

APPROVED
by the Resolution of the Supervisory Board
of POJSCB "ASIA ALLIANCE BANK"
on July 6th, 2011
(Minutes No. 26/1)

REGULATION
On the Risk Management Committee
POJSCB "ASIA ALLIANCE BANK"

This Regulation has been developed in accordance with the laws of the Republic of Uzbekistan "On the Central Bank of the Republic of Uzbekistan", "On Banks and Banking Activities", Resolution of the President of the Republic of Uzbekistan dated 26.11.2010, No. PP-1438 "On the Main Directions for Further Reforming and Enhancing the Sustainability of Financial and Banking System of the Republic in 2011-2015 and Achieving High International Rating Indicators", Regulation on the requirements for the risk management in commercial banks approved by the Resolution of the Management Board of the Central Bank of the Republic of Uzbekistan dated 07.05.2011 No. 14/2, registered by the Ministry of Justice of the Republic of Uzbekistan on May 25, 2011 No. 2229, the Regulation "On the Corporate Governance in Commercial Banks" approved by the Resolution of the Management Board of the Central Bank of the Republic of Uzbekistan dated June 26, 2000, No. 472, registered by the Ministry of Justice of the Republic of Uzbekistan on July 05, 2000 No. 943, Corporate Code and other internal documents of the "Asia Alliance Bank" (hereinafter referred to as the Bank).

I. General Provisions

This Regulation is an internal document of the bank and regulates the activities of the Risk Management Committee (hereinafter referred to as the Committee), determines its status, functions, powers, procedure for organization and activities.

The Committee shall be established by the Resolution of the Supervisory Board of the Bank to protect the interests of shareholders, bank customers, reduce and prevent banking risks and ensure the stability of the bank's activities.

The Committee is a permanent consultative and advisory body of the Supervisory Board of the Bank.

The Committee in its activity is accountable directly to the Supervisory Board of the Bank and acting within the framework of the powers granted to it in accordance with this Regulation.

Activity of the Committee is carried out by examining the activities of the Bank by its members over the full range of issues within the competence of the Committee, holding meetings of the Committee and taking appropriate decisions.

II. Objectives and Purposes of the Committee

The purpose of the Committee is to implement an effective banking risk management system and to assist the Supervisory Board of the Bank in exercising control functions and developing measures to prevent risks and to ensure maximum awareness of the situation in the bank in accordance with the Articles of Association, Corporate Code and other internal documents of the Bank.

For the timely and consistent use of all the opportunities for development of the Bank with the retention of risks at an acceptable (managed) level, the Committee has the following objectives:

assisting in creating conditions for proper risk management in the Bank;
forecasting possible sources of losses or situations that can cause losses;
coordination and evaluation of the risk management across all structural units of the bank,
monitoring the effectiveness of the risk management procedures.
participating in the definition of priority areas of the Bank's activities to minimize
banking risks;
prevention (warning) of the risks occurrence or its minimization.

III. Authorities of the Committee

For the purpose of its activities, the Committee is vested with the following powers:

- developing and submitting for consideration by the Supervisory Board of the Bank the policy on risk management, assisting in the development of recommendations on restriction of risks on all current banking operations and transactions;
- supervision over the risk management by the bank's management and its structural units, assessment of the compliance of the measures and actions adopted by them with the policies approved by the Supervisory Board of the Bank;
- monitoring the risks effect on the financial position of the bank, including credit, currency, interest, market, operational and other risks arising in the activities of the bank, recording and taking measures to prevent and minimize these risks on the part of the bank.
- assessment of the reliability of information submitted to the Supervisory Board of the Bank by the management bodies and functional services of the Bank;
- examination of proposals for approval of major transactions and interested-party transactions, making recommendations to the Supervisory Board of the Bank upon its approval by the Bank's management bodies;
- consideration of the recommendations of external auditors and the internal control service on risk management and increasing the responsibility of managers and officials of the bank;
- analysis of the strategy and development plans developed by the Bank's executive bodies for the purpose of risk assessment and implementation of security systems;
- consider significant financial and other risks, including credit, market, operational, strategic risks, as well as liquidity risks, loss of business reputation, legal and other types of risk in coordination with the internal audit service and other functional services of the bank;
- analysis of the ongoing changes effect in the Bank's activities related to the development of new types of services, market segments and other external factors, to the overall profile of banking risk;
- effective control over the scope of banking operations, risk limits for banking operations and measures taken, in case of exceeding the risk limits;
- preparation of recommendations on the policy for management of assets and liabilities, limits and liquidity;
- development and implementation of recommendations of the external auditor on the risk management, control over the effectiveness of solving problems in the bank, identified by the internal control service and external auditors;
- consideration of proposals on the levels of distribution of powers in the field of risk management, subject to approval by the Supervisory Board of the Bank.

