

**APPROVED**  
**By the minutes of**  
**the meeting of the Board of**  
**JSCB "Uzpromstroybank»**  
**No.2020/\_\_\_ dated “\_\_\_” \_\_\_\_\_ 2020**

**Policy for the prevention and settlement of conflicts of interest in JSCB**  
**Uzpromstroybank**

**I. General provisions**

1. This Policy of prevention and settlement of conflicts of interest in the joint-stock commercial Bank "Uzpromstroybank "(hereinafter – the " Policy") was developed and approved in compliance with the requirements of the current legislation of the Republic of Uzbekistan" on banks and banking activities " (new edition), taking into account best practices of corporate governance, including in banks.

2. In particular, in accordance with article 34 of the Law of the Republic of Uzbekistan dated November 5, 2019 No. 580 "On banks and banking activity" (new edition) to the competence of the Board of the Bank in addition to envisaged by the Law of the Republic of Uzbekistan "On joint-stock companies and protection of shareholders 'rights" refers, among other things, the approval of the procedure of prevention and settlement of conflict of interests (hereinafter – the "Order").

3. This Policy regulates conduct and is binding on all members of the Board of the Bank, members of the management Board, heads of branches and representative offices of the Bank, chief accountant and chief accountant of the branches of the Bank, other officials and senior officials of the Bank, other employees of the Bank in force on the installed duties, agents and other representatives of the Bank by proxy or by operation of law (hereinafter all together and each individually – "Connected persons" or "Persons connected with Bank by special relations").

4. In Approving this Policy, the Bank assumes that in the current conditions of banking operations, the Bank and its Related persons are constantly faced with situations where conflicts of interest arise.

As such, conflicts of interest are not illegal. However, conflicts of interest that remain unidentified and unmanageable are one of the main causes of corporate governance deficiencies, and such a situation can seriously affect the position of any company, lead to the emergence of corrupt practices or other illegal manifestations in its activities.

5. In accordance with best practice, the *Bank defines a conflict of interest* as a situation that may arise when the private interest of an individual, his/her close relatives, friends, business partners, or companies belonging to him/her diverge from

the legitimate interests of the Bank with which such individual has a special relationship, that is, in relation to which such individual is a Related person.

A conflict of interest becomes a special type of corrupt behavior if a person obtains improper benefits for himself through the exercise of his managerial powers (decision-making powers) for his own benefit or the benefit of those close to him, such as in cases of hiring close relatives to work in a Bank or creating favorable conditions for them as suppliers of goods (works or services) for the Bank.

6. Taking into account the above, the Bank's activities are also based on the fact that the prevention of conflicts of interest is the prevention of corrupt practices, fraud and other illegal behavior, as well as the promotion of a culture of ethical business conduct. At the same time, it is important for the proper functioning of the Bank that such conflicts of interest are resolved in an ethical and responsible manner.

7. It is the Absolute position of the Bank that any conflict of interest should be disclosed and, where possible, avoided, as it negatively affects the judgment of a person in the performance of his / her functional duties in the Bank.

8. In accordance with this Policy and other internal documents, the Bank monitors and regulates existing and potential conflicts of interests of its Related parties, the occurrence of such conflicts of interest, and does not allow itself and its Related parties to benefit from existing conflicts of interest. In particular, the Board of the Bank regularly monitors compliance with this Policy in the activities of its officers, other management and other employees of the Bank, its bodies and structural divisions, as well as in the Bank's relations with its shareholders and other persons related to the Bank in special relations.

9. If the procedure for preventing and resolving conflicts of interest is not followed properly, the activities of the Bank's Related persons are subject to investigation, and those responsible for violating the Procedure are subject to prosecution, which entails potentially serious legal, financial and reputational consequences.

## **II. Goals and objectives of conflict of interest management**

10. The purpose of this Policy is to manage conflicts of interest, disclose information about existing or potential conflicts of interest, and ultimately reduce the risks associated with the occurrence of conflicts of interest (if any).

11. The Main objectives of this Policy are:

- increasing trust in the Bank from clients and partners, ensuring customer service in compliance with high standards of corporate governance based on the principles of openness, transparency and predictability;

- compliance with international standards and best practices in order to improve the Bank's business reputation, including at the international level;

- establishing principles for disclosure of information about potential conflicts of interest, mechanisms for making managerial decisions, and standards of conduct for Bank employees in cases of conflicts of interest;
- providing employees with General information about the measures taken by the Bank to manage (prevent, detect and resolve) conflicts of interest, as well as assistance in determining the most appropriate ways to resolve such situations;
- determination of mandatory conflict of interest management standards for the Bank.

### **III. General rules for managing conflicts of interest**

12. The Following rules are the fundamental provisions of the Policy, taking into account which the Bank develops and approves its other internal documents aimed at ensuring its legitimate and effective business activities and banking operations:

- The Bank and its Related persons comply with all applicable legal and regulatory norms in their activities and in the performance of their official duties, as well as all internal documents of the Bank itself, including policies and requirements for the protection of privacy;
- all decisions and actions of each Person connected with the Bank in a special relationship, when performing their official duties or when representing the Bank, must be taken and taken in the best interests of the Bank;
- persons who have special relations with the Bank cannot use the Bank's business opportunities in their own interests;
- persons who have a special relationship with the Bank must immediately disclose any conflict of interest in accordance with the procedure and other internal documents of the Bank;
- persons who have a special relationship with the Bank must refrain from participating in discussions, voting or other corporate or managerial decisions, as well as from acting on behalf of the Bank, when they have or may have a conflict of interest, and they cannot participate in such actions and take such actions;
- members of the Board and other management of the Bank must demonstrate strict compliance with this Policy and Procedure, as well as provide interested parties with the necessary instructions and explanations regarding the tracking, management of conflicts of interest and disclosure of information about them;
- candidates for positions on the Board of the Bank, the Board of the Bank and all other positions in the Bank, its branches, representative offices, its subsidiaries or other controlled organizations are required to disclose any conflicts of interest in relation to them in the process of their employment or appointment;

