

APPROVED

by the minutes of meeting No. 1 of the Founders of
"National Bank of Foreign Economic Affairs of
the Republic of Uzbekistan" Joint Stock Company
dated 25/12/2019.

CODE ON CORPORATE GOVERNANCE

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I. GENERAL TERMS

1. This Code on Corporate Governance (hereinafter - Code) consists of recommendations confirming that “National Bank of Foreign Economic Affairs of the Republic of Uzbekistan” Joint Stock Company (hereinafter - Bank) is a supporter of fair and open conduct of business.

2. The Code is based on the legislation of the Republic of Uzbekistan and international principles of corporate governance.

3. For the purposes of present Code, corporate governance means a system for effectively organizing the activities of Joint Stock Company, achieving harmony of interests of these persons between executive body of the Bank, the Supervisory Board, shareholders, representatives of the labor collective and other interested parties, including creditors.

4. The Code consists of a set of recommendations on important areas for effective management of the Bank.

5. The Code was developed on the basis of main principles of good governance, which include accountability, openness, fairness, observance of high ethical principles and are aimed at ensuring the sustainable development of the bank in the long term.

6. Decision to accept obligations to comply with the recommendations of the Code is made by General Meeting of Shareholders by a simple majority of votes.

7. The Bank may carry out internal corporate actions with regard to sectoral nature and specifics of its activities to implement the recommendations of the Code.

8. Publication of information on obligation to comply with and implement the recommendations of the Code is carried out by mass media, including Bank's website (hereinafter referred to as Site) and on the website of the stock exchange, as well as in other sources, the disclosure of information of which is required by law.

9. The Bank discloses information that it is obliged to comply with the recommendations of the Code by publishing a notice **on its website** in accordance with the form established by law.

10. When it is impossible to implement certain recommendations of the Code, the Bank fully discloses the reasons, guided by international principle of “*comply*

or explain”.

II. ENSURING OPENNESS OF ACTIVITIES

11. Bank in order to ensure openness of activities:

establishes specific criteria for classifying information as confidential, business secrets and other information that may affect the change in share price;

provides the publication of information subject to disclosure on the Bank's website and other sources provided for by law, in combination with translation into English, Russian and other languages convenient for shareholders and other interested parties, including foreign investors;

discloses the number of bonuses and compensations of executive body at the general meeting of shareholders;

The Bank publishes information about the executive body and the assessment of effectiveness of its activities, the structure of share capital (shareholders owning more than 20% of shares) on its website;

publishes a rationale for proposed distribution of net profit, a number of dividends, an assessment of their compliance with the Bank's dividend policy, as well as an explanation and economic justification for directing, if necessary, a certain part of net profit for the needs of Bank's development;

provides shareholders and investors with certain (with the exception of confidential and commercial secrets) information required by shareholders as soon as possible at the request of shareholders.

12. In order to ensure openness of its activities, Supervisory Board of the Bank approves the “Regulations on Information Policy”, which includes:

purposes and principles of disclosure of open information by the Bank;

list of information subject to mandatory disclosure on the site, terms, procedure and form of its disclosure, including channels through which the information will be disclosed;

information disclosure obligations of executive body in relation to the Bank subject to disclosure;

the procedure for exchange of information between members of management body, officials, employees of the Bank and shareholders, investors, other interested parties, as well as representatives of the media;

measures to monitor compliance with the information policy of the Bank.

13. "Regulations on Information Policy" is a document mandatory for use by management and control bodies, as well as employees of the Bank.