IV. Rights and Responsibilities of the Committee Members

The Committee, within its competence, shall be entitled to:

- study and consider issues referred to its competence by these Regulations and in accordance with the Action Plan of the Committee;
- submit proposals for consideration by the Supervisory Board of the Bank;

initiate convening of an extraordinary meeting of the Supervisory Board of the Bank on the issues affecting strategic interests of the Bank and as may be necessary to prevent bank risk and requiring a resolution by the Supervisory Board;

monitor the implementation of resolution of the Supervisory Board of the Bank on its activities;

receive documents, reports, explanations and other information related to the activities of the Bank and within the competence of the Committee, from the management bodies, members of the Management Board of the Bank, heads of structural units and employees of the Bank;

involve the Chairman, members of the Management Board, other officials and specialists of the Bank in preparing agenda issues under consideration and invite them to the Committee meetings;

inviting external experts and consultants in their work as appropriate;.

The Committee shall:

ensure the execution of assigned tasks in accordance with the requirements of the legislation, this Regulation, Articles of Association, Corporate Code and internal documents of the Bank;

carry out its activities in the interests of the Bank, its shareholders, customers and partners;

consider proposals for the risk optimality and rationality with the development of recommendations for the Supervisory Board of the Bank, ensuring a balance between minimizing risks and benefits from the risks;

check management reports submitted to the Supervisory Board of the Bank, identifying the risks associated with the Bank's activities and compare the consequences of these risks with management responses and subsequent reports and recommendations of the Committee;

consider significant violations of the established risk limits and determine the effectiveness of management actions after their identification and evaluation;

monitor the application of changes made by the Supervisory Board to the risk management system and generation of the management decisions culture on risk taking by the Bank;

report to the Supervisory Board of the Bank on the results of their work.

Members of the Committee shall:

participate in the Committee's activities and attend all its meetings when considering issues within the competence of the Committee;

study the documents submitted to the meeting of the Committee and formulate its own position on each issue on the agenda;

promptly inform the Committee of the availability of a personal interest in the adoption of this or another decision;

avoid actions that could compromise the Committee or question the professional competence of its members;

inform the Supervisory Board of the Bank of the availability of a conflict of interest or interest in connection with the resolutions to be taken by the Committee;

ensure the safety of banking, commercial and other secrets protected by law, as well as keep confidential information that has become known to him in connection with the work of the Committee;

execute instructions of the Chairman of the Committee.

V. Procedure for formation of the Committee and organization of its activities

The members of the Committee are elected among the members of the Supervisory Board and may not be less than 5 members.

When approving the members of the Committee, their professional training and knowledge of the specific nature of the Committee's activities should be taken into account, while candidates who have the skills of corporate management, risk management principles in the banking sector and who have experience enabling to assess the adequacy and effectiveness of risk management structures should be given preference.

Members of the Management Board or other managers of the Bank may not be members of the Committee.

Supervisory Board of the Bank, in case of improper performance of the duties assigned to the members of the Committee, has the right to terminate their powers, as well as to approve a new member of the Committee.

A change in the composition of the Committee may be made by the Supervisory Board of the Bank also in the event of the election of a new member of the Committee or increasing the number of the Committee.

The Chairman of the Committee is elected among the members of the Committee at the meeting of the Supervisory Board of the Bank.

Chairman of the Committee shall during the term of office in the Committee:

arrange activities of the Committee, convene meetings and preside over them;

approve agenda of the meetings, arrange discussion of the issues at the meetings of the Committee, as well as the hearing of the persons invited to participate in the meeting;

maintain regular contacts with the Chairman and members of the Management Board in order to obtain reliable information necessary for the Committee's activities, ensure effective interaction with the Supervisory Board of the Bank;

distribute responsibilities among the members of the Committee, ensure planning and monitoring of the implementation of planned activities;

sign minutes of the Committee's meetings, adopted recommendations, requests and other documents;

represent the Committee in relations with the management and control bodies of the Bank and other parties;

report to the Supervisory Board of the Bank on the Committee's activities;

perform other functions stipulated by the Articles of Association, Corporate Code, this Regulation and other internal documents of the Bank.

Secretary of the Committee is a Manager of the Risk Management Department of the Bank.

The Secretary of the Committee shall ensure operation of the Committee and shall be responsible for:

preparation of documents and materials to the Committee's meeting;

informing the members of the Committee and persons invited to participate in the meeting of the Committee on the forthcoming meeting and agenda;

keeping minutes of the Committee's meetings, communicating the taken decisions to interested persons and monitoring its implementation;

store minutes of meetings and record keeping of the Committee, in accordance with the procedure for storage of documents adopted by the Bank, prepares extracts from relevant protocols, if necessary, at the request of interested persons;

perform other duties in accordance with these Regulations.

