

**“Approved”
by Council Decision
of JSCB “Hamkorbank”
Protocol No.21 dated 09.09.2016
The Chairman of the Council of the Bank
(signature) I. I. Ibragimov**

*(Round seal of the Andijan region Joint-Stock Commercial Bank with Foreign Capital “Hamkorbank”
of the Republic of Uzbekistan)*

**REGULATION ON DIVIDEND POLICY
OF JSCB “HAMKORBANK”**

REGULATION

On Dividend Policy of JSCB “Hamkorbank”

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1.GENERAL REGULATIONS.

1.1 The present Regulation on Dividend Policy of JSCB “Hamkorbank” with foreign capital (further–Regulation) is developed according to the Civil Code of the Republic of Uzbekistan, laws “On Banks and Banking Activity”, “On Joint Stock Companies and Protection of the Rights of Stockholders” and other legal and legislative acts of the Republic of Uzbekistan, the regulatory documents of the Central Bank of the Republic of Uzbekistan, the Charter of JSCB “Hamkorbank” (further – Bank).

1.2. The present Regulation reflects the policy of the Bank on the questions of accrual, the order of declaration, amount, form and dates of payment of dividend of the Bank.

1.3. Dividend policy is advisory in nature and is for defining approaches of the Council of the Bank for making recommendations on the dividend rates on shares and procedure for their payment.

1.4. Dividend policy is the inherent element of the Development Strategy of the Bank.

1.5. Accepting the present Regulation the Council assumes that this dividend policy of the bank taking note of the Strategic plan of the development of the Bank may be changed as necessary.

2. PRINCIPLES OF DIVIDEND POLICY

2.1. Dividend policy of the Bank is the integrated part of the general policy of the benefits management of the Bank, consisting in optimization of the ratios between consumed and capitalized parts of it with the purpose of maximizing the market value of the Bank.

2.2. General principles of dividend policy of the Bank are:

- the balance of interests of the Bank and its shareholders in arriving at the rates of the dividend payments;
- raising of investment appeal, financial stability of the capitalization and liquidity of the Bank;
- providing of the market yields on the invested capital;
- respect and strict observance of the rights of shareholders and their welfare gain.

2.3. In arriving at the strategy of the dividend policy the Council of the Bank is taking into consideration the increased the requirements level of the Central Bank to the capitalization level of the Bank, which is the main factor and index of effectiveness of the financial and economic activities of the Bank, the main source of welfare creation of the shareholders of the Bank in future and the main measure of the market value of the Bank.

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2.4. The Bank shall be come to a decision about payment of dividends on outstanding shares according to results of the first quarter, six months, nine month of the accounting year and(or) according to results of accounting year.

2.5. The Bank intends to dedicate the part of net profit in amount offers the possibility to the bank to keep ample resources for its development.

2.6. Dividends are not paid if an effect of it may be significant decrease of the financial and economic activities of the Bank.

With due allowance for the norm shown in the present regulation, the bank is in charge of non-performance the responsibilities to shareholders in accordance with the acting legislation of the Republic of Uzbekistan.

3. SOURCES OF FUNDS AND DIVIDENDS RATE

3.1. The bank has complete economic autonomy in the questions on allocation of net profit. Accounting profit and net profit of the Bank is defined in accordance with the acting legislation of the Republic of Uzbekistan.

3.2. Net profit remaining after payment of all the tax and other mandatory payments is the sole property of the Bank and according to the decision of the General Meeting of the General Meeting of Shareholders is sending for replenishing the reserves and funds of the Bank is sharing among the shareholders of the Bank as dividends is drawn down for other purposes in accordance with the acting legislation of the Republic of Uzbekistan.

3.3. Dividends are paid from net profit of the bank remains at the disposal of the bank, and also from the retained earnings of the previous years and is sharing among the shareholders on a ratio basis of the number of their shares the appropriate type(category).

3.4. Dividends on preferred shares may be paid for account of the funds of the bank specially allocated for this.

3.5. Dividends work out at quantity of money per share.

Dividend rate paid per one ordinary share is determined by dividing the total amount of dividends per number of ordinary shares of the Bank on which may be accrued dividends in accordance with the legislation. Dividend rate per priority stock is established by the Charter of the bank.

3.6. Payment of dividends by securities on preferred shares of the bank is not allowed

3.7. The Bank determines the amount of dividend excluding taxes. Dividends are paid to shareholder's net of applicable tax.

The interest is not accrued on omitted or unclaimed dividends.

4.PROCEDURE FOR MAKING DECISION ABOUT PAYMENT OF DIVIDENDS

4.1. The decision about payment of dividends is making by the General Meeting of shareholders on the recommendation of the Council of the Bank. The Council of the Bank must recommend to the General Meeting of shareholders of the Bank no to make a decision about payment (declaration) of dividends in the presence of unanticipated negative circumstances for the Bank.

4.2. Decision on payment of dividends, following the results of the first quarter, half year, nine months of financial year, may be made within 3 months after the expiration of the corresponding period.

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4.3. Decision about payment of dividends, dividend rate, form and order of its payment on shares of each type is making by the general meeting of shareholders based on the recommendation of the Council of the Bank, The financial statements in case of availability of the audit report on its reliability. The amount of dividends shall not exceed the one recommended by the Council of the Bank.

The general meeting of shareholders has a right to make a decision about passing of dividends on shares of specific types, and also about payment of dividends fractionally on preferred shares, amount on which is determined in the Charter of the bank.

Decision on dividends payment shall specify starting and ending dates of dividends payment.

4.4. The Council of the Bank considers the presented by the Board materials and the offers on distribution of net profit, makes an adjustment in the direction of distribution of net profit and makes a final decision containing recommendations on amount of dividends on shares of the Bank and order of their payment in accordance with the requirements of the acting legislation and the present Regulation if necessary.

