

**Appendix No. \_\_ to Resolution  
No. \_\_ of the JSC  
“Uzsanoatqurilishbank” dated  
\_\_\_\_ “\_\_”, 2020**

**JSC “Uzsanoatqurilishbank”**

**REGULATIONS  
on the internal control Department**

**I. Generalities.**

**1.** The following concepts are used in this Regulation:

**specialized authorized state body** — Department for combating economic crimes under the General Prosecutor's Office of the Republic of Uzbekistan;

**client** – an individual or legal entity who has submitted an order (application, request) to the Bank to perform a transaction related to funds or other property (hereinafter referred to as the transaction);

**beneficiary** – ultimately, the individual who owns the property right or controls the client in reality, or the legal entity in whose interests the transaction is carried out in respect of funds or other property;

**the alleged operations** — in the process of internal control, a jinoi is an operation that arouses suspicion in the Bank about the legalization of income received from activities, financing of terrorism and (or) financing the proliferation of weapons of mass destruction, as well as its inclusion in the category of suspicious operations (non-inclusion);

**suspicious operation** — this is an operation that is in the process of preparation, execution, or has already taken place, and when conducting internal control, it is suspected that it was carried out in the Bank for the purpose of legalizing income derived from criminal activities, terrorist financing, and (or) financing the proliferation of weapons of mass destruction;

**checking the extent to which the client should** – conducting research on an ongoing basis in order to verify the identity and authority of the client and persons acting on his behalf, identify the beneficial owner of the client, as well as the practical business relationships and operations performed by the client, their compliance with information about such a client and its activities;

**customer identification** – Determination of information about the client based on the documents provided by the client in order to verify the extent to which the Bank provides the client;

**identification of the client's beneficial owner** – Determination of the customer's owner, including the controlling person who is a legal entity, by studying the structure of the property

and its management on the basis of the constituent documents (the Charter and (or) the constituent agreement, regulations) established by the Bank in accordance with the legislation;

**risk** — risks of customers conducting operations for the purpose of legalizing the proceeds of crime, financing terrorism and financing the proliferation of weapons of mass destruction;

**top official** – persons appointed or elected by a legislative, Executive, administrative or judicial body of a foreign state or by a permanent, temporary or special body in an international organization who perform organizational and managerial functions and are authorized to perform acts of legal significance;

**List** – the list of persons suspected of participating in or participating in terrorist activities or the proliferation of weapons of mass destruction (hereinafter referred to as the list), compiled by a specially authorized state body on the basis of information provided by state bodies and other authorized bodies of the Republic of Uzbekistan, as well as information provided through official channels from state authorities of the Republic of Uzbekistan).

**2.** Law of Uzbekistan "On the Central Bank of the Republic of Uzbekistan", "On banks and banking activity", "on banking secrecy" and "on counteraction to legalization of proceeds derived from criminal activities, financing of terrorism and financing of proliferation of weapons of mass destruction, resolution of the Cabinet of Ministers of Uzbekistan from 12 October 2009 No. 272 "On the procedure of provision of information connected with counteraction of legalization of incomes received from criminal activity and financing of terrorism", "on suspension of operations, suspension of funds or other property of persons included in the list of persons participating or suspected in terrorist activities or in the proliferation of weapons of mass destruction", "Regulation on the procedure for issuing permits for the use and restoration of real estate transactions" (Reg. no. 2833 of October 11, 2016), "internal control rules for countering the legalization of income derived from criminal activities in commercial banks, the financing of terrorism and the financing of the proliferation of weapons of mass destruction" (Reg. No. 2886 of may 23, 2017) (hereinafter referred to as the internal control rules), as well as the charters of structural divisions of JSCB Uzsanoatqurilishbank and its branches, approved by resolution of the Board of JSCB Uzsanoatqurilishbank No. 8/1 of February 18, 2010, as well as the requirements for employees' job descriptions and other legal acts.

**3.** This regulation defines the legal status, duties, functions, rights and duties of the internal control Department (hereinafter-the internal control service) JSCB "Uzsanoatqurilishbank" (hereinafter-the Bank).

**4.** The internal control service is based on the Constitution and laws of the Republic of Uzbekistan, resolutions of chambers of Oliy Majlis of the Republic of Uzbekistan, decrees, resolutions and orders of the President of the Republic of Uzbekistan, decrees of Cabinet of Ministers of the Republic of Uzbekistan, normative documents of the Central Bank of the Republic of Uzbekistan, the internal normative acts of the Republic of Uzbekistan.