III. IMPLEMENTATION OF EFFECTIVE INTERNAL CONTROLS

14. The Bank for the purposes of implementing effective internal controls:

Charter of Supervisory Board reflects the requirements for inclusion of independent members;

gives the Supervisory Board the authority to establish the procedure and conditions for provision (receipt) of sponsorship (charitable) or gratuitous assistance and make decisions on this issue only within the framework established by the general meeting of shareholders and the law, with disclosure of information about this to all shareholders;

basing on the decision of the general meeting of shareholders, annually analyzes the compliance of business processes and projects with Bank's development goals with the involvement of independent professional organizations - consultants;

with main goal of implementing effective internal control framework, the Bank determines guarantee of rights and legitimate interests of all shareholders, including minority shareholders;

ensures consideration of identification of transactions related to the current business activities of the Bank at the general meeting of shareholders for independent implementation of major transactions by executive body with affiliates;

Authorizes Bank's internal audit department to exercise internal control, including control over transactions with legal entities, the share of which is more than 50% owned by the Bank;

The Bank regularly seeks the executive body report on activities of the enterprises that are part of the Bank, in accordance with their approved business plan on the work done and the indicators achieved;

Bank develops and approves the interaction procedure of internal control body (Audit Commission and Internal Audit Department) with Supervisory Board, General Meeting of Shareholders and shareholders.

15. To implement an efficient internal control framework in the Bank, the General Meeting of Shareholders approves the "Regulations on Internal Control". It will consist of the following:

Requirements for the personnel of Bank's internal control body and the qualifications of its members;

Structure of internal control framework report and the rules for its formation;

Procedure for engaging independent professional consulting organizations to assess the effectiveness of the system of Bank's internal control body;

Description of the mechanisms for monitoring the work of internal control body, the procedure for calculating compensation and bonus payments to its members.

16. "Regulations on Internal Control" is a mandatory document for Bank's employees, members of the management and control body.

17. Bank, in accordance with requirements of the Regulations on Supervisory Board, introduces at least one independent member to Supervisory Board.

18. An independent member of the Supervisory Board may be:

(I) person who has not worked in the bank, its subsidiaries and affiliates within last five years;

(II) person who is not a shareholder of the Bank, its subsidiaries and affiliates;

(III) person not related to the Bank, its subsidiaries and affiliates, their major customers who have a relevant contract for an amount exceeding the minimum wage established by law;

(IV) person who does not have a service agreement with the Bank, its subsidiaries and affiliated enterprises;

(V) person who is not a family member of person holding managerial positions in the Bank, its subsidiaries and affiliates, or who have worked in such positions over the past five years;

(VI) person who is not person controlling the Bank (or members of a group and/or organization exercising collective control over the Bank);

(VII) person who is not bound by a civil law contract with the Bank and who is not employee of a superior organization (company) or a major shareholder of the Bank.

IV. ASSURING THE IMPLEMENTATION OF THE RIGHTS AND LEGITIMATE INTERESTS OF SHAREHOLDERS

19. Management and control bodies of the Bank to ensure the implementation of the rights and legitimate interests of shareholders:

Makes it easier for shareholders to contact the Bank through written and electronic requests on Bank website, including address to which shareholders can send their contact details and information about changes in bank details;

creates an opportunity and conditions for shareholders who cannot personally attend the General Meeting of Shareholders, by voting by e-mail (confirmed by digital signature), as well as by transferring their powers to representative or holding a general meeting in the form of video conferencing;

develops Bank regulation on dividend policy, which discloses a transparent mechanism for dividend calculating;

Regulation on General Meeting of Shareholders provides for the provision to shareholders of the necessary information on the agenda, including the position of the supervisory board on the agenda of the general meeting, before the general meeting;

has the right to involve independent experts (for example, an investment consultant or other professional participant in securities market) to provide practical assistance to the counting commission or to perform its functions;

appoints an employee or department responsible for interaction with shareholders and investors;

charter gives the holders of ordinary shares of the Bank at least 1% the right to demand the convening of a meeting of the supervisory board and make proposals on agenda, distribution of profits, nomination of their candidate for membership in the management and control body (with the possibility of replacement before the general meeting);

separate internal document of the Bank provides for the possibility of concluding a shareholder agreement to form their joint position in voting of shareholders, including minority shareholders;

charter provides that a minority shareholder is not entitled to interfere with the activities of Bank management body by unreasonable demand for documents and the use of confidential information and trade secrets;

in the case of placing additional shares in the charter, shareholders have the right of first refusal in proportion to their share in authorized capital;

ensures equal treatment of all shareholders, regardless of their share, income level, gender, race, religion, nationality, language, social origin, personal and social status;

charter provides an extended period to submit proposals to the agenda of the annual General Meeting of Shareholders;

ensures participation of members of executive body, supervisory board and audit commission, as well as a representative of the audit organization in the annual General Meeting of Shareholders;