4.5. The Council of the Bank determines the amount of paid dividends based on the following basic principles:

-on common shares of the Bank provides for the payment of dividends in more profitable periods of the Bank activities in view of the priority direction of net profit for increasing the level of capitalization of the Bank;

-on preferred shares provides for the payment of dividends at the rate of not less than determined by the Charter of the bank based on financial results of the Bank activities at the year-end.

The bank has no rights to make a decision regarding payment (declaration) of dividends on shares

a. if on the day of making such decision the Bank satisfies the insolvency test (bankruptcy) or if the specified features will appear in the Bank owing to payment of dividends;

b. if on the day of making such decision the value of net assets of the Bank is less than its nominal capital and spare fund;

c. in other cases as provided for in the acting legislation.

5.PROCEDURE FOR DIVIDENDS PAYMENT

5.1. Time limits and procedure for dividends payment is determined by the charter of the bank or by decision of the general meeting of shareholders. Term of dividends payment shall not be later than 60 (sixty) days from the Day of making such decision.

5.2. When paying dividends, first, dividends on preferred shares and then dividends on ordinary shares shall be paid. If there is profit enough to pay fixed return dividends on preferred shares the bank shall have no right to deny payment of dividends to the holders of stated shares.

5.3. Payment by the bank of dividends on preferred shares in case of insufficient profit or loss of the bank is possible only at the expense and within the reserve fund of the company established for this purpose.

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5.4. Conversion of the dividends received by the shareholders-non-residents of the Republic of Uzbekistan into hard currency is executed according to the procedure established by the legislation.

5.5. Persons recorded in the register of the Bank's shareholders developed for holding the General Meeting of Shareholders at which the decision on paying dividend to shareholders has been made, have the right to receive dividends.

5.6. The Bank has the right not to pay the dividends announced on the shares in case if on the date of payment (transfer) of dividends there is a fact (or such a fact can arise) of failure to pay statutory ratios of the Bank established by the statutory acts of the Central Bank. In case of termination of circumstances specified in this clause, the Bank is obliged to pay announced dividends to shareholders.

5.7. The Bank and its executive authorities ensure timely and full payment of dividend to shareholders. When paying dividends, first of all, dividends on preference shares are paid, then dividends on ordinary shares.

5.8. The Bank acts as a tax agent in terms of paying dividends to the shareholders on the shares owned thereto. The Bank performs calculation, withdrawal or transfer of the amount of tax on dividends to the budget according to the procedure and terms established by the current legislation.

5.9. Department of accounting and reporting of the Bank and its branches, in cooperation with the structural subdivision on securities of the Head Office responsible for organizing and performing works with shareholders executes preparation, coordination and holding of all events

regarding arranging payments of dividends to the shareholders by the Bank according to the procedure established by these Regulations.

5.10. The dividend which hasn't been demanded by the legal successor or legitimate heir during 3-years term remains at the disposal of the Bank according to the decision of the General Meeting of Shareholders.

6. Informing shareholders about the Bank's Dividend Policy

6.1. The Bank places this Policy as well as amendments thereto on its web-site in the Internet.

6.2. The Bank announces the amount of dividends without taking into account taxes therewith. The Bank publishes the data on the amount of the dividends paid on the Bank's official web-site and the Republican stock Exchange "Tashkent" in term established by the legislation.

6.3. A shareholder has the right to apply to the Bank to get the information on the procedure of calculating dividends on shares, the accrual procedure and taxation of the dividends accrued or on the term of their payment. The Bank prepares and provides a shareholder with the response to his request within 10 (ten) days.

6.4. The composition of materials submitted to the shareholders for decision-making at the General meeting of Shareholders must contain all necessary information justifying presence or absence of conditions required for paying dividends.

Director of the Department on Managing branches	<i>signature</i>	A. Parpiyev
Director of the Treasury department	<i>signature</i>	A. Khvan
Chief accountant	<i>signature</i>	N. Irgashev
Head of the Internal Control Service	<i>signature</i>	Kh. Yuldashev
Head of the Legal service department	<i>signature</i>	K. Teshaboyev
Head of HR management department	<i>signature</i>	G. Mirabdullayev
Head of the Department for working with deposits of the population	<i>signature</i>	F. Khudayberdiyev
Head of the risk management sector	<i>signature</i>	D. Madrakhimov
Leading specialist of the department of standards and business processes	<i>signature</i>	O. Yusupov
Secretary of the Commission	<i>signature</i>	N. Israilova

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as of September 29, 2016

COUNSEL’S OPINION
on the draft of the Regulations on Dividend Policy
of «Hamkorbank» JSCB

September 14, 2016

Andijan city

When performing a legal appraisal of the draft of the Regulations on Dividend Policy of “Hamkorbank” JSCB (hereinafter referred to as the “Policy”), I, B.S. Nuritdinov, a lawyer of the legal service department of “Hamkorbank” JSCB .

HAVE ASCERTAINED:

These relations are regulated by the legislative acts “On the Central Bank”, “On banks and banking activity”, “On joint-stock companies and protection of shareholders’ rights”, the Charter of “Hamkorbank” JSCB, etc.

The draft of the Regulations does not contain any norms contradicting the requirements of the legislative acts specified above.

Meanwhile, the wording of the draft is subject to a coordinated correction in compliance with the rules for drawing up and adopting internal statutory documents at “Hamkorbank” JSCB. In particular, in compliance with III section of the rules, the numbering of sections must be carried out in accordance with the rules.

Taking into account the statements specified above, I consider that after making appropriate amendments in the draft of the Policy, it is possible to submit it for consideration by relevant structural subdivisions.

Lawyer of
«Hamkorbank» JSCB

signature

Nuritdinov B.

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