disclosure and other of information according to the legislation and Regulation on Information Policy of the bank;

to ensure strict observance of procedures for usage of confidential information and insider information of the bank;

to ensure reliability of information including financial reporting provided to shareholders and contracting parties, organs of regulation and supervision and other interested persons, also for advertizing persons;

to ensure timely identification of conflicts of interests at most early stages of their development;

to timely inform a senior official about emergence circumstances which facilitate emergence of a conflict situation;

to notify a senior official about organizations in which an official or members of its family have financial interest and with which the bank maintains or plans to maintain commercial activity;

to ensure timely acknowledgement of shareholders about clear and grounded position of the bank and to provide comprehensive information on matters which may be a subject matter of a conflict;

to strive that independent members were nominated to the Council to ensure impartiality and independence of adopted managerial decisions.

V. SETTLEMENT OF CONFLICTS OF INTERESTS

5.1. For settlement of conflicts of interests occurring in the bank, management and control organs, officials and employees of the bank shall implement search of decisions which, being lawful and grounded, met the interests of the bank.

5.2. Officials shall undertake to ensure records and timely examination of letters, applications and demands of shareholders and clients which are received to the name of management and control organs, corporate consultant and structural subdivisions.

5.3. Duties to settle conflicts of interests shall be vested to the Committee on Settlement of Conflicts of Interests (hereinafter referred to as the committee).

5.4. Officials of the bank shall undertake, within five days, to inform an authorized person or organ about receipt of an application about emergence of a conflict, by

providing prior assessment of a corporate conflict and necessary documents in essence of a matter for following examination of this matter and provision of a conclusion to the Council according to results of examination of such matter.

5.5. If it is impossible to settle a conflict at the level of a structural subdivision of the bank, the executive organ shall identify causes of occurrence of a conflict and shall determine procedures for settlement of a conflict. According to results of examination of a conflict of interests, a conclusion shall be submitted to the Council of the bank.

5.6. Having analyzed frequently encountered matters and demands of shareholders, the Council of the bank may adopt decision on necessity for provision of additional information to all shareholders on these matters or shall submit a proposal to a manager of the executive organ of the bank to change internal procedures and instructions, to carry out other measures in order to eliminate causes which create such kind of applications.

5.7. If there is necessity in development or introduction of amendments to current internal documents of the bank as a result of examination of a conflict, the authorized management organ shall take a decision on development of a document or introduction of respective amendments.

5.8. To ensure timely settlement of any kind of conflicts of interests occurring in the bank, the management organs of the bank shall undertake:

to promptly response to emerging conflicts of interests and to identify their causes;

to delimit distinctly competence and responsibility of management organs of the bank;

within utmost short periods, to determine the position of the bank in essence of a conflict, to adopt a respective decision and to acknowledge it to other parties of a conflict;

to send complete and detailed reply to other party of a conflict which clearly substantiates the position of the bank in a conflict, and a notification about refusal to satisfy request or demand a participant of a conflict to motivate according to the legislation, normative acts, the charter and internal governing documents approved by the authorized management organ of the bank;

to ensure that persons whose interests affect or may affect a conflict do not participate in settlement and adoption of decisions related to this conflict.

5.9. For settlement of corporate conflicts between shareholders, between management organs of the bank and shareholders:

an authorized person or authorized organ of the bank may participate in negotiations between shareholders, provide to shareholders information and documents at its disposal which are related to a conflict, to explain norms of the legislation, the charter and internal documents of the bank;

authorized organs or authorized persons of the bank shall give advices and recommendations to shareholders, shall prepare draft documents on settlement of a conflict for their signing to shareholders. On behalf of the bank and within own competence, they shall take obligations owed to shareholders as it may promote to settlement of a conflict;

in accordance with own competences, management organs of the bank must organize implementation of decisions on settlement of a corporate conflict and assist in fulfillment of agreements signed on behalf of the bank with a participant of a conflict. In cases when there is no dispute between a party of a conflict and the bank in essence of their obligations but there are disagreements in respect to procedures, method, periods and other conditions of their implementation, the bank must propose to the participant of a conflict to settle the resulted disagreements and to stipulate conditions on which the bank stands ready to satisfy a demand the party to a conflict.

5.10. This list of measures shall not be comprehensive. In each specific case, there may be other forms of settlement of a conflict depending on a sector of occurrence of a conflict of interests.

VI. FINAL PROVISIONS

6.1. This Regulation shall enter in force from the day of its approval by the General Meeting of Shareholders.

6.2. If the current legislation of the Republic of Uzbekistan or the charter of the bank establish other norms than those provided for with this Regulation of the bank, then the norms of the current legislation of the Republic of Uzbekistan and the charter of the bank shall apply.