



PRIVATE COMMERCIAL JOINT-STOCK BANK ``TURKISTON``

**CONFIRMED BY THE DECISION
OF THE ASSEMBLY OF STOCK-BROKERS
OF PCJSB `` TURKISTON``
FROM 17TH JUNE,2016
PROTOCOL № _____**

Dividend policy provisions of PCJSB `` Turkiston``

Tashkent – 2016 .

Content

I. General provisions.....	3
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II. RULES AND PROCEDURE OF DEFINING THE SCALE AND AMOUNT OF THE DIVIDENTDS	4
III. RULES AND PERIOD OF PAYMENT OF DIVIDENDS.....	6
IV. LIABILITY FOR THE REPAYMENT OF THE CLAIMED DIVIDENDS	7
V. ORDER OF INFORMATION REVELATION.....	8
VI. FINAL PROVISIONS	8

I. GENERAL PROVISIONS

1. The current dividend policy provisions of PCJSB `` Turkiston`` (later in the passage The provisions) was worked out in accordance with the existing legislative chamber of the republic of Uzbekistan, `` Rules of the inner control against the legalization of incomes, obtained from criminal activity, and from subsidizing terrorism in commercial banks`` (registered by the Department of Justice of the republic of Uzbekistan 21.11.2013 № 2528) by the law of PCJSB `` Turkiston`` (later in the passage bank) by Corporate governance principles, confirmed by the protocol of the assembly for the improvement of effectiveness and activity of joint-stock companies as well as modification of the corporate governance from the date 31.12.2016 №9 and other different documentations of the bank.

The current provisions bring about general questions which have to find the answers in the dividend policy of the Bank.

2. The dividend policy of the Bank targets to bring more prosperity of shareholders and to provide a platform for the growth of capitalization of the Bank. The main goal put is to raise awareness of shareholders and other interested individuals in the dividend policy of the Bank with the assistance of this provisions.

This provision is aimed at the designation of the recommendations of the Board of Supervisors of the Bank on the issue of the amount of dividends and the order of their repayment.

If certain issues connected with the repayment procedure of the dividends to the shareholders of the bank are not regulated by the norms of the Legislature of the republic of Uzbekistan `` About shareholders and protection of the rights of shareholders`` or other normative legal acts of the republic of Uzbekistan, Law of the bank or current provisions, they have to be solved according to the necessity of protecting rights and interests of shareholders.

3. The dividend policy of the Bank is worked out on an annual basis.

4. . The bank sees growth of capitalization as the primary way of satisfying material prosperity of shareholders. Maintaining the equilibrium between the expanded and capitalized pieces of the obtained income in order to increase market price is the core concept of the dividend policy of the Bank.

5. Dividend policy of the Bank is based on the below mentioned main principles:

the principle of transparency, which means designation and revelation of the information about obligations and responsibilities of the sides(participants in the realization of the dividend policy);

timeliness, meaning that there will be set time deadlines in the course of the payment of dividends;

principle of validity, meaning that the decision about the payment and the amount of dividends will be taken only if the Bank will achieve positive financial outcomes with the consideration of the plans of development and its subsidy program(taking into account the real financial situation of the bank);

principle of justice, meaning that guaranteeing equal rights of shareholders in receiving information about the taken decisions concerning payments, the amount and procedure of dividend payments;

principle of consistence, meaning that procedures and principles of the dividend policy must be abided strictly ;

principle of development, meaning that there shall be constant modification of the dividend policy with the aim to improve corporate governance and reassessment of the situation in accordance with change in strategic goals;

principle of sustainability, meaning aspirations of the bank to sustain stable payment of dividends.

6. . It is the right of the bank to make decisions about payment of dividends according to stocks. General assembly of shareholders has a right ot decide to pay or not to pay dividends by shares

7. It is the bank`s obligation to pay declared dividends.

The expenses connected with payment of dividends(including expenditure due to tax assessment and expenses, dividend transfer, postal expenditures), cannot be put on the shoulders of shareholders, according to the decision of the governance. Bank holds responsibility for the non-accomplishment of this obligation in front of shareholders with the correspondence to legislature of the Republic of Uzbekistan.

8. dividends are not accumulated and paid by shares:

- not placed;
- obtained and/or purchased by the bank itself;
- other cases considered by the legislature of the Republic of Uzbekistan.

9. Bank cannot pay and make decisions about the payment of dividends by shares in cases, considered by 1st part of the 54th article of the law `` About shareholders and protection of the rights of shareholders``.

II. RULES AND PROCEDURES OF DEFINING THE SCALE AND AMOUNT OF DIVIDENDS

10. Bank has a right to make decisions about payment of dividends по акция according to the results of the first quarter(of a year), half a year, 9 months of the financial year and/or according to the results of the financial year except for the shown in the escape clause 8 .

Decisions about payment of dividends по акция according to the results of the first quarter(of a year), half a year, 9 months of the financial year may be taken in 3 months` time after the end of the related period.

Dividends will be paid from net profit of the Bank or profits not allotted for needs of the previous years. Dividends may also be paid out of preference shares and from specially designated funds of the Bank. Meanwhile bank creates reserves for debtor indebtedness at the expense of the incomes of the bank in order to be able to pay dividends on time and to prevent exacerbation of the financial situation of the bank.

11. Stockholders assembly of the bank makes decisions about payment of dividends according to shares in each category. The Board of Supervisors of the bank gives their recommendations about the amount of dividends and the procedure of their payment to the stockholders assembly. The amount of dividend cannot exceed the quota recommended by The Board of Supervisors.

12. By means of decision of the general stockholders assembly the following will be defined:

- category(type) of shares in accordance with which dividends will be paid;
- amount of dividend in calculation to one share of certain type;
- procedure and periodicity of dividend payment.