- all persons connected with Bank by special relations, shall be obliged in accordance with the Procedure to update previously disclosed information o conflicts of interests at least once a year and in any case – if there are any conflicts of interest arising and not previously disclosed;
- The Bank ensures that the requirements of this Policy and Procedure are brought to the attention of its Related persons, employees of the Bank, candidates for positions in the Bank, as well as other interested persons;
- The Bank provides training on the application and compliance with the requirements of the Procedure, as well as provides explanations and guidance on its application upon request;
- in accordance with the established requirements, the Bank reports on conflicts of interest, and at least once a year, the Bank assesses the relevance and completeness of this Policy and the adequacy of the Procedure.

#### **IV. Possible situations of conflict of interest**

13. Conflicts of interest may arise in connection with or as a result of various activities and operations of the Bank, its business and contractual relationships with contractors and third parties, including local and foreign citizens and legal entities. In particular, such conflicts of interest may arise in the following cases:

- when the Bank performs loan operations in favor of its borrowers under various borrowing instruments (opening credit lines, providing Bank loans, Bank sureties and guarantees, overdrafts, opening letters of credit, issuing checks and bills or accepting obligations to pay them, as well as other such instruments);
- when making a Bank of funds to ensure fulfillment of the obligations of borrowers in such loan transactions from borrowers, and in REM guarantees (including the pledge of movable and immovable property, guarantees and sureties of third parties, the Deposit, lien, placing money or other assets in escrow accounts or other security accounts, and also other methods of enforcement of obligations to the Bank under applicable law and/or defined by the contract between the parties);
- when the Bank alienates its own property or purchases property from third parties, as well as when the Bank accepts other contractual obligations or powers in its relations with software contractors. contracts;
- when the Bank creates subsidiaries or controlled organizations, participates in the capital and property of legal entities, performs joint commercial activities, charity, or other non-commercial activities;
- when the Bank performs Treasury operations with money, foreign currency, securities, derivative financial instruments, derivative securities and other financial instruments;

- in case of issue, placement, conversion, exchange, repurchase or subsequent placement by the Bank of its shares and other securities of the Bank;
- as part of the Bank's interaction with its controlling, large and minority shareholders, as well as with other entities that are members of a corporate group (a group of related persons) to which the Bank is a member, including the exchange of confidential information (commercial or other legally protected secrets), provision of financial and non-financial statements, formation of management bodies of members of the corporate group, Declaration and payment of dividends, redistribution of property between organizations of the corporate group and implementation of other ways of interaction between the participants of the corporate group;
- when hiring or appointing to a position in the Bank persons related by kinship or property (hereinafter referred to as "Relatives") if this results in co-subordination, accountability, control, the need for interaction within the approved or otherwise existing business processes in the Bank, or other dependence of the Bank's activities and its results on the interaction of such persons in the performance of their official duties.

14. In all cases listed in paragraph 13 of this Policy, persons connected with the Bank in special relations, when making decisions and performing relevant actions of a factual and legal nature on behalf of the Bank, must be guided solely by legitimate interests, act in good faith and reasonably in such interests of the Bank, maintaining loyalty to the Bank and preventing it from causing property and non - property damage, or, when this is impossible, taking all possible measures to minimize negative consequences for the Bank.

## **V. Final provisions**

15. This Policy is the main internal document of the Bank on the prevention and management of potential and emerging conflicts of interest and is subject to unconditional compliance in all cases to the extent that the relevant transactions or other legal relations involving the Bank are permitted by applicable law.

16. However, in the situations listed in paragraph 13 of this Policy, conflicts of interest may arise not only between the Bank and certain Persons connected with Bank by special relations (e.g., members of the Council or of the Board, other Executive employees of the Bank), but also between the Bank and its major shareholders and other affiliated individuals as well as between the Bank and its borrowers or clients or between the Bank and its shareholders or other members of a corporate group, which includes the Bank. Therefore, in order to prevent conflicts of interest and reduce the negative consequences of conflicts of interest, the Bank has also approved and operates:

- The code of corporate ethics, which defines the rules of conduct for the Bank's officials, managers and other employees in their relations with clients, borrowers, other contractual counterparties of the Bank, as well as interested third parties,
- Rules for handling insider information that are subject to compliance by officials, managers and other employees of the Bank, its auditor, legal and financial consultants and advisers, as well as other persons defined in these Rules when the Bank performs transactions and other operations (including when making decisions on their implementation) with the Bank's shares and other securities, as well as other securities, money, foreign currency, derivatives and other financial instruments;
- The Bank's commercial secret regulations and the Rules for handling confidential information and other legally protected secrets that apply, inter alia, in cases of conflicts of interest or potential conflicts of interest;
- other internal documents of the Bank regulating the rules for making transactions in which the Bank has an interest, making decisions on their execution, information exchange within the corporate group of which the Bank is a member, reporting on the Bank's activities and other aspects related to the prevention of conflicts of interest and reducing the negative consequences of their occurrence.

17. Any changes to the Bank's policy in the field of preventing conflicts of interest and reducing the negative consequences of their manifestation are only allowed by making changes and / or additions to this Policy.

18. This Policy is an internal document of the Bank and is (may serve as) the basis for the development and adoption by the Bank of internal documents describing individual procedures, processes, instructions on how to prevent conflicts of interest and reduce the negative consequences of their occurrence.

19. This Policy is not a document constituting a commercial or other protected secret of the Bank.

**Introduced:**

**Corporate adviser**



**K.F.Alimov**