Regulation on Supervisory Board defines the conditions for exempting a member of Supervisory Board from the performance of his duties, the procedure and functions of the Chairman of Supervisory Board of the Bank in connection with the organization and holding of the meeting;

Bank takes other necessary measures aimed at ensuring the implementation of rights and legitimate interests of shareholders.

V. DEFINING THE DEVELOPMENT STRATEGY AND GOALS FOR THE LONG TERM

20. To determine the development strategy and tasks for the long term, management body of the Bank:

determines the implementation of growth in profitability indicators, ensuring financial stability, increasing competitiveness, leading to an increase in share prices as a strategic goal;

develops and approves long-term strategy for Bank development, taking into account industry specifics, analysis of the competitive environment, approved state programs for the development of the relevant industry, network and territory at the General Meeting of Shareholders;

widely uses management methods successfully tested in foreign experience, including SWOT, GAP analysis and other approaches, special software products, etc.;

develops short-term (annual) and medium-term (for a period of 2 years or more) business plans based on a long-term strategy approved by the General Meeting of Shareholders, and submits for approval to the General Meeting or the Supervisory Board;

each development plan adopted by the Bank introduces quantity and quality criteria necessary to monitor progress towards the set goals.

21. Supervisory Board coordinates activities of executive body, internal control body of the Bank, collegiate bodies established in the Bank, if necessary, involves experts to organize development of Bank development plan and monitors achievement of its goals.

VI. INTRODUCING MECHANISMS OF EFFECTIVE INTERACTION OF EXECUTIVE BODY WITH SHAREHOLDERS AND INVESTORS

22. Management bodies of the Bank to introduce an effective mechanism for interaction between executive body and shareholders and investors:

ensures cooperation between Bank shareholders, members of the management and control body basing on principles of mutual trust, respect, accountability and control;

establishes requirements for professional implementation of duties by Bank officials, conscientious and reasonable fulfilment of all obligations arising from the legislation, the charter of the Bank and decisions of the governing body;

determines procedure for holding meetings of Supervisory Board by interviewing;

introduces requirement to independently resolve issues within the competence of executive body for unconditional fulfillment of the tasks set by supervisory board, general meeting of shareholders, charter and development plan of the Bank;

improves the skills of Bank officials through participation in training courses, seminars and other events;

introduces Corporate Governance Service of the Bank, to monitor compliance with requirements of corporate legislation in Bank activities and Supervisory Board accountability;

Bank insures business risks and liability of executive bodies;

associates amount of remuneration of the members of Supervisory Board with financial results of the Bank and the results of independent assessment of corporate governance system;

at the General Meeting of Shareholders, reporting Bank establishes requirements for form and content of the reports of management and control bodies, duration of General Meeting of Shareholders;

may put limits over the right of representatives of executive body participating as representatives of shareholders to vote on the election of members of executive body;

the charter usually provides the date of next General Meeting of Shareholders of the Bank.

23. To introduce mechanisms for effective interaction between executive body and shareholders and investors, the Bank adopts necessary internal documents reflecting above recommendations.

VII. CONFLICT OF INTERESTS

24. To prevent the occurrence of situations related to conflict of interest and eliminate conflict situations, Bank develops Regulations on the procedure for action in a conflict of interest, which includes the following:

obligation of Bank officials to carry out activities in the interests of the Bank;

identification by officials of the Bank of situations that may lead to a conflict of interest when performing an action and transaction or disclosing information by them;

obligation of Bank officials to inform the Supervisory Board of a conflict of interest;

prohibition on the participation of Bank officials in management and control bodies of other legal entities without permission of the Supervisory Board;

prevention of situations that may lead to a conflict of interest in the performance of actions and transactions by Bank officials or disclosure of information by them;

detailed regulation on resolution of conflict situations related to a conflict of interest, including appointment of third party not interested in resolving them, or the delegation of authority to resolve a conflict of interest to an independent member (members) of Supervisory Board.

