

**“APPROVED” by the Council of
the “Kapitalbank” JSCB dd.**

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Chairman of the

Council of the bank

F.Kh. Otakhonov

**DIVIDEND POLICY
OF “KAPITALBANK” JOINT-STOCK
COMMERCIAL BANK FOR 2016**

Tashkent - 2015

CHAPTER 1. GENERAL PROVISIONS

1. This Dividend Policy of “Kapitalbank” JSCB (hereinafter - “the Policy”) is developed in accordance with laws of the Republic of Uzbekistan “On Securities Market”, “On Joint-Stock Companies and Protection of Shareholder’s rights” (new edition), Regulations on Corporate Governance in Commercial Banks, approved by the Central Bank of the Republic of Uzbekistan dated June 24, 2000 with No. 472 registered by the Ministry of Justice of the Republic of Uzbekistan dated July 5, 2000 with No. 943, Charter of “Kapitalbank” JSCB and defines objectives and a strategy of “Kapitalbank” JSCB (hereinafter - “the bank”) regarding development of recommendations on the amount of dividends on shares, conditions, procedures and terms of payment thereof for 2016.

2. Policy is based on an increase in the investment attractiveness, financial stability and capitalization of the bank, respect and observance of rights and legitimate interests of shareholders, provided for by the current legislation of the Republic of Uzbekistan, Charter of the bank and its internal documents.

3. According to this Policy, a dividend is a part of net profit of the bank, allocated among the shareholders. Dividends are allocated among the shareholders pro rate with the number and type of shares they hold.

4. By the decision of the General Meeting of Shareholders, dividends are paid to shareholders in monetary funds or in other lawful currencies or securities of the bank.

5. Making decision on payment of dividends on outstanding shares of the bank is a right of the bank. Dividends on unallocated shares of the bank shall not be paid.

6. Payment of declared dividends is an obligation of the bank. Bank shall be held liable to shareholders who have right to collect dividends for failure to comply with this obligation in accordance with the current legislation of the Republic of Uzbekistan.

7. The bank is a tax agent when paying shareholders dividends on shares they own. The bank performs calculation, retention and transfer of dividend tax amounts or applies preferential tax treatment according to the current legislation of the Republic of Uzbekistan. Dividends shall be paid to shareholders net of the amount of withheld tax, provided for by the tax legislation of the Republic of Uzbekistan.

CHAPTER 2. POLICY PRINCIPLES

8. The basic principle of the policy is the maintenance of the amount of paid dividends on shares of the bank at a certain stable level. The policy pursued is focused on an increase in and maintenance of market value of the bank's shares at the required level.

9. The Policy is based on the following principles:

a) expediency setting a time frame when paying of dividends;

b) relevance, implying that the decision on the payment and the amount of dividends can be taken only in the event of achievement of positive financial results with account of the bank’s development strategy and its investment program.

CHAPTER 3. PROCEDURE FOR THE DETERMINATION OF THE AMOUNT AND MAKING A DECISION ON (DECLARATION OF) DIVIDENDS PAYMENT

10. Following the results of the first quarter, half year, nine months of financial year and (or) the results of financial year, the bank shall have right to make decisions on payment of dividends on outstanding shares, unless otherwise stipulated by the legislation and the charter of the bank. Decision on payment of dividends (following the results of the first quarter, half year, nine months of financial year), amount of dividend, form and procedure of payment of dividends on shares of each type shall be taken by the General Meeting of Shareholders based on recommendation of the Council of the Bank, data of financial statements in case there is an auditor’s opinion regarding its reliability. The amount of dividends shall not exceed the one recommended by the Council of the Bank. Decision

on (declaration of) 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.

11. Recommendation of the Council of the Bank to the General Meeting of Shareholders shall contain the total amount of profit directed to the payment of dividends as well as the amount of dividends per share of each type.

12. Dividends are paid from the net profit of the bank, that is at bank's disposal and (or) unallocated profit of the past years.

13. It is forbidden to pay dividends if this may cause a significant deterioration in financial and economic state of the bank.

14. The bank shall have no right to make a decision regarding payment (declaration) of dividends on shares:

a) until full payment of the total amount of the authorized capital of the bank, when it is established;
b) if at the moment of dividends payment, bank exhibits signs of bankruptcy or these signs appear after dividends payment.

c) if the value of net assets of the bank is less than the amount of authorized capital and reserve fund.

Upon termination of circumstances stated herein, the bank is obligated to pay shareholders dividends accrued.

Herewith, the Central Bank of the Republic of Uzbekistan, in accordance with procedures established by the legislation, shall have right to require the bank to carry out measures for financial recovery of the bank including by stopping dividends payment to shareholders.

15. When paying dividends, it is necessary to rely on actual profit adjusted for the amount of interest on profit accrued but not received.

16. The bank shall publish the data on the amount of dividends paid on the official web sites of authorized government body for securities market regulation(www.csm.gov.uz), the bank (www.kapitalbank.uz) and on web site of "Tashkent" RSE, (www.uzse.uz) within the period provided for by the legislation.

CHAPTER 4. PERSONS ELIGIBLE TO COLLECT DIVIDENDS

17. Persons listed in the register of shareholders of the bank compiled for the General Meeting of Shareholders, where a decision was made to pay dividends to shareholders, shall have right to collect dividends on shares.

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.

18. Dividends unclaimed by holder or his/her legal successor or heir within three years shall remain at disposal of the bank by the decision of the General Meeting of Shareholders of the bank.

19. In the event of failure to pay dividends due to the bank's fault within the period set by the General Meeting of Shareholders, late payment fee is charged on unpaid (uncollected) dividends based on refinancing rate established by the Central Bank of the Republic of Uzbekistan.

20. In the event the company denies the payment, shareholders may claim for dividends and late payment fee in court. In the event the company denies the payment of dividends after the court has satisfied the claim of shareholder, the procedure for insolvency elimination or bankrupt declaration will be applied in respect of the bank according to the procedure established by the legislation.

CHAPTER 5. PROCEDURE FOR DIVIDENDS PAYMENT

21. The bank is obligated to pay declared dividends on shares. Decision on dividends payment shall specify starting and ending dates of dividends payment. Term of dividends payment shall not be later than 60 (sixty) days after decision was made on payment of dividends.

22. The bank shall have right to perform the obligation to pay dividends in any day within the term of dividends payment.

23. The amount of dividends accrued to one shareholder shall be determined by multiplying the amount of dividends per share of a certain type by the number of this type shares owned by a shareholder.

24. The bank declares the dividend amount before any taxes.

CHAPTER 6. FINAL PROVISIONS

25. This Policy as well as amendments and/or additions thereto shall be approved by the Council of the Bank.

26. In all other matters not covered by this Policy, the bank shall be governed by the current legislation of the Republic of Uzbekistan.

27. In case of conflict of this Policy with the current legislation of the Republic of Uzbekistan and/or the Charter of the bank, the provisions of the corresponding legislation of the Republic of Uzbekistan and/or the Charter of the bank shall be applied.

Herewith, the corresponding body of the bank shall ensure the revision and adjustment of the current policy to be consistent with the current legislation of the Republic of Uzbekistan and/or the Charter of the bank according to the procedure provided for by the clause 25 of the current policy.

Introduced by:

Deputy Director of Department for investment activity
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Agreed by:

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Deputy Chairman of the Board

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