5. The head of the internal control Service must have a higher economic or legal education and at least two years of management experience in the Bank's banking operations division, or at least one year of work in the internal control service.

The person appointed to the position of head and employee of the internal control service:

- knowledge of banking and financial legislation;
- know international standards for countering the legalization of proceeds of crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction.

6. Employees of the internal control Service are appointed from among candidates who have a higher economic education in their specialty and have at least two years of work experience in a division related to financial transactions.

The following persons may not be appointed to the position of head or official of the internal control Service:

- persons who mismanaged the Department in their activities and personal behavior or demonstrated that the work was not performed in good faith;

- persons previously held by the court to criminal liability for crimes in the economic sphere;

- persons who in accordance with the current legislation is recognized as incapable or partially capable.

7. The purpose of the Bank's internal control system is to:

- effective detection and prevention of operations aimed at legalizing the proceeds of crime, financing terrorism and financing the proliferation of weapons of mass destruction;

- Prevention of involvement of the Bank in criminal activity intentionally or unintentionally, penetration into its authorized capital received as a result of criminal activity, as well as persons guilty of managing the Bank;

- identification of risks, their evaluation, documentation and reduction;

- ensuring strict compliance with the requirements of legislation on countering the legalization of income derived from criminal activities, the financing of terrorism and the financing of the proliferation of weapons of mass destruction.

## **II. Legal status, duties and functions of the internal control service**

**7. Legal status of the internal control Service.** The internal control service is an independent structural division of the Bank and reports directly to the Chairman of the Bank's management Board.

**8.** The Director of the internal control Service is appointed and dismissed by the order of the Chairman of the Bank's management Board.

**9.** The internal control service regularly reports to the Bank's Chairman on the implementation of its tasks.

**10.** The heads of the Bank's branches may not encourage employees of the branch's internal control bodies or impose disciplinary penalties on them.

11. The structure of the internal control service includes the following departments and divisions:

**Department for coordination of internal control on countering the legalization of proceeds from crime;**

**Department of final control of banking operations:**

- Credit and investment practice control Department;
- Software Department of credit practices;
- Accounting practice control Department;
- Retail operations control Department;
- Currency operations control Department;
- HR Management Department;

**Employees of the internal control Service of the Bank's branches.**

12. Departments and divisions that are part of the internal control Service report to the Chairman of the Bank's management Board and the Director of the internal control Department. These departments and divisions are headed by the head of the Department, and the heads of departments are appointed by the Bank's Chairman.

13. The tasks and tasks assigned to the internal control service are distributed and performed in accordance with the position and positions of the internal control service employees.

**14. The responsibilities of the internal control service are as follows:**

identifying and assessing risks, documenting and taking appropriate measures to reduce them;

implementation of measures for proper verification and identification of clients, as well as regular updating and verification of information about clients and their beneficial owners;

the beneficiaries must identify the owners, take appropriate measures for their personal study, and determine the source of funds or other property used in the transaction;

in-depth monitoring of operations carried out by high-ranking officials and their close relatives;

Detection of suspicious and suspicious transactions in accordance with the procedure established by the internal control rules and internal documents;

timely submission of information (documents) to a specially authorized state body)suspicious transactions detected in the course of internal control;

By comparing it with the list, identify individuals involved or suspected of participating in terrorist activities or the proliferation of weapons of mass destruction among the participants in the operation;

Suspension of operations of registered persons without delay and without prior notice, except for operations on crediting funds received on the account of a legal entity or individual, and (or) suspension of operations on debiting funds or other property;

ensuring the confidentiality of information related to countering the legalization of proceeds from crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction;

ensuring the safety of information about transactions, as well as identification data and materials for proper verification of clients within the time limits established by law;

Prompt and regular provision of the Bank's management with the necessary information and materials for making appropriate decisions;

formation of a database of persons (managers, founders, shareholders, participants who own at least ten percent of the company's shares) engaged in suspicious transactions, as well as mutual exchange of such information with other commercial banks and government agencies in accordance with the law;

study of the internal control system when establishing correspondent relations with foreign banks;

application of measures necessary to prevent the threat of using the services of a commercial Bank to carry out illegal activities using new technologies that increase the anonymity of transactions, in particular, the legalization of proceeds from criminal activities, the financing of terrorism and (or) the proliferation of weapons of mass destruction;

identify persons involved in the financing of terrorist activities and (or) the financing of the proliferation of weapons of mass destruction from the client base at the request of the competent authorities;