VI. Meetings of the Committee

Meetings of the Committee shall be held according to the approved schedule, (regular meeting), and also upon the request of the Chairman of the Committee or the Supervisory Board of the Bank (extraordinary meeting), but at least once a quarter.

A decision to convene the next meeting, the date, time and place, agenda, the list of persons invited to participate in the meeting, shall be adopted by the Chairman of the Committee.

Members of the Supervisory Board of the Bank that are not members of the Committee, as well as members of the Management Board of the Bank, may propose for consideration by the Chairman of the Committee the matter within the competence of the Committee. In case of special importance or the need to immediately assess the risk factor, an extraordinary meeting of the Committee shall be specially convened for its consideration.

The meeting of the Committee shall be considered eligible if at least 2/3 of its members are present, with mandatory presence of the Chairman. Decisions shall be taken by a simple majority of votes.

The Committee's decision shall be formulated by the minutes signed by its members. Each member of the Committee shall have one vote. When the votes are equal, the Chairman's vote shall be deciding. A Committee member who disagrees with the Committee's decision has a right to record his dissenting opinion, which shall be necessarily attached to the minutes of the meeting and brought to the attention of the Supervisory Board of the Bank.

If there is a written opinion of a missing member of the Committee, signed by him personally and submitted to the Secretary of the Committee before the meeting, shall be taken into account when determining the quorum and the results of voting on the considered issues. A written opinion of a member of the Committee may contain his vote regarding both any and particular issues on the agenda.

Minutes of the Committee's Meeting shall include as follows:

the date, place and time of the Meeting;

the List of members of the Committee who took part in the consideration of issues on the agenda of the Committee's meeting, as well as the list of other persons present at the meeting;

agenda of the Meeting;

opinions and suggestions of the Members of the Committee on the agenda items under discussion;

the wording of decisions put to a vote, and results of voting on it;

decisions taken.

The Minutes of the Committee's meeting shall be signed by the Chairman and the Secretary responsible for the accuracy of its execution. The Minutes shall be accompanied by documents approved (adopted) by the Committee at this meeting.

VII. Interaction of the Committee with the management of the Bank and other parties

Members of the Committee shall have an access to the necessary information to ensure effective performance.

Members of the Executive Bodies, Managers of structural divisions and employees of the Bank upon the request of the Committee shall be required to submit the necessary volume of documents when required and in accordance with the regulations in force. Information and documents shall be provided through the Secretary of the Committee.

If necessary, experts and specialists with the necessary professional knowledge shall be involved by the decision of the Supervisory Board of the Bank to consider certain issues in the work of the Committee.

Procedure and terms and conditions for employing experts and specialists to the work of the Committee shall be determined by a Contract entered into between the Bank and such persons, subject to compliance with the policy on confidential information.

VIII. Accountability of the Committee to the Supervisory Board of the Bank

The Committee shall submit to the Supervisory Board of the Bank an annual report on its work on the date required for its inclusion in the Bank's Annual Report or use of the report as materials for the Annual General Meeting of Shareholders of the Bank.

A report of the Committee submitted to the Supervisory Board of the Bank by the Chairman of the Committee shall contain information on the activities of the Committee regarding:

- recommendations submitted by the Committee on the matters of its competence;
- existing or potential risks and effectiveness of its management systems in the Bank;
- evidences of exceeding the maximum permissible aggregate level of risk for the Bank;
- evidences of late detection of banking risks, adequacy of determining its scope, timeliness of implementing the necessary procedures for managing it;
- evidences of deviation from the limits established within the bank;
- professional services received from external consultants or experts;
- implementation of the Action Plan approved by the Committee.

The Committee's report may contain other material information at the discretion of the Committee.

The Supervisory Board of the Bank shall be entitled to request the Committee to submit its opinion on certain issues.

The Committee has the right, at its discretion, to send its recommendations to the Supervisory Board of the Bank on any issue within the framework of its activities, and in the cases provided for in this Regulation, it is required to prepare an opinion for the Supervisory Board of the Bank.

Feasibility of implementing the recommendations of the Committee is reviewed at the meeting of the Supervisory Board of the Bank.

The Supervisory Board of the Bank shall be entitled at any time to request the Chairman of the Committee to submit a report on the current activities of the Committee within established deadlines for its submission.

IX. Responsibility of the Committee Members

Members of the Committee shall be responsible in accordance with the Laws of the Republic of Uzbekistan "On the Bank Secrecy", "On the Joint Stock Companies and Protection of Stockholders' Rights", Articles of Association, Corporate Code, Regulation on the Protection of Information, containing banking or commercial secrets and other internal documents of the Bank.

X. Final Provisions

This Regulation, as well as all amendments and additions to it, shall be approved by the Supervisory Board of the Bank by a majority of votes of the total number of members of the Supervisory Board of the Bank participating in the vote.