25. Regulations on the procedure for action in a conflict of interest is approved by General Meeting of Shareholders.

VIII. IMPLEMENTATION OF STANDARD ORGANIZATIONAL STRUCTURE

26. In the Bank for implementation of standard organizational structure:

in joint-stock companies provided for by law, a standard organizational structure is provided for by requirements for the introduction of modern methods of corporate governance;

when developing and implementing organizational structure, scale, sectoral nature and direction of Bank activities are taken into account;

a regular assessment of the compliance of current organizational structure of the bank with the standard organizational structure established by law is organized;

highly qualified people with new thinking and modern requirements are appointed to senior positions, as well as selection processes for foreign managers are carried out.

27. Supervisory Board coordinates development, implementation and regular assessment of organizational structure in accordance with the requirements established by law.

IX. PUBLICATION OF INFORMATION BASED ON INTERNATIONAL AUDITING AND FINANCIAL REPORTING STANDARDS.

28. To publish information based on international auditing and financial reporting standards in the Bank:

Supervisory Board coordinates ongoing work on the transition to the publication of annual financial statements in accordance with International Financial Reporting Standards (hereinafter referred to as IFRS);

for transition of the Bank to publication of annual financial statements in accordance with IFRS, a working group consisting of members of audit commission, internal audit service, supervisory board, senior officials of the Bank and involved experts (if necessary) is formed;

when switching to the publication of annual financial statements based on IFRS and international auditing standards, an audit or consulting organization is involved to provide qualified services;

at the meeting of Supervisory Board, together with audit organization, a step-by-step algorithm (action plan) for Bank transition to the publication of annual financial statements based on IFRS and international auditing standards will be developed and approved;

Bank employees involved in the audit and preparation of financial statements are trained in IFRS and international auditing standards;

measures called for by the relevant plan for transition of the Bank to publication of annual financial statements in accordance with IFRS and

international auditing standards will be implemented;

annual financial statements of the Bank are published within the time limits established by legislation, in accordance with IFRS and international auditing standards.

X. MONITORING ADOPTION OF RECOMMENDATIONS OF THE CODE

29. To monitor the implementation of recommendations of the Code, the Bank conducts an assessment of corporate governance system, for which it is recommended to retain an independent organization.

30. An independent assessment of corporate governance system in the Bank is carried out at least once a year.

31. Self-assessment of corporate governance system in the Bank is carried out on the basis of the relevant agreement with organization that is not related to the Bank by property relations.

32. The following organizations can provide an independent assessment of corporate governance system of the Bank:

stock exchange;

professional securities market participants;

audit organizations that have a certificate of the relevant corporate manager or specialist in the securities market;

Accredited Rating Agencies;

Scientific and educational center of corporate management;

Center for Research of Problems in Privatization, Development of Competition and Corporate Governance.

33. Choice of an independent organization to conduct an assessment of the corporate governance system is carried out on a competitive basis by decision of Supervisory Board of the Bank.

34. Results of an independent assessment of the corporate governance system conducted in the Bank are published on Bank website along with conclusion of the organization that conducted such an assessment.

35. Bodies of state and economic management, local state khokimiyats and other state organizations acting as shareholders on behalf of the state:

The Bank has the right to engage at its own expense an independent

organization to conduct an independent assessment of the corporate governance system;

Applies the results of an independent assessment of the corporate governance system conducted in the Bank to determine the amount of remuneration for persons participating on their behalf in Bank management body.

IX. FINAL RULE

36. General Meeting of Shareholders has the right to establish a measure of responsibility for non-compliance with the recommendations of the Code or for non-disclosure of information provided for by the Code for Bank officials.

37. Supervisory Board oversees the implementation of recommendations of the Code in the Bank.