

Approved  
by the protocol of the Supervisory Board  
of JSCB “ASIA ALLIANCE BANK”  
No. K-1/2 dated January 18<sup>th</sup>, 2016

**REGULATION**  
**on Audit Committee**  
**of the Joint-Stock Commercial Bank “ASIA ALLIANCE BANK”**

This Regulation was developed in accordance with the laws of the Republic of Uzbekistan “On Central Bank of the Republic of Uzbekistan” and “On Banks and Banking Activities”, Regulation of the Central Bank of the Republic of Uzbekistan “On demands of the Central Bank to Internal Audit of Commercial Banks” registered by the Ministry of Justice No.992-1 dated April 20, 2004 as well as other current legislative acts and normative documents of the Central Bank of the Republic of Uzbekistan which regulate banking activity on the territory of the Republic of Uzbekistan.

**I. General Provisions**

- 1.1. Audit Committee shall be established under decision of the Supervisory Board of the Joint-Stock Commercial Bank “ASIA ALLIANCE BANK” (hereinafter referred to as the Bank) and shall be formed in accordance with this Regulation.
- 1.2. This Regulation shall determine the status, quantitative composition, competence and powers of Audit Committee of the Bank and shall regulate operation thereof.
- 1.3. The main purpose of the Committee shall be protection of interests of shareholders and depositors of the Bank by means of control over ensuring proper level of security of operations performed by the Bank and minimization of risks of banking activity.

**II. Composition of Audit Committee**

- 2.1. Audit Committee shall be formed with 3 persons from members of the Supervisory Board of the Bank. The Chairman and members of Audit Committee shall be approved by the Supervisory Board of the Bank on recommendation of the Chairman of the Supervisory Board.
- 2.2. Secretary of Audit Committee shall be a Head of Internal Audit Division of the Bank appointed by the Supervisory Board of the Bank.
- 2.3. Audit Committee shall not include members of the Management Board or other managers of the Bank. The members of the Supervisory Board included to Audit Committee must not be appointed by members of other committees of the Supervisory Board who are responsible for activity of the Bank.
- 2.4. Distribution of functions between members of Audit Committee shall be carried out by the Chairman of Audit Committee.

**III. Main Tasks of Audit Committee**

- 3.1. Main tasks of Audit Committee shall be:

- Ensuring independence and impartiality of implementation of functions of internal audit;
  - Coordination and ensuring effective activity of internal audit service of the Bank or Internal Audit Division (hereinafter referred to as “the Division”);
  - Examination of reports of Division submitted according to results of each internal audit;
  - Regular examination of quarterly reports of Division and their submission to the Supervisory Board of the Bank;
  - Submission of candidates of independent auditors to the Supervisory Board of the Bank for examination;
  - Provision of assistance to the Supervisory Board of the Bank in development of technical assignments for external auditors;
  - Examination of reports of external auditors including a letter addressed to the management and submission thereof to the Supervisory Board of the Bank;
  - Jointly with the Chairman of the Management Board of the Bank, coordination of work on management over process of implementation of recommendations of Departments and external auditors;
  - Participation in formation of the strategy of activity of the Bank;
  - Determination of directions and procedures for implementation of internal audit;
  - Assistance in ensuring existence of internal control procedures on all directions of activity of the Bank.
- 3.2. Audit Committee shall carry out control over work of Division for ensuring:
- Integrity of assets of the Bank and protection of the Bank from possible losses;
  - Conformance of activity of the Bank to internal policy, regulations and procedures of the Bank;
  - Timely revision of internal policy of the Bank and working procedures and processes to ensure confidence that they provide protection of the Bank from the existing risks as a result of fraud or errors.

#### **IV. Powers of Audit Committee**

- 4.1. In its activity and adoption of decisions, Audit Committee shall use results of external (independent) audit and materials of Division. If necessary, Audit Committee may address to primary accounting, financial and other documents.
- 4.2. Within its competence, Audit Committee shall be entitled:
- To demand from management organs and officials of the Bank all documents and materials necessary for its work;
  - To demand convocation of the meeting of the Management Board of the Bank if there are detected violations as a result of which substantial material damage is caused or may be caused to the Bank;
  - To demand explanation from employees including the managers of structural subdivisions of the Bank in respect to examined matters;
  - To submit matters to draw of guilty employees to disciplinary, property and other kinds of responsibility to the management of the Bank for examination;
  - To obtain certain remuneration for work in Audit Committee under decision of the Supervisory Board of the Bank.

## **V. Responsibility of Members of Audit Committee**

- 5.1. Members of Audit Committee shall bear responsibility for improper implementation of own duties in accordance with the legislation of the Republic of Uzbekistan and the Charter of the Bank.
- 5.2. Members of Audit Committee who did not participate in voting at the meeting of the Committee or who voted against decisions which lead to losses to the Bank shall be released from responsibility.

## **VI. Meetings of Audit Committee**

- 6.1. Audit Committee shall perform quarterly, semi-annual and annual meetings.
- 6.2. Members of Audit Committee may demand convocation of the special meeting of the committee in case of detection of violations which require immediate settlement of a specific matter.
- 6.3. Meetings of Audit Committee shall be deemed qualified if no less than 2/3 of its members are present therein, at the same time, presence of the Chairman is mandatory. Decisions shall be adopted by simple majority of votes.
- 6.4. Decisions of Audit Committee shall be formalized with the protocol of the meeting of Audit Committee which is kept by secretary of the committee and shall be signed by its members who participated in voting.
- 6.5. Each member of Audit Committee shall have one vote. If votes are equal, the vote of the Chairman shall be decisive. A member of Audit Committee which does not agree with decision of the committee shall be entitled to record own special opinion which is attached to the protocol of the meeting in mandatory manner and shall be entitled to acknowledge it to the Supervisory Board of the Bank.
- 6.6. The Chairman of Audit Committee shall:
  - organize work of Audit Committee;
  - convene the meeting of Audit Committee and chair thereon;
  - shall carry out other actions provided for with the legislation of the Bank and this Regulation.
- 6.7. Secretary of Audit Committee shall:
  - maintain and formalize protocols of meetings of Audit Committee;
  - prepare and submit materials on examined matters to Audit Committee for examination;
  - deliver decisions, conclusions and protocols of Audit Committee to recipients.

## **VII. Final Provisions**

- 7.1. This Regulation shall enter in force from the day following the day of approval by the Supervisory Board of the Bank.
- 7.2. Due to approval of the new wording of Regulation on Audit Committee of the bank, “Regulation on Audit Committee of POJSCB “ASIA ALLIANCE BANK” approved by protocol of the Supervisory Board of the Bank No. K-8 dated March 17, 2011 shall be deemed void.