Attracting deposits from individuals and legal entities (hereinafter-deposits) relevant divisions and branches of the Bank

and establish control over operations related to refunds;

constant monitoring of the status of attracted deposits, as well as studying Deposit operations in branches, with on-site visits if necessary;

legality of transactions made using plastic cards

and monitoring compliance with current tariffs for their service;

taking all measures aimed at ensuring the safety of funds raised;

implementation of remote (remote) monitoring of full compliance with the requirements of current legislation and regulatory documents on Deposit accounts of individuals and legal entities;

study of taking measures for immediate recovery of depositors ' funds at the Bank's expense in case of detection of cases of misappropriation, as well as submission of relevant documents to law enforcement agencies in order to ensure full compensation for damage caused to the Bank by responsible persons who committed misappropriation;

Organization of joint control work with the relevant departments and offices of the main Bank to coordinate the activities of responsible employees, chief accountant, his Deputy and responsible employees of established departments (subsidiaries)for the implementation and coordination of savings practices in the Bank's branches;

Organization, improvement and coordination of effective control activities in the banking system;

Implementation and control over the implementation of final control work by the Bank's branches in accordance with the current legislation and regulations of the Central Bank, internal documents of the head Bank;

Execution of tariffs for banking services and changes made to them, study of compliance with the established tariffs for banking services, revenue generation

submission of proposals to the Chairman of the Bank's management Board on taking disciplinary measures against employees responsible for timely payment and collection;

control over the elimination of identified errors and deficiencies in the process of final control;

study of the activities of credit, currency, accounting, human resources, money turnover and cash practices, retail operations (savings, plastic cards, conversion and exchange offices) in accordance with current legislation;

conducting control work on the compilation of consolidated volumes of accounting daily documentation;

in accordance with the developed program, research is conducted on the Bank's business practices in branches (daily and monthly data are obtained);

Regularly provide the Bank's management with specific operational information and materials for making appropriate decisions.

**15. The internal control service performs the following functions to perform the tasks assigned to it:**

taking measures provided for by legislation, internal control rules and internal documents to prevent the risk of using banking services when committing offenses related to the legalization of proceeds from criminal activity, the financing of terrorism and (or) the proliferation of weapons of mass destruction;

Monitoring the Bank's compliance with the requirements of legislation and internal documents on countering the legalization of proceeds from criminal activities, the financing of terrorism and the financing of the proliferation of weapons of mass destruction;

Prepare and submit to the Bank's management proposals for the elimination of identified deficiencies and violations of legislation and internal documents on countering the legalization of proceeds from criminal activities in banking, the financing of terrorism and the financing of proliferation of weapons of mass destruction, identified in connection with non-compliance with the requirements of legislation and internal documents;

Monitoring the elimination of errors and deficiencies in the organization and operation of the internal control system identified during inspections conducted by authorized representatives of the Central Bank of the Republic of Uzbekistan, employees of the internal audit Service of the Bank, external auditors and employees of a specially authorized state body;

interaction with the Central Bank and a specially authorized state body on the organization of internal control, prevention and elimination by employees of violations of legislation, internal control rules and requirements of internal documents;

With the help of the staff of Service of internal control in branches of banks to promptly credit to the Deposit accounts the funds received on savings accounts, as well as to reconcile receipts and expense amounts during the day with the residual amount, if the amounts do not match, determine the cause, determine the number of issued Bank books, and journals issued in the beginning of the day and the number of open accounts for new investors in the form of a daily report., the implementation of remote (remote) monitoring of analytical work using the data of the balance of the branch and computer software;

Remote (remote) monitoring using balance sheet data and computer software, performed by internal control officers who perform daily monitoring of operations at the end of the business day in the Bank's branches, that all Deposit operations were performed legally and purposefully (reflected in the accounting accounts for savings operations);

give instructions to the heads of branches, heads of departments responsible for monitoring the activities of retail practices and responsible employees on how to prevent violations during the monitoring process;

If the Bank's branches reveal the facts of embezzlement of funds from depositors ' accounts by an official or responsible staff as a result of abuse of their official duties, immediately inform the Chairman of the management Board;

study and evaluation of the practice of Deposit accounts of individuals, their functioning in the field;

control over the implementation of the developed measures to eliminate identified deficiencies in inspections of transactions related to Deposit accounts of individuals;