In these terms, it is important to note that bank doesn't have a right to make decisions about dividends payment in cases defined by the legislature, and about inability of full payment of dividends on equity shares in period designated by the deadlines of the legislature.

13. the recommended by the Board of Supervisors dividend amount is defined taking into account the following factors:

- the amount of net profit according to the financial reporting, the validity of which is confirmed by the audit commission ;
- financial and economic plan of the bank for the forthcoming time;
- structure of working assets of the bank at the end of certain period of time;
- debt burden of the bank at the end of certain period of time;

14. While defining the amount of dividends, board of Supervisors have to consider financial and economic plans of the Bank, current and future state of working assets and obligations of the Bank. Payment of dividends recommended by the Board of Supervisors must not result in extra financial burdens or other expenses not included into the financial and economic plan for upcoming period.

III. PROCEDURE AND PERIOD OF PAYMENT OF DIVIDENDS

15. Bank pays dividends through cash or other means of payment or by paper holdings. Dividends are paid in national currency of the republic of Uzbekistan or according to written claim of non-resident shareholder Bank must convert currency into easily converted currency and transfer to the bank account of the non-resident shareholder.

16. deadline of payment of dividends is defined by the general shareholders assembly of the bank, but cannot exceed 60 day period after approving the period of payment..

17. If holders of stock of the Bank could not receive their dividends on the period defined by the general shareholders assembly, Bank continues paying these (unclaimed) dividends. The period of unclaimed dividends` payment cannot exceed 3 years time from the end of claimed dividend payment by the Bank.

18. If the shareholder doesn't receive their dividends due to the fault of the bank in period defined by the general assembly of shareholders, there will be penalty added to dividends in accordance with refunding rate designated by the Central Bank of the Republic of Uzbekistan. The amount of penalty must not exceed 50% of the sum of unpaid dividends.

19. Structural Subdivision of the bank has functions of organizing and working with shareholders together with bookkeeping of the bank, also responsible for preparation, coordination and conduct of all the events connected with payment of dividends.

20. Any shareholder has a right to turn with a request to get information about the procedure of dividends allocation according to stocks, the process of payment and taxation of the dividends, and about terms of payment.

21. Only individuals in shareholders register of the Bank formed in the general shareholders assembly have a right to receive dividends.

22. If stocks are a part of common property, the dividends will be distributed equally according to shares in the defined procedure.

23. Shareholder must timely inform investing mediator and/or Central securities depository, which supplies with services on the issue of rights for stocks and amendments made. If the shareholder doesn't inform about the changes in the personal information, Central securities depository/ mediator doesn't bear the responsibility for the damages caused.

24. If the shareholder gave incorrect information about his banking requisites or the address for the transfer of dividends, or didn't inform the bank about the mentioned requisites, or informed late, the bank doesn't bear the responsibility for the damages caused in these terms. After the shareholder returns the incorrectly transferred amount of dividends to the bank in cases explained above, the repeated transfer will be accomplished with the consideration of expenses spent on their return and repeated transfer.

25. Bank is acknowledged to be fiscal agent that pays dividends to the shareholders according to their share of stock subtracting taxes on income from securities established by the existing legislature of the Republic of Uzbekistan. Shareholder who is not to abide by the standard tax rate, should show documents confirming his position on the basis of the legislature of the Republic of Uzbekistan to the bank.(or involved paying agent)

IV. LIABILITY FOR PAYMENT OF THE CLAIMED DIVIDENDS

26. Bank has to pay claimed dividends in accordance with stocks of each type.

27. None of the shareholders has certain privilege in period of payment when it comes to paying dividends.

Payment of the claimed dividends according to common shares by the bank have to go through a process guaranteeing equal rights to all shareholders. In addition, bank doesn't have a right to pay to the major shareholder if as a result bank won't be able to pay to minor shareholders in due period.

28. The executive chamber of the bank is responsible for full and timely payment of dividends to shareholders. The board of Supervisors together with audit committee of the bank controls the executive chamber of the bank and its activity.

29. With the aim to provide claimed dividends efficiently, the Board of Supervisors tries to address the question about the better ways of payment of dividends. If dividends are not paid fully or on time due to the fault of the executive chamber of the Bank, the Board of Supervisors define measures to put certain sanctions on the personnel guilty of the action.

30. If Bank won't accomplish its responsibilities, shareholders have a right to demand payment of acclaimed dividends of each type in the courts.

31. Bank will bear all the responsibility in front of legislature of the republic of Uzbekistan for non-fulfillment or unsatisfactory performance of obligations of the agent по удержанию и перечислению amount of tax from dividends.

V. ORDER OF INFORMATION REVELATION

32. Current provisions, also changes and amendments which will be included, will be made public in the corporate web-site in the internet in 10 days` time after signing the protocol by the Assembly of the Bank.

33. When general committee of shareholders makes a decision about payment of dividends, Bank reveals this information in the form of messages about these facts in period approved by legislature. The bank sends notification through email to shareholders about accruing dividends.

34. In succession to the fulfillment of the obligations about payment of dividends, bank reveals all the necessary information about essential facts in the form of messages in period approved by legislature.

VI. FINAL PROVISIONS

35. This summary, together with modifications and amendments to the summary are confirmed by the decision of the assembly of stock-brokers.

36. Changes and amendments to the current Provisions can be included according to the suggestions of Board of Supervisors of the Bank, Audit

Commission, internal audit service of the bank, heads of executive branch of the bank.

37. Should individual articles of the current summary become contradictory to the legislature of the Republic of Uzbekistan/ Bank`s Charter, these articles will be considered legally invalid and the issues regulated by these articles must be regulated in accordance with the legislature of the Republic of Uzbekistan/ Bank`s Charter as long as new amendments will be included into the current Summary.