Seeing the primary documents in the Bank's branches, it is necessary to note the compliance with the procedure for registration, opening and closing of Deposit accounts of individuals and legal entities, the timeliness and correctness of interest accrual on Deposit accounts, their reflection in accounting, the correct application of interest rates, compliance with the decisions of the meeting of the Committee on asset and liability management, reasonable application of individual interest rates., checking the closing of a savings account and issuing to the retail operations Department (which must be returned to the Bank) of savings books for the preparation of a daily report, their reflection in a special book, compliance with the procedure for storing strict accounting forms, and other issues related to ensuring the safety of valuables;

checking transit accounts to check depositors ' funds being credited and debited;

taking urgent measures to prepare materials on cases of embezzlement of funds by employees of departments that provide services to individuals, and measures to prevent negative phenomena;

Visiting the relevant departments and offices of the Bank directly in the Bank's branches and branches, checking the legality of savings transactions, conducting an inventory of the

balances on depositors' accounts and information in savings books, and participating in the preparation of conclusions on the results of this work;

Together with the relevant departments and independent offices of the Bank, organize seminars for the Bank's employees on issues related to the activities of the internal control Service;

constantly study the experience of internal control systems in foreign banks and make proposals to the Bank's management on the control of savings operations on this basis.

### **III. Rights and responsibilities of the internal control service.**

#### **16. The internal control service has the following rights in the performance of its duties and functions:**

obtaining the necessary management and accounting documents from managers and employees of the Bank's branches for the purpose of internal control;

copying documents obtained for internal control purposes, copying files and other records stored in the Bank's electronic databases, local computer networks and Autonomous computer systems;

Requesting and receiving assistance from specialists in other Bank divisions;

Access to the premises of Bank offices, and the premises used for storing documents (archives), storage of cash and values (monetary storehouses), computer data processing and data storage in electronic form with the written permission of the Chairman of the Board (as well as the head of the branch) Bank;

Submitting a draft decision to the Chairman of the management Board or his Deputy, who has the appropriate authority, on suspending operations related to funds or other property of persons included in the register;

Conducting unscheduled and targeted research on monitoring compliance with the requirements of legislation and internal documents on countering legalization, legalization of proceeds from criminal activity, financing of terrorism and financing of proliferation of weapons of mass destruction, and final control over the activities of branches and structural divisions of the Bank;

making proposals to the Chairman of the Bank's management Board and heads of departments and independent offices to obtain additional information or verify existing information in accordance with the law;

#### **17. Employees of the internal control Service are required to perform their duties:**

Compliance with the current legislation of the Republic of Uzbekistan, the Bank's Charter, management decisions and this Regulation;

Ensuring the safety and return of documents received from the relevant divisions and branches of the Bank;

respect for the confidentiality of information received in the performance of their duties;

Advising the Bank's management on compliance with legislation and standards, including information on changes in this area;



In case of revealing of facts of violation by Bank's employees of the legislation of the Republic of Uzbekistan when carrying out transactions, including in the sphere of counteraction of legalization of incomes received from criminal activity, financing of terrorism and proliferation of weapons of mass destruction, violations of requirements of legislation in the field of final supervision of banking practice, employees are obliged to bring these facts to their immediate supervisor or employees of Service of internal control in writing.;

Timely execution of regulatory legal acts and instructions of the Central Bank, resolutions, orders and orders of the Bank's management Board;

internal labor regulations, performance discipline compliance with the Bank's Code of corporate ethics.

**18. Responsibility of the internal control service:**

the internal control and management service as a part of it is responsible for performing its tasks and functions in accordance with the procedure established by this regulation, in accordance with the current legislation of the Republic of Uzbekistan;

employees of the internal control Service are responsible for failure to perform or improper performance of their duties in accordance with the current legislation of the Republic of Uzbekistan;

the Director of the internal control Service is responsible for full and timely implementation of the tasks assigned to the internal control service;

employees of the internal control Service are responsible for the safety of all office equipment and other inventory attached to the internal control service.

**IV. Final rule.**

19. This regulation comes into force from the date of approval by the banking Council.

20. From the date of approval of this regulation in the new version, the Regulation "On the internal control Department of "Uzsanoatqurilishbank", approved by the resolution of the Bank's Board No. 20/2019 of February 25, 2019, will become invalid.

**Interim Director of the internal  
control Department**

**O. Ikromov**